

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Jakarta, Indonesia

PROJECT PAPER

In-Country Management Development

Project No. 497-0317

May 1982

## memorandum

DATE: May 6, 1982

REPLY TO  
ATTN OF:

Mr. Jerry Tarter, DA

SUBJECT: Project Authorization

TO: Mr. William Fuller, DIR

Your approval is requested for a loan of \$ 4,000,000 from section 105 of the Foreign Assistance Act of 1961 as amended, appropriation to Indonesia for the In-Country Management Training Project, Project Number 497-0317.

Discussion:

The purpose of the In-Country Management Development Project is to upgrade the management capabilities of the Departments of Public Works, and Manpower and Transmigration. This upgrading will be achieved through the establishment of an in-house management training capacity within each of the two departments.

Two project secretariats (each composed of a project coordinator, a professional assistant, and support staff) in each department will coordinate the project. The functions of these secretariats are as follows:

1. Select officers to be trained as management trainers.
2. Guide the development of the project's programmatic content.
3. Provide logistical support for training personnel.
4. Monitor and evaluate the effectiveness of the project.

Waivers: NoneJustification to the Congress:

FY 82 Congressional Notification (see Jakarta 17418 and State 084411 for CN and notification of expiration of CN).

Clearances Obtained:

The Project Identification Document was approved in AID/W on 23 August 1979. The AA/ASIA delegated authority to approve this project to the Mission Director on 7 March 1982. On 31 March 1982 the Mission was given authority to obligate funds (see State 084411) after review of the PP and Mission authorization of project. The Project Paper has been cleared in the Mission by LA, PRO, and OMF.

Action Requested:

That you sign the attached project authorization, and the project data sheet indicating your approval of the project paper.

## PROJECT AUTHORIZATION

INDONESIA

In-Country Management Development  
Project Number 497-0317

1. Pursuant to Section 105 of the Foreign Assistance Act as amended, and pursuant to the authority which has been delegated to me by Delegation of Authority Number 38.7, I hereby authorize the In-Country Management Project (the "Project") for the Government of the Republic of Indonesia (the "GOI") involving planned obligations of not to exceed Four Million United States Dollars (\$4,000,000) in loan funds over a one year period from date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs of the Project.
2. The Project will support the GOI's efforts to strengthen its capacity to implement regional rural development activities by improving the managerial effectiveness of the Department of Public Works and the Department of Manpower and Transmigration.
3. The Project Agreement which may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.
4. a. Source and Origin of Goods and Services

Goods and services financed by A.I.D. under the Project shall have their source and origin in Indonesia or in countries included in A.I.D. Geographic Code 941, except as A.I.D. may otherwise agree in writing.
- b. Conditions Precedent to Disbursement
  1. Sub-Project A - Ministry of Public Works

Prior to the disbursement under the loan or issuance by A.I.D. of any documentation under the Project Agreement to which disbursement will be made for commodities or services related to that part of the Project concerning the Ministry of Public Works, the GOI will, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

    - a. Evidence that the Project Secretariat Office has been established in the Department of Public Works, a Project Coordinator for that office has been appointed and adequate plans have been made for the budget and logistical requirements of the office and its staff.

b. Evidence that the Department of Public Works has identified a majority of the 18 trainers who will form the cadre of the Department's training staff.

2. Sub-Project B - Ministry of Manpower and Transmigration.

Prior to the disbursement under the Loan or the issuance by A.I.D. of any documentation under the Project Agreement to which disbursement will be made for commodities or services related to that part of the Project concerning the Ministry of Manpower and Transmigration, the GOI will, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

a. Evidence that the Project Secretariat Office has been established in the Department of Manpower and Transmigration, a Project Coordinator for that office has been appointed, and adequate plans have been made for the budget and logistical requirements of the office and its staff.

b. Evidence that the Department of Manpower and Transmigration has identified a majority of the 21 trainers who will form the cadre of the Department's training staff.

c. Covenants

The GOI shall agree that periodic meetings will be arranged between the implementing Departments, USAID, and the technical advisors to review project progress and specially to review the capabilities and potential of candidates selected to form the full-time training staff.

  
William P. Fuller  
Director

<sup>re</sup>  
Drafted: DA:JTarter:LA:LChiles:04/13/82, mai

Clearances: PRO:RCohen:   
DA:WBerg: (draft)  
OMF/B:RBourquien: (draft)  
OMF/F:GCavanagh: (draft)  
DD:RCSimpson: 

<b>AGENCY FOR INTERNATIONAL DEVELOPMENT</b> <b>PROJECT DATA SHEET</b>	<b>1. TRANSACTION CODE</b> <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete <input checked="" type="checkbox"/> A	Amendment Number _____	<b>DOCUMENT CODE</b> 3
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<b>2. COUNTRY/ENTITY</b> INDONESIA	<b>3. PROJECT NUMBER</b> 497-0317
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<b>4. BUREAU/OFFICE</b> ASIA	<b>5. PROJECT TITLE (maximum 40 characters)</b> In-Country Management Development
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<b>6. PROJECT ASSISTANCE COMPLETION DATE (PACD)</b> MM DD YY 06 01 87	<b>7. ESTIMATED DATE OF OBLIGATION</b> (Under "B." below, enter 1, 2, 3, or 4) A. Initial FY 82    B. Quarter 3    C. Final FY 82
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8. COSTS (\$000 OR EQUIVALENT \$1 = Rp. 650 )						
A. FUNDING SOURCE	FIRST FY 82			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	( )	( )	( )	( )	( )	( )
(Loan)	( 2,089 )	( 1,911 )	( 4,000 )	( 2,089 )	( 1,911 )	( 4,000 )
Other U.S.						
1.						
2.						
Host Country		5,616	5,616		5,616	5,616
Other Donor(s)						
<b>TOTALS</b>	2,089	7,527	9,616	2,089	7,527	9,616

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) EH	660B		720				4,000		4,000
(2)									
(3)									
(4)									
<b>TOTALS</b>							4,000		4,000

<b>10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)</b> 760    710    790	<b>11. SECONDARY PURPOSE CODE</b>
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<b>12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)</b>			
A. Code	BR	TNG	PART
B. Amount			

**13. PROJECT PURPOSE (maximum 480 characters).**

To upgrade the management capabilities of two GOI Ministries working in the areas of regional and rural development resulting in better planning, management, and implementation of projects assisting the rural poor.

<b>14. SCHEDULED EVALUATIONS</b> Interim    MM YY    MM YY    Final    MM YY 06 83    08 85    06 87	<b>15. SOURCE/ORIGIN OF GOODS AND SERVICES</b> <input checked="" type="checkbox"/> 000 <input checked="" type="checkbox"/> 941 <input checked="" type="checkbox"/> Local <input type="checkbox"/> Other (Specify) _____
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**16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page PP Amendment)**

I approve this with the understanding that an evaluation of PDP I will be carried out in late 1982 and early 1983, the results of which may lead to a mid-term restructuring of this project.

<b>17. APPROVED BY</b>	Signature William P. Fuller <i>William P. Fuller</i>	<b>18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION</b>
	Title DIRECTOR USAID/INDONESIA	
	Date Signed MM DD YY 05 28 82	MM DD YY 06 16 82

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## PART I - INTRODUCTION AND SUMMARY

The purpose of this project is to strengthen the capacity of the Government of Indonesia (GOI) to implement regional rural development activities by improving the managerial effectiveness of the Department of Public Works and the Department of Manpower and Transmigration.

The GOI recognizes that insufficient availability of adequately trained manpower is perhaps the major obstacle to sustained development. Expanding the output of trained manpower is fundamental to achievement of many of the objectives of Repelita III, Indonesia's 3rd five-year development plan. In 1980 and 1981 over 200,000 persons will be appointed to government positions. This influx of new personnel plus the high level of project implementation delays, problems and failures reflects the need for extensive pre-service and in-service management training for key government agencies. The GOI recognizes that successful implementation of national government programs depends on the managerial capacity of its departments and therefore has requested the USAID's assistance in developing a training capacity within the key ministries of Public Works and Manpower and Transmigration.

Responsive to these national objectives and to this request in particular, the USAID has designed a series of projects intended to develop Indonesia's human resources (PRD I, PRD II). These projects represent an expansion of the USAID's training program. Each year in its Annual Budget Submission, the Mission has restated its commitment to human resources development. Today, more than ever, the Mission places emphasis on upgrading the effectiveness of GOI personnel.

The In-Country Management Development (ICMD) Project is a logical extension of the two earlier management training projects. But, where they were focused on both in-country and foreign training for GOI staff, this project is concerned almost exclusively with in-country management training for substantial number of personnel in the two departments during the life of the project.

The ICMD project will provide the technical assistance and staff development required to implement full-organization management training programs in these two departments. U.S. technical assistance will train 38 management trainers both on-the-job in country and short-term overseas who will, in turn, train over 5,000 managers in more than 300 competency-based management skills seminars within the life of the project. The primary thrust of ICMD is in-country, full-organization management training that is relevant and effective; experiential and skills oriented; rather than academic and theoretical.

AID loan funds will support technical assistance in the form of two technical advisors, approximately five consultants, some short-term overseas participant training for the management trainers, training aids and initial start-up costs. One American technical advisor will be located in each department and will advise the Indonesian Project Coordinator in the overall management of the Project Office and assist with

the training program. He will train the trainers in training methodology, design and presentation skills. Once trained, the teams of trainers will train echelon II, III, IV and selected managers throughout the organizations both at central and regional training sites. Technical assistance will also include limited use of foreign consultants in fields of specialization required by the departments.

The loan cost of these program inputs is \$4 million. The GOI will provide \$5.6 million to meet local currency costs of personnel, salaries, seminar costs, transportation, per diem, training facilities, logistical support, etc.

## PART II - PROJECT DESCRIPTION

### A. Relationship to the USAID/Indonesia Development Program:

The purpose of this project is to strengthen the managerial capacity of two key departments in the overall development of the country. The Department of Public Works states that it is responsible for 40% of the GOI development budget; Manpower and Transmigration for 5.9%. This represents \$4.3 billion. Both organizations have been expanding rapidly, evidenced by the fact that budget allocations for Regional Rural Development activities have increased 13 fold between 1971 and 1978. The development budget alone increased from 5.6 billion in FY 80 to \$8.0 billion in FY 81.

These departments were chosen because of their impact on rural development programs. Public Works provides the infrastructure basic to expansion of development into the rural areas. Manpower and Transmigration coordinates the human resources required for this development and is concerned with manpower redistribution where needed and most productive. Both departments recognize that one of the major constraints to the administration of the programs and projects of their departments is the limited numbers of trained and qualified managers assigned within the organization resulting often in inexperienced persons being assigned to management positions.

As a result, this inexperience has limited the success of the departmental development programs. The ICMD project (0275) is designed to build the trained managerial resource required. A \$4 million input over 5 years, approximately 6% of the previous total of USAID assistance to these two departments, is a rational and justified investment for enhancing the success of the development strategy for both the GOI departments and the USAID Mission.

This project represents a logical extension of two earlier management training projects (Professional Resources Development Projects I & II). PRD I (0261) provides training for the leadership of the National Planning Office (BAPPENAS), the National Institute of Administration (LAN), and the Department of Finance. PRD II (0275) provides technical assistance to develop and upgrade a substantial number of in-country specialized courses for the Department of Agriculture and the Department of Education.

The GOI's development plan, Repelita III, demonstrates a clear commitment to expanding its resource of competent managers. "Therefore, the GOI evaluation of PRD I and II," is concerned with increases in effective managerial output. Satisfied with the soundness of the PRD program, yet enthusiastic to expand the program to two additional departments, the GOI has requested immediate design of the In-Country Management Development program and has consequently included it in the development plan (see Blue Book, Indonesia Government).

The Professional Resources Development Projects are an important facet of the Mission's overall thrust to help Indonesia develop its human resources effectively. This project supports the mission's current Country Development Strategy Statement.

#### B. Problem Addressed

Indonesia, the fifth most populous country in the world is a nation of over 3,000 inhabitable islands with a population of 148 million. Its communication problems are dramatic when one considers that the population consists of over 300 ethnic groups and as many languages.

During its over 30 years of independence, the Republic of Indonesia has had a challenging, but in many ways remarkably successful, struggle to create unity out of this diversity. The Republic has also tried to exploit the strength in its diversity: the national motto being "Unity in Diversity." To do this means extending government services out to the rural areas, while increasing the rural poor's participation in local development.

This implies decentralization of responsibility and authority in administrative matters. But it is difficult to decentralize unless the central government is certain that strong administrative abilities and capabilities are present in the subordinate organizations to which authorities are delegated.

The urgent challenge facing Indonesia today is the requirement for the immediate increase in the quality and the quantity of trained managerial personnel within these two departments. Rural development activities will be initiated by their decentralized departmental staff. Any effective program of local development will be frustrated until the adequate resource of managers has been trained and can effectively utilize the authority and resources delegated to it.

At the time of the last GOI census (March 1980) 2.5% of Indonesia's Civil Servants had college education. Under pressure to respond to staffing demands of their development programs, both the Department of Public Works and the Department of Manpower and Transmigration turned to technical in-service training to meet their manpower needs. Although the demand for technical training continues to be a government wide priority, technical expertise without the requisite and complementary managerial competence will frustrate further rural development plans and achievement of national and departmental goals. That is, a technical organization can be only be as effective as its management capability.

There are 2,000 managers in the Ministry of Public Works and 2,500 within the Ministry of Manpower and Transmigration that will require management training through this project. This will be carried out through existing training offices in each of these two ministries: the Central Training Office (PUSDIKLAT) and the Regional Training Office (DIKLAT).

### C. Sector Goals

The Government of Indonesia (GOI) is committed to a broad ranging rural development policy to be carried out on a decentralized basis. On April 1, 1979, the GOI began the implementation of Repelita III, the country's third five-year development plan.

Its thrust is self-sustained economic and social growth through the enhancement of indigenous planning, managerial and administrative capability. It attempts to focus this capability on the problems of poverty, unemployment and income instability in both rural and urban areas; inequitable conditions of employment and lack of balanced geographical population distribution. Thus, it seeks to improve the overall quality of Indonesian life.

The Department of Manpower and Transmigration has the awesome task of trying to find ways to create employment opportunities for the estimated 1.5 million Indonesians who enter the labor market each year. It is in charge of all vocational training and the regulation of employment including the development and administration of a social security system. It is the lead Department in planning and executing transmigration projects which if successfully implemented can do much to exploit the resources of sparsely settled islands while easing somewhat the overcrowded conditions of Java, Bali and Lombok.

The Department of Public Works is responsible for the rehabilitation and development of the physical infrastructure required to make rural and regional development possible. The Water Resources sector of the Department aims at rehabilitation as well as expansion of irrigation networks, land, drainage systems, river and flood control, swamp reclamation and river basin development for multi-purpose projects. This is to make it possible to alleviate food scarcities, distribute the population more rationally, decrease unemployment and under-employment and, in general, improve the plight of the poor. The Housing, Building, Planning and Urban sector aims at providing better housing and living conditions for the urban and rural poor. The Highway sector is responsible for the development and rehabilitation of the road system, thereby improving convenience and efficiency and therefore eliminating obstacles to national development.

### D. Project Purpose

The purpose of this project is to significantly improve the management of the Department of Public Works and the Department of Manpower and Transmigration.

Repelita III recognizes the insufficient availability of adequately trained managerial manpower. It is perhaps the major impediment to sustained development in virtually all sectors. Expanding the output of trained manpower is fundamental to the government's goals. To do this the quality and practicality of Indonesia's professional management

education must be improved and the numbers of persons trained in critical substantive areas, including management increased.

The GOI has recognized the need to upgrade its administrative capacities through pre-service and in-service training of both central and regional administrators and has undertaken a variety of training programs toward this end. Because these training programs have not been as successful as desired, GOI leaders have expressed frustration at the low numbers of personnel who have received professional training in Administration and Management. There is also a strongly stated need to insure that Management Skills are current and represent the present state of the Art. The need for this type of training is further emphasized by the inability of the government to maximize the utilization of the resources provided by external donors. Almost all development projects tend to lag well behind reasonable schedules.

#### E. Project Outputs

##### 1. Cadre of Management Trainers

a. The Department of Public Works will have 6 teams and the Department of Manpower and Transmigration will have 7 teams of management trainers: each team consisting of 3 trainers. That is, 18 and 21 full-time trainers, respectively, will be required to conduct a management seminar program of the proportions demanded by the departmental programs. These 39 full-time trainers represent new organizations within each Department and will be either assigned from within the training division, seconded to the Project Secretariat or recruited from the outside. Though 2 trainers per team is adequate for implementing the seminar program, an additional person is included on each team, since at any given time, one trainer may be receiving specialized participant training abroad, may be on leave, may be working as a management consultant, or may be absent for some unforeseen reason.

b. The teams of trainers will be trained by the U.S. Technical Advisor during the start-up phase and continuously throughout the life of the project.

c. The teams will be multidisciplinary. Although all trainers will develop competence in conducting the 3 phase general management seminar series (GSS), each trainer will be expected to develop an expertise in a specific functional area of management. Both Departments have expressed the need for specialized training for selected managers, as well as a comprehensive general management skills program for all managers in their organizations. Rather than divide the trainers into 2 groups (general and function-specific), trainers will become expert in both.

This decision was taken for the following reasons: Experiential training methodology and the basic principles of adult education will be transferred to the trainers through their participation in the design and implementation of the General Seminar Series (GSS). Here they will be exposed continuously to the U.S. Technical Advisor, whose primary expertise is in this area. The experiential, competency-based methodologies internalized during this process will then be brought to bear on the design and development of the function-specific modules.

Internalizing this training methodology is important for 2 reasons: first, it will make the overseas education more productive upon the trainer's return to Indonesia. Concepts and theories often remain on the book-shelf after study abroad. It is the trainers who will be expected to convert management concepts and theories into experiential skills training programs. Since it is unlikely that the U.S. educational institutions will use this kind of training methodology, it is essential that each trainer have the training and design skills to develop programs.

Secondly, after returning from the intensive short-term study abroad, the trainer will work with a short-term consultant to develop a specific management module. It is unlikely that the consultant will be conversant with the training methodologies required by the program. His expertise will be in the content of a specific management function. Again, the trainer must transform these materials into an effective experiential design.

Their resource for learning training design and presentation skills is the U.S. Technical Advisor. The place they will internalize this process is the General Seminar Series. The GSS also provides the managerial overview from which a trainer gains understanding of the relationship between his area of specific expertise and the whole.

The trainers will be the primary action agents. They will have the following responsibilities:

- a. to prepare training seminar/workshops for district, provincial and central government managers in Echelons II, III, IV and for selected project managers.
- b. to conduct:
  1. annual training seminar/workshops in planning, coordination and management skills for Echelons II and III.
  2. one-time seminar for Echelon IV and selected managers.
  3. functionality-specific management seminar/workshops for selected managers throughout the organization.

- c. to continuously assess and redesign the training programs to better meet institutional managerial needs.
- d. to serve as management consultants on an ad hoc basis and as an adjunct to their training activities.

## 2. Program Components

Under this project there will be a total of 9,000 participations in 375 seminars conducted by 39 management trainers over a 4-year period, according to the following general guidelines: (see Implementation Strategy for details: Annex d.)

GENERAL SEMINAR SERIES:	Public Works	3,000 participants
	Manpower & Transmigration	4,000 participants
SPECIALIZED SERIES:	Public Works	850 participants
	Manpower & Transmigration	1,150 participants

a. The General Seminar Series (GSS): The GSS is a series which emphasizes basic management skills in decision-making, alternatives development, priority setting, coordination, planning, programming and budgeting. While it focuses on task-oriented tools, the General Series also places strong emphasis on the "process" of working with a staff and the group and team development skills required by the manager. In many of these areas, the training will be comprehensive and detailed, as well as related directly to the manager's environment. For example, budgeting would be based on the departments' budgetary system, using the same forms and guidelines the manager will have to use in preparing his budget. A prototype General Management Seminar format is outlined in Annex C. This 3-part program is a suggested format only and will be altered, adapted, or replaced to meet clientele needs.

This series is considered appropriate for all managers in each organization. However, both design teams decided that while Echelon II and III managers will receive all three parts of this series, Echelon IV managers will receive only part #1 of the General Seminar Series. (see Annex G "Annual Training Plan"). In addition, selected project managers and newly promoted or recently employed managers in both departments would also participate in the series as necessary.

Under the general guidance of the Project Secretariat and the U.S. Technical Advisor, the management teams will develop the curricula and materials for the seminars, adapting them to the Indonesian environment culturally, institutionally, stylistically and linguistically.

b. The Function-Specific Program: In addition to the need for upgrading the overall general managerial expertise in both organizations, specific managerial areas need priority attention. Though all managers

will receive general management training, specific key managers will require this specialized training.

Both design teams identified specific areas of managerial weakness within their organization, prioritized them and defined the critical management areas to be addressed by this training. Both felt that additional training modules were required for key staff in Project Management.

With an immediate need for over 500 new project managers to meet the demands of each departments' development targets and with a recurrent need for managers of ongoing projects, both departments place primary emphasis on Project Management as a specialized training need. Public Works will train 840 and Manpower & Transmigration 720 Project Managers.

Manpower & Transmigration needs specialized training for Data Managers responsible for processing labour and manpower data across the nation; charting trends in labor demands, vocational training needs, job profiles, etc. 82 of its managers will receive this specialized training. The Department will also provide specialized training in Finance Management for 240 selected personnel.

The participant training would be tailored to these special management training areas. Consultants would be used to work with the trainers and the U.S. Technicians in module design, testing and preparation. The 2-week intensive short courses resulting from the consultancies would be integrated into the ongoing training. Selected managers would receive these function-specific seminar/workshops in addition to the general program, not in lieu of it.

The total number of managers to receive this specialized series is:

Public Works	850
Manpower & Transmigration	<u>1,150</u>
Total (Specialized Series)	2,000

## F. Project Inputs

### 1. Monetary Inputs

USAID inputs: A dollar loan from the USAID is required to provide assistance for direct training costs to develop the management trainers, and provide limited program support during the start-up phase of the project. This includes the cost of long-term U.S. technical

advisors, short-term management consultants, in-country training of trainers and overseas participant training. The loan will also cover initial start up costs, anticipating the inclusion of GOI's project costs in the development budget at the start of the following fiscal year. The \$4 million will be budgeted equally between the two organizations.

GOI inputs: GOI provide full-time trainers, their recruitment, selection and appointment as well as their placement, follow-up and evaluation. Each department will provide travel expenses, training and lodging facilities, per diem, honoraria, training equipment, vehicles, and contingency expenses required for the implementation of the full training program. (Their contribution to the project is \$5.6 million). The USAID and the GOI inputs are outlined below.

## 2. Input Components

### a. GOI

(1) Project Secretariat: The Project Secretariat is a new organization (see "Administrative Arrangements" below for further details). Both ministries have decided to locate it in the management section of their Pusdiklats (the central training division). Located at an upper organizational level within the Department Headquarters in Jakarta, the Project Secretariat, when created, will have strong central control over project coordination, essential during the first phases of the program. Each department will appoint a top level organization official as Project Coordinator, or Project Manager, to head its Secretariat. The Secretariat will have a support staff of not less than 7 clerical and administrative personnel, assigned full-time to assist in the coordination of materials development, administration of the training seminars, the logistical support for the regional training centers (the Diklats), and the personnel functions of the Secretariat and of the management trainers.

The Project Secretariat is to be established immediately upon signing the Project Agreement. It will recruit, screen, select and assign full-time management trainers to the project.

(2) The GOI Project Coordinators: The Project Coordinator will be responsible for locating and recruiting top calibre people for the Secretariat staff, as well as for the management trainer positions. The Project Coordinator will also be assigned the task of managing the development of the project and coordinating its progress. This is a full-time position to be filled immediately upon signing of the Project Agreement, and to remain filled for the life of the project.

### b. USAID

(1) US Technical Advisors: A US Technical advisor will be assigned to work with the Secretariat in each Department for the life of the project. He will assist in the overall management of project

activity; guide the design, materials development and implementation of training of trainer programs at the outset of the project and intermittently throughout the project; conduct demonstration seminars for Echelon II personnel; coordinate the use of technical assistance in the form of Consultants (see below), either from within the country or from abroad; coordinate and advise with regard to participant training abroad; assist in the design and administration of a 3-phase general management skills training program (see below; Annex #C) and provide methodological support in the design and materials development of a series of function-specific management training seminars.

He is a technical advisor, with the primary objective of developing a cadre of competent management trainers intended to be a lasting Indonesian resource beyond the life of the project: an institutionalized professional foundation for improved management training. His role is primarily process oriented, however. On the one hand, he will be responsible for transferring a specific content to trainees and trainers, while on the other hand he will be concerned with the process through which this content is learned. Experiential-learning training methodology (see "Training Strategy," Annex d.) is the adult education process through which this content will be transferred. In support of and working with the Project Coordinator, he will work to maintain a high level of motivation among the training staff and will work with them on a day-to-day basis, advising and assisting them in improving their training skills and use of course content materials. It is planned that two technical advisors will be in Indonesia for a period of 4 years each. For this activity \$1 million has been budgeted.

(2) Consultants: Consultants will be used intermittently throughout the course of the project, based on specific needs of the Departments. Each has identified particular management areas which need improvement above and beyond the general overall improvement of managerial expertise: areas such as Project Management, Finance Management, and Personnel Management have been identified as areas of specific training priority.

Consultants with an expertise in one of these function-specific areas would be used to work with the trainers and the U.S. Technical Advisor in the survey, design, pretesting, and preparation of the finished specialized training module. This would require approximately 3 months per consultancy. Presently the Department of Public Works and the Department of Manpower & Transmigration foresee the use of 2 and 3 consultants, respectively. For this activity \$328,815 has been budgeted to finance 42 person/months plus associated costs.

(3) Overseas Participant Training: Selected participant training would be used throughout the project to further broaden the training expertise of trainers in specific management areas. During the course of the project, priority areas of specialized training, additional to the general management program, will be identified. Overseas training will be based on those organizational needs. For example, if a department felt that 300 of its key managers needed an intensive additional workshop in

personnel management, participant training in personnel would be designed. The trainer would know in advance that, upon his return, he would be required to design a training module in personnel management and then to conduct training in personnel management.

The overseas participant training and the use of consultants would be coordinated to maximize the effective use of consulting services. That is, the content of participant training and the function-specific area of the consultant would be the same. The consultant, as the expert, would work with the trainer, as the training specialist, to prepare a complete training module. For this purpose \$605,316 has been budgeted to finance 180 months of participant training.

Summary Budget - Inputs

	<u>AID</u>		GOI	Totals
	FX	LC		
U.S. Technicians	1,000,000	-	-	1,000,000
Consultants	328,815	-	-	328,815
Participant Training	605,316	-	-	605,316
Training Equipment	50,000	-	-	50,000
Seminars	-	1,911,600	4,794,954	6,706,554
Secretariat Staff	-	-	818,240	818,240
Contingency	104,269	-	-	104,269
Sub-Totals	2,088,400	1,911,600	5,613,194	9,613,194
Grand Total	4,000,000		5,613,194	9,613,194

## PART III - IMPLEMENTATION PLANNING

### A. Administrative Arrangements

#### 1. Overall GOI Administrative Responsibility

The 3 key organizations for the implementation of the project are the Project Secretariat, the Regional Training Centres (Diklats) and the management training teams. The Secretariat and the training teams will have to be created for this project, but will be built into existing institutions and expertise: The Central Training organization (Pusdiklat) and Diklat (Regional Training Centre), in particular.

##### a. The Project Secretariat

The Department of Manpower and Transmigration and the Department of Public Works will each establish a Project Secretariat with a full-time staff to administer the project. This staff will include a Project Coordinator, a professional assistant and the necessary support staff.

The four principal functions of the Project Secretariat will be:

- (a) to select officers to be trained as management trainers;
- (b) to guide the development of the project's program content;
- (c) to provide essential logistical support for training personnel; and
- (d) to monitor and evaluate the effectiveness of the project.

The Project Coordinator will direct the Project Secretariat throughout the life of the project. Given the need for strong central control in the development of training program content, the production of standardized training materials for nation-wide use, the design and implementation of the training system, the secretariat will play the key coordinative and administrative function.

It will require a full-time administrative and clerical staff throughout the life of the project.

Not only will it recruit, select and train the management trainers, but it will also coordinate the training schedule and the trainers' development throughout the regions. This requires close coordination with the Diklats (regional training centers), and Departmental representatives.

##### b. Regional Training Centers (Diklat)

The Diklat is the regional branch of the National Training Division in a Department. The Pusdiklat establishes training priorities, policies, and procedures as well as conducts centralized training programs. The Diklats carry out training programs at the regional level in accordance with the national training strategy.

As an extension of the PUSDIKLAT, the Diklats provide a training resource for the Project Secretariat. Not only do they possess training facilities, but they are staffed with personnel familiar with the training demands of their regional officials.

Presently the Diklats conduct training programs for the Department and are equipped with the minimum training aids and facilities required by this project. They will organize the seminars locally, notify the trainees of schedule and requirements, make arrangements for transportation, lodging and food, provide continuous clerical support during the seminar and participate in end of seminar evaluations. Throughout, they will be the communication channel between the trainers, regional personnel, and the PUSDIKLAT.

### c. Management Training Teams

The multi-disciplinary teams will each include 3 trainers: approximately 6 teams per Department. Each trainer will be skilled not only in general management training but in an area of a specific management function, such as personnel management, finance management, project management etc. The training teams will be responsible:

- (a) to design training programs in the planning, coordination and management of Department programs;
- (b) to conduct training seminar/workshops for Echelon II, III, IV officers and selected project managers at both the central and provincial departmental levels;
- (c) to provide on-site consultancy services to specific branches of the Department on planning and management problems;
- (d) to assess the effectiveness of training on a continuous basis and to redesign training content and methodology as needed.

Each team will conduct approximately nine seminars annually, or one 2-week seminar each five weeks. This means one week for preparation, two weeks for training, and one week for evaluation and report preparation. Therefore as many as 6 seminars will be going on at one time. The course content will change as the project continues, but the training load will remain approximately the same.

## 2. Interrelationships Among Key Organizations

In order to maintain this level of activity, close cooperation among these three organizations is essential. The PUSDIKLAT must issue schedules and directives to the regions. Diklats must prepare the training sites, communicate with trainees and finish all logistical work prior to the arrival of the training team. The training team must conduct the training and keep the program on schedule. Two-way communication and extensive coordination of seminar activities is essential. The Project Secretariat will provide overall direction in integrating the management training and Diklat activities. It will see that a unified, effective program is carried out.

### 3. Managerial Capabilities of the Implementing Organizations:

As an organizational unit to be created, the management trainers have no past record of performance on which to be evaluated. They are, however, to be established within an ongoing, stable organization, the Pusdiklats in each Department.

#### a. Leadership:

Indonesia has a well established merit, civil service system which provides capable leadership to this type of project through periods of political change or discontinuity. It can be expected that able staff will be assigned to the project and that there will be reasonable continuity in their work within the project. In view of the quality of personnel now directly involved in the project's development, this is a reasonable expectation.

#### b. Structure:

The Project Secretariat will be located in the Pusdiklat's management training section. In the Department of Public Works, the Chief of the Training in the Pusdiklat reports directly to the Minister. In the Department of Transmigration the Director for Training and Education reports to the Minister, but has a coordinating relationship with the Secretary General. In both cases the Pusdiklat is located at an organizational level possessing the requisite authority, or access to authority, to fully implement the project.

The Project Secretariat, drawing from a support staff that is recruited or seconded from the Pusdiklat, will coordinate the training activities of the trainers, either centrally or in the province. This will require a substantial increase in training out-put for both the Pusdiklat and Diklat. For example, the Pusdiklat for Manpower & Transmigration currently conducts 3 management seminars annually. Under this project it will conduct over 80 annually (in both the Pusdiklat and the Diklat). The existing structure, under leadership of a competent Secretariat can achieve these results. This situation is true of Public Works, as well (see Technical Analysis).

#### c. Roles and Commitments:

The roles of the three principal organizational units have been outlined above. These roles are consistent with the values and perspectives of both technical Departments and political structures concerned (i.e. Kabupaten). Upgrading managerial skills to facilitate expanded decentralization of authority and responsibility is an expression of the Government's commitment to increase local development.

#### 4. Resources:

Central and Province training divisions in each Department are currently staffed with capable people. Training facilities, equipment and vehicles are in place. However, both departments will require budgetary inputs to achieve the projectsenvisioned targets (see "Monetary Inputs").

The USAID Mission will assign a Technical Advisor to work with the Project Secretariat to assist in project implementation, training of trainers, course design and development, coordination of participant training, and use of outside consultants. He will be responsible for coordinating the AID inputs into the project and for participation in general project monitoring and evaluation.

AID disbursements will follow the normal procedures for services, commodities and participants.

### B. Implementation Plan

Shown below is the summary implementation schedule. For a more detailed narrative see Annex E.

<u>Month</u>	<u>Event</u>	<u>Action Agent</u>	<u>Event</u>
1	Project Paper Approved	AID/I	1
1	FY 82 ProAg signed	USAID/GOI	2
3	GOI Coordinator Assigned and Project Secretariat established	GOI	2
6	U.S. Technical Advisor Assigned and training materials ordered	AID/GOI/W	4
8	Training of Management Trainers begins	USAID/GOI	5
10	Training of Echelon II Managers begins	USAID/GOI	6
11	Curriculum developed for General Seminar Series #1 (echelons III, IV)	USAID/GOI	7
12	Training System Designed	USAID/GOI	8
12	Internal Evaluation	USAID/GOI	9
13	General Seminar Series for Echelon III, IV begins	USAID/GOI	10
18	PU's Technical Specialists depart for U.S.	USAID/GOI	11
21	Wave #1 Management Trainers departs for US	USAID/GOI	12
24	General Seminar Series #2 designed and prepared	USAID/GOI	13
25	General Seminar Series #2 for Echelon II, III begins	USAID/GOI	14
26	Short-Term US Consultants arrive*	USAID	15
26	Formal Evaluation	USAID/GOI	16
26	Wave #1 Management Trainers return from US	USAID	16a
26	Specialized training modules designed	USAID/GOI	17
26	Pilot Specialized Series begins	USAID/GOI	18
28	Specialized Series begins	USAID/GOI	19

<u>Month</u>	<u>Event</u>	<u>Action Agent</u>	<u>Event</u>
33	Wave #2 Management Trainers departs for US	USAID/GOI	20
36	In-Country Management Training Program	USAID/GOI	21
36	General Seminar Series #3 designed and developed	USAID/GOI	22
36	Internal Evaluation	USAID/GOI	23
37	General Seminar Series #3 for Echelon II, III starts	USAID/GOI	24
37	Wave #2 Management Trainers returns	USAID/GOI	25
38	Specialized Series #2 modules prepared	USAID/GOI	26
	Pilot Specialized series begins	USAID/GOI	27
40	Special Series #2 begins	USAID/GOI	23
45	3rd wave trainers departs for US	USAID/GOI	29
50	Specialized series #3 modules prepared	USAID/GOI	30
	Pilot series #3 begins	USAID/GOI	31
53	Formal evaluation	USAID/GOI	33
54	U.S. Technical Advisor departs	USAID	34

\* Note that consultants will be used commencing about this time. They will be used throughout the remaining term of the project on an "as needed" basis.

For further details on implementation see the detailed narrative and the Project Performance Tracking Network (Annex #E).

#### PART IV - EVALUATION PLAN

As will be noted in Annex E, once the initial "start-up" stages are completed, both the training of trainers and the conduct of seminars will be on a regular, phased basis. The milestones for assessment and control will be straight-forward, as will be the administrative relationships between USAID and the Department of Public Works and the Department of Manpower and Transmigration. Milestones will include such factors as :

- Number of trainers selected by the GOI.
- Number of trainers receiving both formal education and training on the job.
- Number of seminar designs completed.
- Number of seminars completed by subject matter and by number of participants.

Evaluations will be on a three part basis. These will include continuous evaluations; interim evaluations at the conclusion of the twelfth and thirty-sixth months of the project; and formal project evaluations at mid-point and at the end of the project. Descriptions of the scope and methodologies of these evaluations are shown in detail in Annex H.

## PART V - SUMMARY OF PROJECT FEASIBILITY

### A. Economic Analysis

#### 1. Management and the Economy

In training and education projects, it is difficult to establish precise cause and effect relationships between training and increased productivity, for example. Therefore, no attempt will be made to establish a precise cost-benefit relationship between this program and the rates of productivity of the participating organizations.

In our discussions with the officials of the two departments, however, it has become evident that one of the primary constraints to the effective administration of the organizations as well as to the implementation of development projects has been the absence of trained and qualified managers. For example, in our discussions with the Director General of Housing and Urban Development, he indicated that he had an immediate need for 600 newly trained project managers. There are similar needs in the Highways and Irrigation Directorate General of the Department of Public Works. Staff members have indicated that because of poor management, the delays in project implementation are frequent. These delays result in both cost overruns on the one hand and in the failure to spend funds that have been allocated for specific projects on the other hand. Delays, of course, cost money in terms of increased costs due to inflation, idle funds, and benefits foregone because projects are not contributing to productivity. Other problems that have stemmed from inadequately trained and qualified managers, according to officials at the Department of Public Works, have been poor quality work and poor coordination between the Department of Public Works and the Department of Manpower and Transmigration.

As a matter of policy, and in order to develop the private sector of the economy, the GOI accomplishes large portions of its building, highway and irrigation construction through private contractors. According to the officials queried, inadequate project management not only results in delays, but frequently results in poor quality work resulting in poorly constructed bridges and roads with the concomitant negative impact upon the economy of the country. Because road construction is one of the key elements in the development of rural areas, the compounding effect of the inadequate infrastructural elements upon the economy is evident. Of course, given the development nature of much of this work, the impact upon the rural poor is more severe.

The two departments that will be participating in this project must have close working relationships in the Transmigration program. The one Department is responsible for locating and moving the transmigrants, assisting them in the initial stages of resettlement, and with providing them with

resources at the time of movement. Public Works is responsible for site clearing and for building access roads. Management problems and difficulties in coordination between the two have resulted in false starts, late delivery of services, and poor support in land clearing. It was estimated that at the time of arrival of transmigrants to a site, it is usual for between 30% and 50% of the land clearing to be incomplete. The transmigrants are poor people, moving under conditions of considerable physical and emotional hardship. The immediate inability to get this percentage of land into production has an immediate severe impact upon them. Again, the primary cause of this problem was stated to be poor management.

The need for managers, and the accelerating need is evident in the growth of the budget of the Department of Public Works, as follows:

<u>Year</u>	<u>Budget</u>	<u>Number of Projects</u>
1977-78	263,787,816,000 Rp.	683
1978-79	359,345,000,000 Rp.	781
1979-80	438,356,000,000 Rp.	865
1980-81	595,035,890,000 Rp.	936

During the past four years, the budget has more than doubled, and the number of projects has increased by 37%. Given that the Department already states that it has an acute need for managers, it is evident that a bad management situation is becoming even more difficult.

The same situation exists in the Department of Manpower and Transmigration. In the past ten years, the total staff of the Department has more than doubled, growing from 9,882 in 1971 to a total of 23,832. The budget has grown correspondingly. There are currently 952 designated projects, and to date, 544 project managers have been trained by Pusdiklat, the Department training center. As of the date of the writing of this paper, an additional 408 project managers need to be trained immediately. This number of 408 represents vacant positions. The money has been allocated but trained managers are not available and skills updating is needed for some of those who have been trained. These figures are indicative of the total problem, because there are similar shortages of trained and qualified managers in specialized functional management areas and in general management positions.

According to the Manpower and Transmigration participants on the design team, the current budget carry-over situation is at approximately 100 billion Rp. because of the lack of managerial capacity to expend and control the expenditure of funds. This carry-over is up from 78 billion Rp. in 1978.

From all of this, it is apparent that the managerial problems of the GOI are severe. The project is designed to help ease those problems. Although it is difficult to state specifically what the cost benefit of the project will be, it is of interest to take one of the newspaper quotes

cited above and compare the information that it contains with one small sector that will be affected by the project.

The Directorate General of Water Resources Development in the Department of Public Works is responsible for construction, rehabilitation and maintenance of irrigation systems, and for reclaiming swamp lands for agricultural use. The third Five Year Plan calls for productivity at the following levels:

1. Rehabilitation and improvement of existing irrigated areas	560,000 ha.
2. Expansion of tertiary canal system	600,000 ha.
3. Construction of new irrigation systems	700,000 ha.
4. Development of tidal swamp irrigation	400,000 ha.
5. Reclamation of swamp area	135,000 ha.

Items 3-5 above call for the addition of 1,235,000 hectares of arable land to the agricultural system. When this is compared to the current level the 7.2 million hectares of arable irrigated and wet land now available, (see "Basic Data Sheet for Indonesia" issued by Econ/USAID on 11/23/79) this would mean an increase in arable and wet lands of 17.2%. Taking the 1,235,000 figure and dividing by the five years embraced by the plan, leaves an expected rate of land increase through irrigation/reclamation of 247,000 hectares per year. Every year completion is delayed represents foregone income on potentially productive land, and constitutes a risk of a correspondingly larger food import bill. Of course, continuing and repeated delays compound these losses: To the extent that management training and resultant more effective management can alleviate this situation, it will be money well spent.

In considering these data it must be remembered, too, that the Irrigation Program is but one part of the two departments that will be assisted by this project. Similar problems exist and will be alleviated in the Directorate General of Housing and Urban Development and the Directorate General of Highways in the Department of Public Works. Help will also be given to the Directorate General of Manpower Development and Utilization, the Directorate General of Industrial Relations and Manpower Protection, and the Directorate General of Transmigration of the Department of Manpower and Transmigration.

## 2. Alternative Means of Providing Management Training

### a. Criteria for evaluation of alternative means of providing training.

In addition to the above described assessment of the projects' anticipated benefits, five alternative approaches to management training were considered. These approaches were evaluated on the basis of the following five criteria:

- (1) Does the approach provide adequate administrative control?
- (2) Will there, in fact, be an infusion of new knowledge and perspectives into the training organizations already existing?
- (3) Will the existing organizations be strengthened to the extent that the Management Training function will continue on a strong and vital basis after the completion of the project phase of the activity. That is, is the project directed to "Institution building?"
- (4) Are the uses of resources, (financial, material and human) being optimized so that the maximum results are being achieved at a reasonable cost?
- (5) Is the project being undertaken realistically considering the impact of culture, language, and Indonesian law and government regulations on management and management training?

b. Alternatives Considered:

Alternative a: Conduct all of the training directly using American trainers. This would require a small cadre of trainers assigned to each Department (probably under contract) to conduct general management training, and bringing "consultants" to Jakarta to conduct the specialized training as needed.

Comment: Alternative "a" is clearly unacceptable. It would be prohibitively expensive. It would not result in effective institution building, and it would not be adapted to the Indonesian cultural environment. Although it might give strong administrative control to USAID in program design and funding, it would not give corresponding control to the participating Ministries and therefore would (and should) be unacceptable to the Government of Indonesia.

Alternative b: Assign two American advisors to each Ministry. Conduct pilot programs on a team teaching basis; conduct training using Indonesian trainers; provide specialized formal training to trainers; provide experiential training in teaching methodology to Indonesian trainers, with Americans "team teaching"; provide short term consultants to assist in specialized (functional) seminar design.

Comment: Alternative "b" is rejected as resulting in an unwise use of loan funds. Although the costs would be less than those of alternative "a", the approach would mean that half of the loan money would be used for the American advisors. Given the other financial needs, this appears to be an unwise use of this limited resource. Accordingly, although it meets all of the criteria except (4) the optimum use of resources, it was rejected. It is also recognized that there is considerable value in having another professional from one's own culture to work with during the design phases of the project. At the same time, these needs can be effectively met by having the Americans who are working with different ministries work with one another on an "as needed" basis.

Alternative c: Assign one American advisor to work with each Ministry; conduct training using Indonesian trainers; provide specialized formal training to using Indonesian trainers; provide specialized formal training to trainers; provide experiential training in teaching methodology to Indonesia trainers; provide short term consultants to assist in specialized (functional) seminar design.

Comment: Alternative "c" was selected as most nearly meeting all of the needs as identified in questions "1" through "5" itemized above.

Alternative d: Provide one American advisor to work with a number of Departments, and in other respects administer the project as in "c" above.

Comment: Alternative "d" was rejected as not giving sufficient American input in terms of program design and administration. Note that each Ministry will conduct in excess of 50 seminars in any one year when the program is at its peak. Further, one of the primary inputs of the advisor is in providing experiential training to trainers to function as a change agent in teaching methodology. The advisor will also be deeply involved in seminar design and in the adaptation of materials to the specific training situation. He will also have a key role in developing participant training assignments for Indonesian trainers. Further, where it must be recognized that different nations have different cultures, it must also be recognized that there are frequently large differences between organizations (in this case Departments) that must be recognized in program administration, and in teaching designs. Having one advisor working in more than one Department would in effect spread this human resource too thinly. It would not only increase the magnitude of the advisors job in terms of numbers, but would also complicate the work considerably in terms of learning about and working within other large administrative structures. Thus, although costs might be reduced, it is expected that the quality of input would also be reduced so that resources would not be optimally utilized. The process of institution building would be severely limited.

Alternative e: Develop the overall training design. Have no American advisor per se, but provide administrative support through an overall project manager, participant training assistance through the USAID Mission Participant Training Office, and bring short-term consultants to Indonesia to assist in Seminar design and conduct pilot Seminars.

Comment: Alternative "e" is like alternative "d" but "more of the same". Under this alternative, the USAID input would be limited to financial and some participant training support.

Program design and control input would be almost non-existent and there would be no experiential training of trainers as part of the American involvement. Alternative "e" would be as totally unacceptable as alternative "a".

b. Summary

Accordingly, alternative "c" was selected. Administrative control of the project would be adequate. At the same time, USAID contributions would complement rather than usurp GOI involvement. Therefore, given the heavy Indonesian investment, the training institutions in each of the participating Ministries would be considerably strengthened. There will be a focal point for the infusion of new knowledge and methodologies into the training environment, yet the size of the group with which each advisor works would be sufficiently limited in function and style so that such "infusion" would be specific and directed to the needs of the particular organization. Further, costs should be minimized to the maximum extent possible while maintaining the special Indonesian cultural, linguistic, legal, structural, and stylistic orientation of the training activities.

In looking at the cost relationships of these alternatives, it is evident that alternative "a" would be by far the most expensive. The cost variances among the remaining four alternatives would hinge primarily upon the number of American advisors assigned to the project. Having two advisors in each Ministry would cost 50% of the total loan. Having no advisor would save 25% of the budgeted amount of the project. Having one advisor for both Ministries instead of one advisor in each Ministry would save 12½% of the budgeted amount. In each instance, the savings achieved would more than be offset by the loss of effectiveness. When it is considered that the above estimates are based solely upon the American loan portion of the project, the error in understaffing becomes even more apparent. The Indonesian investment will exceed the American investment, so it is common sense to make sufficient contributions of professional expertise to ensure adequate administrative control and maximum training effectiveness.

B. Technical Feasibility

The technical feasibility of the project is assured because of:

1. The Availability of Competent American Advisors

Both past experience and the preliminary work that has been done on the project demonstrates that sufficient numbers of advisors with adequate experience in management development work are available to provide the long run consultative assistance to the project. Two previous projects have already been staffed with five such advisors. Preliminary "recruiting" work has already identified five potential candidates for the two advisor positions on this project. Each of

the five candidates has indicated interest, and each has the requisite education and considerable experience in management both directly and in consultative roles; and each has had experience in the "Third World" working on development projects. It is recognized that the broader the area of recruitment, the more selective that hiring can be. It is also recognized that during the time of the preparation of this project paper and its actual approval, one or more of the potential candidates may locate another assignment that may preclude participation in this project. Accordingly, work is continuing to identify still other persons who might be qualified and interested in this kind of work. Short term consultants to provide advice and assistance in functional areas should be no particular problem. There is almost a plethora of such persons from among whom selection can be made. They function both as individuals and as staff members of consulting organizations. The local consulting resources will also be a source. These include the staff of "LAN", the Indonesian Institute of Public Administration, as well as "internal consultants," employees of the GOI who can provide expertise in Indonesian administrative systems, policies, rules, regulations and practices.

## 2. The Availability of Adequate Numbers of Indonesian Trainers

The basic criteria for the Indonesian Trainer/Consultant positions are as follows:

- A Senior Bachelor of Arts Degree
- Experience as a manager
- The motivation to do this kind of work
- Adequate verbal skills
- The capacity to do group work

The two criteria that are objectively measurable and that are overriding are the first two. Each Department will appoint between 18 and 26 trainers to work on the project. Each Department employs approximately 2000 persons who meet the first two criteria. The number of trainers appointed will approximate 1% of the total that can be considered. Further, selection will not be restricted to current Department staff, but will be expanded to consider outsiders as necessary. Also in truly exceptional cases of "high performers," consideration may be given to proven performance in lieu of education. Given the size of the sample from among whom selection will be made on the basis of the remaining three criteria, it is apparent that sufficient numbers of Indonesian professionals will be available to meet the manpower needs of the project.

## 3. The Capacity to Provide Experiential Training in Teaching/Learning Methodology

Training in this area will be primarily on the job and will both be by example where trainers will observe the methodology, and by actual use of experiential training. The training scheduling calls for "starting at the top" with the American advisor doing most of the group work. This will meet two needs. The first is that given the Indonesian cultural orientation it will be more workable for senior managers to accept the

teacher-learner relationship if the teacher is an outsider, rather than a subordinate staff member of the Department. At the same time, as trainers are appointed, they will be able to observe the methodology, and as the course progresses, actually assist in the conduct of courses. The initial state of the program calls for a substantial number of general seminars. As the course progresses, local trainers will actually conduct the seminars under the observation and guidance of the advisor. The seminar content will be standardized, and the trainers will be able to concentrate most of their efforts on process, using the predetermined content.

#### 4. The Capacity to Provide Professional Management Education

Excessive discussion of this issue would be pointless. The project design plan calls for sufficient funds to support this portion. The issue is the availability of institutions to provide the education in general management and in specialized areas of management. The U.S. institutions of higher education that can be used as resources are in the hundreds. In addition, there are a number of consulting firms that provide training opportunities. Resources also exist in Federal Agencies that provide specialized training such as GSA and the U.S. Office of Personnel Management. Institutions exist in Indonesia such as the University of Indonesia and "LAN" and in other ASEAN countries such as Thailand and the Philippines. Accordingly, the question is not so much one of technical feasibility as it is one of making the optimum choice from among the many alternatives, considering cost, applicability of the training, and the quality of the educational experience.

#### 5. Adequate Administrative Support Within Experience

Both the Department of Public Works and the Department of Manpower and Transmigration have existing training organizations and support staffs. The establishment of the Project Secretariats to provide overall project management and administrative support will be within those existing organizations. The projects will, of course, call for a considerable increase in workload and establishment of the Secretariats will result in the increase in the size of the staffs of the two organizations. Adequate numbers of candidates for the positions to be established exist in sources both within and outside of the Departments. Growth in size will take place when the project is approved, and the GOI includes funds for staff increases as part of the budgetary process.

#### 6. The Availability of Training Facilities

There are classroom facilities in both of the central training organizations of the Departments and there are Regional training centers that are available for use. In addition, there are private facilities available where classrooms can be provided as a part of the usual per diem of the participants who will be staying in those facilities.

## C. Social Analysis

### 1. Socio-Cultural Environment

#### a. Introduction

The social impact of this project should be impressive. In the beginning, efforts will be concentrated on the top managers of the departments and on developing a competent staff of indigenous trainers. These will in turn train several thousand managers in each of the two participating Departments. It is a reasonable assumption that these managers will in turn apply much of what has been learned in their working relationships with their co-workers and subordinates. Again, this group embraces a number of thousands of workers. These workers, representing the whole of the two organizations will bring the fruits of the training to bear upon their customers --- the Indonesian people. This will be done through better administration and management, improving the use of resources in the development of manpower, moving people from areas that are over populated to lesser populated areas, constructing roads, the development and more effective use of water resources, and increased building of houses and industrial plants. It is a relatively small investment on the part of the Government of the United States. The \$4,000,000 loan represents an expenditure of approximately 2.9 cents on each Indonesian citizen. The social impact of that exceedingly small sum will greatly exceed that amount whether that return is assumed in terms of material outputs or in terms of human values. For a more detailed Social Analysis of this project see Annex I.

#### b. Support by GOI for Project

Of brief special mention here shall be the unique desire and support by the GOI for this project. Initial request for the project came from the Indonesian government departments in question. The first step following the request was to insure that there was firm understanding of the general direction that such a management education and change program would take as well as the teaching methodology that it was proposed to apply. This was accomplished by conducting an eight day seminar for 30 persons from key management positions in the Department of Public Works and the Department of Manpower and Transmigration.

Following the seminar, both Departments indicated a strong desire that they wished to proceed with the project, and since that point in time, the design and strategy activities have been a joint activity of both USAID and representatives of the Government of Indonesia.

For more detailed narrative of the Social Analysis including Socio-Cultural Factors, beneficiaries, women involvement, benefits of the project and its spread effects see Annex I.

## D. Financial Analysis

### 1. USAID

- Payment of cost of U.S. advisors
- Participant training costs
- Payment of costs of short term consultants
- Purchase of training supplies and equipment
- Contingency
- Seminar start-up costs

### 2. GOI

- Salaries and allowances of GOI trainers
- Costs of administrative support
- Salaries and allowance of persons while in training
- Seminar costs (after initial start-up period)

### 3. Cost Computations

#### a. Cost of U.S. Advisors

Estimates were based upon an employee with a family of four considering salary, post differential, housing, education allowance, in-country travel, home leave, travel to post, R&R, shipment and storage of personal effects, physical examinations, inoculations, passports and visas etc. Also, figures were inserted for G & A, overhead, fee, and fringe benefits. Because the costs would be somewhat less in these last four factors, if the contract is a PSC or a PASA rather than with a contracting organization, the last four items were estimated conservatively. Nevertheless, the final figure per year was \$117,146. Because this does not include allowance for escalation after the first year, the figure was rounded to \$125,000 per year for estimating purposes. Also, given the probability of a PASA, factor for inflation was computed for the second through the fourth year of the project.

#### b. Cost of Participant Training (based on budget guidelines for contracts)

Cost per year, tuition, fees, etc.	22,100
Health insurance for twelve months	300
Travel	2,400
	<u>24,800</u>

Inflation:	Total cost - 2nd year*	26,784
Inflation:	Total cost - 3rd year*	28,926

\* @8% each year

c. Cost of consultants (Three months each)

Fees, 66 days @200	13,200
Per diem, 92 days @ 77	7,084
Travel	2,400
Visa, passport, inoculations	75
	<hr/>
	22,759

Inflation:	Total cost - 2nd year*	24,580
Inflation:	Total cost - 3rd year*	26,545

\*@8% each year

d. Training costs

\$40 per day (equivalent) X 13 days	520
Travel \$80 per seminar	80
	<hr/>
	600

Per diem based upon experience and recommendations of Indonesian design team members.

e. In-Country costs, Training of Trainers

5 consultants @ 24,580 (2nd year)	122,900
4 consultants @ 26,545 (3rd year)	106,180

f. Salaries and allowances of trainers

Rp. 2,400,000 per annum divided by 625 = 3,840 (Estimated salaries and allowances from Indonesian design team members).

g. Salaries and allowances of persons in training

3840 annual salary divided by 26 (two weeks) 147

h. Training materials (for each Ministry)

	<u>Number</u>	<u>Estimated Cost (ea.)</u>	<u>Total</u>
Motion picture projector	6	\$ 900	\$ 5400
Slide projector (O.H.)	6	300	1800
Slide making machines	6	150	900
Portable projection screens	6	150	900
Transformers	6	75	450
Easels (newsprint)	12	200	2400
Workbooks (programmed teaching)	250	5	1250
Standardized tests	250	5	1250
Movie films	20	250	5000
Slide materials, bulbs, extension cords etc.)	-	1000	1000
Management Reference Books	200	20	4000
Miscellaneous marking pens, lettering sets, felt boards etc.	-	650	650
			<u>650</u>
			\$25,000

The funds for procurement are to be included in the PASA. The Washington office of the participating agency will make procurement following their usual procurement procedures. Specifications and detailed lists will be furnished by USAID/I/DA in consultation with the respective ministries shortly after arrival of the consultants. The materials will be scheduled to arrive during the first year of the project.

i. Salaries of Support Staff

Estimated average salary of 25,000 Rps. per person times ten persons.

J. Inflation

Inflation was not estimated for items where GOI has a substantial input. This assumption was made since the GOI support is in the form of an annual appropriation. Inflation could be absorbed in the GOI input at that time.

4. Summary

When compared on a percentage basis, the Government of the United States loan of four million dollars will account for 42% of the estimated \$9.6 million cost of the project. The estimated GOI investment of \$5.6 million will cover 58% of the cost of the project. The costs equal less than 1/1000 of the budget of the Department of Public Works and circa 2/1000 of the development budget of the Department of Manpower and Transmigration. Accordingly, the Indonesian costs should be reasonably fundable from the GOI revenues.

This is a non revenue producing project, and will be funded by the GOI in its entirety from appropriated funds, and accordingly, at the time the Project Agreement is signed, it must be approved by both the National Development and Planning Agency (BAPPENAS) and the Department of Finance.

The proportion of the costs covered by the GOI as well as the fact that most of the US inputs are one time investments that will no longer be needed when the institution building process is completed demonstrate the fiscal viability of the project after the completion of the United States involvement in the project. See Annex J for a detailed Summary Budget.

E. Environmental Concerns

This project is solely for the training of managers in management in the Department of Public Works and Manpower and Transmigration. There is and will be no negative impact upon the environment. Refer to Annex M which provides the Initial Environmental Examination.

## PART VI - CONDITIONS PRECEDENT, COVENANTS AND NEGOTIATING STATUS

### A. Conditions Precedent

Prior to execution of the technical service contract and to the processing of any disbursement documentation, the Borrower will furnish to AID satisfactory assurance that:

1. The Project Secretariat office has been established in each of the two departments, the Project Coordinator for each appointed and that adequate plans have been made for the budget and logistical requirements of the two offices and staff.

2. The Department of Public Works and the Department of Manpower and Transmigration have identified the 18 and 21 full-time trainers, respectively, who will form the core of the departments' training staff.

### B. Covenants

The Borrower will covenant that:

Periodic meetings will be arranged between the implementing departments, USAID and the Technical Advisors to review project progress and specifically to review the capabilities and potential of candidates selected to form the full-time training staff.

### C. Negotiating

During this course of PP preparation the design team met frequently with representatives of the two departments. This PP was reviewed by them and they agree to the training strategy proposed and fully understand the significance of the long term recurring cost involved.

PART VII ANNEXES

NNNNVV ESA126BRA170  
PP RUKORJ  
DE RUEHC #0772 2440900  
ZNR UUUUU ZZH  
P 010233Z SEP 79  
FM SECSTATE WASHDC  
TO AMEMBASSY JAKARTA PRIORITY 5907  
BT  
UNCLAS STATE 230772

STATE: 230772

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CONTROL: 1941W  
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1115

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ACT: AID-9

INFO: AMB  
DCH  
ADM  
ECON  
SUPV  
CHRON

AIDAC

E.O. 12065: N/A

TAGS:

SUBJECT: IN-COUNTRY MANAGEMENT DEVELOPMENT TRAINING  
(497-0317)

END

REF: STATE 218832

1. APAC MET AUGUST 23 AND APPROVED SUBJECT PID FOR FY 81 START.

2. MISSION SHOULD DESIGN PROJECT TO ENSURE LINKAGE BETWEEN MANAGEMENT TRAINING AND BENEFITS ULTIMATELY TO BE RECEIVED BY FOUR THROUGH INDUSTRIES' PROGRAMS AND MAKE EVALUATION OF THIS LINKAGE AN INTEGRAL PART OF PROJECT (PARAS 1A AND 1B REFTEL). IN SAYING THIS, APAC REALIZES IT WILL BE DIFFICULT BOTH TO ESTABLISH LINKAGE AND TO EVALUATE EVENTUAL UTILITY OF TRAINING. HOWEVER, IN COURSE OF DEVELOPING MANAGEMENT IMPROVEMENT TRAINING PROGRAMS IN INDONESIA AND ELSEWHERE IN REGION, IT IS CERTAIN WE WILL BE ASKED TO DEMONSTRATE THIS SORT OF LINKAGE IN ORDER TO JUSTIFY SUCH PROGRAMS. AN INNOVATIVE APPROACH WILL BE REQUIRED AND WE WILL BE LOOKING TO USAID/INDONESIA TO TAKE LEAD. APAC SUGGESTS IT MAY NOT BE POSSIBLE TO QUOTE BLANKET UNQUOTE LARGE PUBLIC WORKS AND MANPOWER AND TRANSMIGRATION INDUSTRIES WITH TRAINING, AND THAT PERHAPS DIRECTORATES WITH PROGRAMS AND PROJECTS OF

INTEREST TO AND RECEIVING SUPPORT FROM AID SHOULD BE CONCENTRATED UPON FIRST. FOR PURPOSE OF EVALUATION, MISSION MIGHT CONCENTRATE ON ONE OR TWO OF MANAGEMENT UNITS SELECTED AND IDENTIFY SPECIFIC PROBLEMS THEY ARE HAVING IN DELIVERING SERVICES WHICH TRAINING WILL TRY TO ADDRESS.

3. SINCE APPROVAL AUTHORITY IS REDELEGATED, MISSION DIRECTOR WILL BE RESPONSIBLE FOR CONTENT OF PROJECT. WE WOULD APPRECIATE BEING KEPT INFORMED OF HOW MISSION IS ADDRESSING ABOVE ISSUES AND REFTEL QUESTIONS AT MISSION'S DISCRETION, REPEAT AT MISSION'S DISCRETION. NO ADDITIONAL FORMAL REPORTING TO AID/A IS REQUIRED BEFORE AUTHORIZATION.

SEE THRESHOLD DECISION FOR A NEGATIVE DETERMINATION  
BEEN APPROVED BY ACTING AA/ASIA.

S. FYI: IN DEVELOPING IMPLEMENTATION PLAN, MISSION  
SHOULD KEEP IN MIND THAT ALTHOUGH THERE IS NO PSC CEILING  
IN THE FY 89 APPROPRIATION BILL PASSED BY HOUSE, ISSUE  
NOT YET FORECLOSED FOR THIS OR FUTURE FY'S. END FYI. VANGU  
BT  
#2772

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LOGICAL FRAMEWORK1. MINISTRY OF MANPOWER & TRANSMIGRATIONNARRATIVE SUMMARY

Program or Sector Goal: The broader objective to which this project contributes:

Improved services through the enhancement of indigenous planning, managerial and administrative capability. These services are directed at unemployment, income stability in both rural and urban areas, equitable conditions of employment, income guarantees for older citizens, and a more balanced geographic distribution of population.

---

## PROJECT PURPOSE:

1. To significantly improve the management of the Department of Manpower and Transmigration.
- 

## PROJECT OUTPUTS:

- A.
    1. Cadre of trained and experienced management trainers.
    2. A 3-phase management training program for Echelon II, III managers.
    3. General (1-time) management training for all Echelon IV, and project managers.
    4. Function-specific management training for selected managers.
- 

## PROJECT INPUTS:

- USAID: - Dollar Loan; - Assistance for Direct Training Costs; - Advisory Consultancy; in-country training; assistance in conducting US/TCT training program; start-up costs.
- GOI: - Local Currency & Travel facilities; Management trainers training selection, training placement, and follow-up and evaluation;
- Activities after training and after reassignment.
-

OBJECTIVELY VERIFIABLE INDICATOR

Measures of Goal Achievement:

- A. Assistance in securing employment is available for job seekers.
- B. High quality vocational training is available for Indonesians, particularly in areas of population concentration.
- C. Social Insurance registrations increase at rates consistent with population growth and economic expansion.
- D. Significant numbers of persons are resettled from Java, Bali and Lombok to underpopulated areas and stability of newly established communities is maintained.

Conditions that will indicate purpose has been achieved:

End of Project Status:

- Core of management trainers in the Department of Manpower and Transmigration actively engaged in training planning, implementation and evaluation.
- Training projects completed and underway with curricula and seminar content design, a continuing seminar schedule, courses evaluated and substantial numbers of Department staff members having completed management skills seminars.
- Substantive evaluations completed for general seminars and for seminars in each of specialized subject matter areas.

Magnitude of Outputs:

- 20 management trainers assigned to Department of Manpower and Transmigration.
- In-country courses designed and conducted:

Type	Number of Seminar Designs	Number of Seminars	Total of Participation
General Management	3	167	800 man-weeks
Specialized-subject matter seminars	3	48	2284 man-weeks

Implementation Target (Type and Quantity)

USAID: \$2,000,000 loan for finance of training costs.

GOI: \$3,272,434 (Rp. 2,045,271,250)

MEANS OF VERIFICATION

- Records and Reports
  - Annual GOI economic data and statistical reports records.
  - Records of Departments of Finance, BAPPENAS, Ministry of Manpower and Transmigration.
- 

GOI MANPOWER DATA

GOI and USAID joint Evaluations relying on:

- GOI and USAID and private institution records and reports.
  - Budgetary obligations.
  - Observations of programs in operation.
- 

GOI Training Records and Reports

GOI Personnel Records and Statistics

USAID Participant Training Records

---

GOI Records and Reports

USAID Records and Reports

---

MINISTRY OF MANPOWER & TRANSMIGRATIONIMPORTANT ASSUMPTIONS

Assumptions for achieving goal targets:

- A. 1. The GOI will continue to place a high priority on management training.
2. The training program as designed will indeed contribute to the improved capabilities of the trainees to manage and administrate development programs.
- 

Assumptions for achieving purpose:

- Training can provide relevant skills and assist in developing high levels of motivation necessary for filling current staff shortcomings and lead to development and creation of additional self-sustaining Indonesian skills and human resources training institutions and facilities focused on National Priorities.
  - In-country training can be readily applied and adapted to the needs and requirements of Indonesian development.
  - GOI Departments are committed to utilizing development resources to reach the rural poor with relevant and effective development programs.
- 

Assumptions for Achieving Outputs:

- A. 1. GOI will provide full-time management trainers; trainers will successfully complete education programs and will return to trainer positions.
2. Managers will be designated to participate in seminars and will attend seminars.
3. Function-specific management training will be given to the appropriate managers.
4. Department of Manpower and Transmigration will make it policy that all managers, will be required to receive formal management training based on need and responsibilities.
- 

Assumptions for Providing Inputs:

- USAID funding and consultancy/advisory assistance is available on timely basis.
  - GOI funding provided for an appropriate portion of local cost requirements.
  - Qualified candidates are available for training.
-

LOGICAL FRAMEWORK

5

2. MINISTRY OF PUBLIC WORKSNARRATIVE SUMMARY

Program or Sector Goal: The broader objective to which this project contributes:

Improved services through the enhancement of indigenous planning, managerial and administrative capability. These services are directed at the rehabilitation and development of the physical infrastructure required to make rural and regional development possible.

---

PROJECT PURPOSE:

1. To significantly improve the management of the Department of Public Works.
- 

PROJECT OUTPUTS:

- A.
    1. Cadre of trained and experienced management trainers.
    2. A 3-phase management training program for Echelon II, III managers.
    3. General (1-time) management training for all Echelon IV and project managers.
    4. Function-specific management training for selected managers
- 

PROJECT INPUTS:

- USAID: - Dollar Loan; - Assistance for Direct Training Costs; - Advisory Consultancy; in-country training; assistance in conducting US/TCT training program; start-up costs.
- GOI: - Local Currency & Travel facilities; Management trainers; training selection, training placement, and follow-up evaluation;
- Activities after training and after reassignment.
-

OBJECTIVELY VERIFIABLE INDICATOR

6

## Measures of Goal Achievement:

- A. The development and rehabilitation of the road system is increased in an efficient and effective manner.
- B. Better housing and living conditions are efficiently and effectively provided for the urban and rural poor.
- C. Irrigation networks, drainage systems and swamp reclamation are developed more rapidly, and efficiently.

Conditions that will indicate purpose has been achieved:  
 End of Project Status:

- Core of management trainers in the Department of Public Works actively engaged in training planning, implementation and evaluation.
- Training projects completed and underway with curricula and seminar content design, a continuing seminar schedule, courses evaluated and substantial numbers of Department staff members having completed management skills seminars.
- Substantive evaluations completed for general seminars and for seminars in each specialized subject matter areas.

## Magnitude of Outputs:

- 18 Management trainers assigned to Department of Public Works.
- In-country courses designed and conducted:

Type	Number of Semi- nar Designs	Number of Seminars	Total of Participatio
General Management	3	84	6000 man- weeks
Specialized-subject matter seminars	2	35	1680 man- weeks

## Implementation Target (Type and Quantity)

USAID: \$2,000,000 loan for finance of training costs.

GOI: \$2,343,760 (Rp. 1,464,850,000)

MINISTRY OF PUBLIC WORKSMEANS OF VERIFICATION

- Records and Reports
  - Annual GOI economic data and statistical reports records.
  - Records of Departments of Finance, BAPPENAS, Ministry of Public Works.
- 

## GOI PUBLIC WORKS DATA

GOI and USAID Joint Evaluation relying on:

- GOI and USAID and private institution records and reports.
  - Budgetary obligations.
  - Observations of programs in operation.
- 

GOI Training Records and Reports

GOI Personnel Records and Statistics

USAID Participant Training Records

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GOI Records and Reports

USAID Records and Reports

---

IMPORTANT ASSUMPTIONS

Assumptions for Achieving Goal Targets:

- Problem-solving within overall national Economic and Social Development will improve with increased managerial and technical capabilities.
  - Increased training of human resources will help to solve current technical and managerial staff shortages and as a result additional development projects in both the public and private sectors will be undertaken.
- 

Assumptions for Achieving Purpose:

- Training can provide relevant skills and assist in developing high levels of motivation necessary for filling current staff shortcomings and lead to development and creation of additional self-sustaining Indonesian skills and human resources training institutions and facilities focused on National Priorities.
  - In-country training can be readily applied and adapted to the needs and requirements of Indonesian development.
  - GOI Departments are committed to utilizing developmental resources to reach the rural poor with relevant and effective development programs.
- 

Assumptions for Achieving Outputs:

- A. 1. GOI will provide full-time management trainers; trainers will successfully complete education programs and will return to trainer positions.
2. Managers will be designated to participate in seminars and will attend seminars.
  3. Function-specific management training will be given to the appropriate managers.
  4. Department of Public Works will make it policy that all managers, including new managers, will be required to receive formal management training based on need and responsibilities.
- 

Assumptions for providing inputs:

- USAID funding and consultancy/advisory assistance is available on a timely basis.
- GOI funding provided for an appropriate portion of local cost requirements.
- Qualified candidates and available for training.

## General Management Skills Seminars - 3-Phase Wave Approach

### PHASE #1

Personal Management Style Diagnosis  
Situational Management

Group Dynamics #1

- Communications #1
- Decision Making #1
- Task/Force/Team Building
- Problem Solving #1

Motivation and Productivity

- Motivation Theory
- Job Enrichment
- Leadership Diagnostic Skills

Management by Objectives #1

- Introduction
- Objective Writing and Planning
- Calendar Use and Preparation

Objective Negotiation between  
Supervisor and Subordinate

Structured Management Situation  
Simulation

### PHASE #2

Group Dynamics #2

- Communications #2
- Decision Making #2
- Collaborative Management

Job Analysis/Definition

- Job Analysis Interview/Information
- Job/Position Description Preparation

Management by Objectives #2

- Gantt Charting
- Objective Analysis
- System Implementation

Project Design Skills

- Logical Framework

Budget Preparation

- Preparation
- Justification
- Negotiation

People Management Problems

- Case Studies
- Problem Solving Exercises

### PHASE #3

Group Dynamics #3

- Decision Making #3
- Developing Alternatives
- Solving Motivational Problems

Organization Planning & Design

- Organizational Structural, Functional and Staffing Charting

Management by Objectives #3

- Advanced Systems Integrating
- Process/Work Flow Charting
- Geographic Work Flow Charting
- Work Counting
- PERT

Budget Preparation #2

- Benefit/Cost Analysis
- Cost Effectiveness Analysis
- Social Benefit Analysis
- Internal Rate of Return

Project Simulation

- Management Tools/Skills Application

People Management Problems

- Case Studies
- Problem Solving Exercises

## TRAINING STRATEGY

### 1. One Organizational Training:

Basic to the strategy of this project is the assumption that staff members that work together should be trained together. Building effective organizational teams is essential to departmental decentralization.

The only really effective approach known which produces immediate results is that of concentrating training of all managers, from top to bottom, within one organization. By gathering co-managers from the same organization or organizational unit (Ministry, Department, Project, Region, etc.) in a seminar room together, problems can be discussed; new management techniques presented, discussed and either adopted, adapted, or rejected; specific objectives of the organization determined, agreed upon, planned and programmed; teamwork established and coordination greatly improved; and a corresponding improvement in each individual's management capability.

As a result of the 'one-organization' approach each manager now speaks the same management language as the rest of the organization and he now knows what is expected of him and what he can and cannot do. Through the 'one-organization' approach, planning is not only taught but practiced - not with hypothetical case studies, but with actual planning for the organization for a given period of time. Each trainee is then a part of the plan and can program himself to carry it out to meet the pre-determined objectives. These plans can then be reviewed criticized and often improved upon by the rest of the group.

The 'one-organization' approach is really more than just a training seminar. It is an opportunity for co-managers that work within the same framework to learn and discuss together their working relationships, their on-the-job managerial behavior, their work plans, and the limits within which they can work, coordinate and cooperate.

### 2. Experiential Training:

Training must be experiential and provide trainees with tools for better management. In-service management training must be aimed at immediate change. The only way this can be done is by maximizing the participation of the trainees during the seminar. While theories, principles and lectures are necessary, tools of management must be provided so that the trainee can practice using them while in the seminar. For every hour of lecture, there must be

at least three hours provided for the trainees to practice using the theories and principles of management. Wide use of structured management exercises, role playing, case studies, individual planning and group participation must be used. Trainees learn best by doing that which is taught.

3. Training By and For the Organization:

Management in-service training must be aimed at "changing" the organization. If at the end of a seminar no change has taken place, the time of the seminar leaders and of the managers and of the organization has been wasted. An organization cannot afford to be in the charitable business of educating its staff to no productive end. It must expect and receive results in the form of change.

Too often, when managers are sent to an institution outside their organization for training they assume it is merely an academic exercise, whether true or not. However, if the training is done by the Department itself, it is at least implied that what is taught is expected to be used. This can make a real difference in the learning, that is change, that takes place during a seminar.

4. Top to Bottom Training:

Top managers need management training more than lower level managers since the higher the decisions/responsibilities the higher the cost of poor decisions and poor management. Finally, top management may not really support management training until it understands exactly what the training is about. If top management does not know what subordinates are being trained to do, it probably will not allow them the opportunity to operate as they have been trained.

5. Results Must Be Expected and Evaluated:

Too often training programs are conducted and learning or results assumed. Methods must be used to force desired results. One way of doing this is: each trainee's objectives for the coming year and the work-plan that he has developed in the seminar, is reproduced and given to his boss. Also, at the completion of the seminar, each trainee is asked to write "What I will do differently on my job as a direct result of this training." These are collected and given to the trainee's boss. These tools provide the supervisor and the training unit with a basis for evaluation. They can determine whether he accomplishes the objectives he established and whether he manages differently as he had stated. Without these methods organizations can only assume change and never really know for certain if it has occurred.

### Implementation Plan

1. Narrative: After approval of this Project Paper (PP) at the request of the GOI, the USAID intends to initiate the project as soon as possible in order that the seminar/workshop program for Echelon II, III and IV managers can begin to impact on local development planning and implementation. The USAID is requesting authority to make the initial project obligation in FY 82.

The USAID will prepare and begin negotiation of the ProAg when project authorization is complete. Authorization of the approval of the Project Paper has been delegated to the Mission. Approval is expected to take place on a timely basis.

The Project Secretariat is to be established immediately upon the signing of the Project Agreement. It will then recruit, screen and assign full-time management trainers to the project.

One Technical Advisor will be assigned to each Department, to serve as an advisor to the Project Secretariat (described above) and as a Trainer/Advisor to the training teams. The Technicians are expected to be provided through a PASA. PASA procedures will begin immediately after the signing of the ProAg. At this time a representative of USAID will go to the U.S. to recruit project personnel. It is anticipated that once the individuals have been identified they will arrive at Post by the 6th month.

The technicians, upon arrival at post, will work with their GOI counterparts in training the training teams, developing the curriculum for the Echelon II training program and preparing a system for presentation of these workshops.

Procurement of training materials for each ministry will also begin shortly after the arrival of the technicians.

In the 8th month, the U.S. Technicians will conduct a demonstration seminar for the trainers. In the 10th month, each technician will begin the training of Echelon II officers with the assistance of the new trainers. The demonstration seminar for Echelon II are intended to:

- a. build support for full-organization training.
- b. provide a learning process and role model for the new trainers.

During this period the General Seminar Series (GSS) #1, (see prototype annex) curriculum will be defined, adapted and translated for presentation to Echelon III and IV managers. The standardized training module materials will be produced by the Project Secretariat for use by the training teams. The #1 series will emphasize general

aspects of development, program planning, priority setting, decision making and team building. Participants in each seminar will be asked to do an evaluational critique of the program to insure that the training is responsible to their needs. The training teams will also prepare a report to both the recipients and the Project Secretariat. During this training the GOI will pay all salaries and allowances due to Indonesian participants, including travel allowances. The GOI will also provide sites for the presentation of these programs.

At this point and just prior to the start of the GSS #1, the Project Secretariat will conduct an internal evaluation to examine the training of trainers and the Echelon II management training seminar.

By the 12th month the training systems will be developed and ready for implementation by the trainers around the 13th month. Six teams of three trainers each will commence the program of 2-week seminars throughout the nation. It is expected that the first few seminars will be conducted centrally so that the U.S. Technician can observe and advise the teams closely. Using this advice and feedback, the teams will revise their programs as necessary.

Toward the end of the 21th month the first wave of management trainers will depart for short-term participant training abroad (3 months). This occurs after a year of in-service experience as a trainer and exposure to both the general content and methodology basic to this kind of management training.

In their absence, the GSS #1 will continue until the end of the 22nd month when the remaining trainers will, with the Project Secretariat and the U.S. Technician, develop the GSS #2. With this completed by the end of the 24th month and the module materials printed by the middle of the 25th month, the Second GSS will begin.

At this time, Echelon IV managers still to be trained in GSS #1 will receive training, while Echelon II and III will begin the GSS #2.

The first wave of participant trainees should return to Indonesia by the middle of the 26th month when the first group of outside consultants arrives. The consultants and the returning trainers under the guidance of the Project Coordinator and the U.S. Technician, will take one month to design a module in a specific management function (the one the trainer specialized in while abroad). At the end of this period the consultants and trainers will conduct a pilot series of their modules for 2-4 weeks, after which it will be revised and put into a standardized format for nation-wide use. Around the 28th month, the first specialized management series will begin for selected managers throughout the organization.

The two departments may wish to use the out-side consultants jointly and prepare modules suitable for use by both organizations. This would avoid duplication of effort and reduce costs significantly.

The use of consultants may be staggered throughout the second and third cycles of training rather than scheduling them to arrive in groups. This will be dependent on the arrival time of the returning trainees and the availability of acceptable consultants. But the pattern of 1-month design, 1-month pilot, 1-month revision would remain the same.

At the completion of one full GSS #1 cycle, the Project Secretariat will conduct a formal evaluation of the project. While the exact composition is presently undefined, the Evaluation Team would include knowledgeable officials from Pusdiklat, LAN, USAID, AID/W. The USAID participation will result in a PES (see evaluation plan).

Around the 33rd month, the second wave of management trainers will depart for the United States. The areas of their specialization will depend on the results of the formal evaluation and the guidance of the Project Secretariat and the U.S. Technicians.

While they are in the United States, the remaining trainers will spend the 35th and 36th month designing and preparing GSS #3. Again this seminar series will respond to specific management needs surfaced in seminar evaluations, Secretariat guidelines, etc. The GSS #3 program will start in the 37th month for Echelon II, III and selected managers, as required and requested. The short-term consultants will continue to work in-country with the trainers, developing specialized management modules. Their arrival will correspond with the return of the second wave of trainers to Indonesia in the 37th month.

The same three-month consultancy as described above will hold true with the second series of specialized training getting under way by the 40th month.

In the 36th month an internal evaluation will be conducted to examine the degree of objective achievement and the quality of staff and organization performance during the GSS #2 and #3.

Around the 45th month, the 3rd wave of trainers will depart for short-term participant training abroad. Upon their return in the 49th month, they will work with the arriving consultants to develop the remaining specialized series of modules and begin implementation around the 52th month.

At this point, the Secretariat and the training staff will be poised to continue the program at full operation beyond the life of the project.

Training facilities, administrative capacity and training expertise will be at full performance, when the U.S. Technicians depart in the 54th month.

A second formal evaluation and the final one in terms of USAID involvement is planned prior to their departure. It will constitute

the final input by the USG to the project and will assess the overall U.S. participation as well as the success of the project.

The GOI and USG representatives have concurred in the implementation plan and the only unresolved matter is the make-up of the evaluation teams. It is felt that this should be left for a later date when availabilities of key personnel are known.

Throughout the life of the project the necessary project documentation such as ProAgs and PIOs will be prepared, negotiated and signed on a timely basis so as to insure continuous and sufficient input to the project.

I M P L E M E N T A T I O N  
S C H E D U L E

<u>Month</u>	<u>Event</u>	<u>Action Agent</u>	<u>Event</u>
1	Project Paper Approved	AID/I	1
1	FY 82 ProAg signed	USAID/GOI	2
3	GOI Coordinator Assigned and Project Secretariat established	GOI	3
6	U.S. Technical Advisor Assigned and training materials ordered	AID/GOI/W	4
8	Training of Management Trainers begins	USAID/GOI	5
10	Training of Echelon II Managers begins	USAID/GOI	6
11	Curriculum developed for General Seminar Series #1 (Echelon III, IV)	USAID/GOI	7
12	Training System Designed	USAID/GOI	8
12	Internal Evaluation	USAID/GOI	9
13	General Seminar Series for Echelon III, IV begins	USAID/GOI	10
18	PU's technical specialist depart	USAID/GOI	11
21	Wave #1 Management Trainers departs for US	USAID/GOI	12
24	General Seminar Series #2 designed and prepared	USAID/GOI	13
25	General Seminar Series #2 for Echelon II, III begins	USAID/GOI	14
26	Short-Term US Consultants arrive*	USAID	15
26	Formal Evaluation	USAID/GOI	16
26	Specialized training modules designed	USAID/GOI	17
26	Pilot Specialized Series begins	USAID/GOI	18
28	Specialized Series begins	USAID/GOI	19

<u>Month</u>	<u>Event</u>	<u>Action Agent</u>	<u>Event</u>
33	Wave #2 Management Trainers departs for U.S.	USAID/GOI	20
36	In-Country Management Training Program	USAID/GOI	21
36	General Seminar Series #3 designed and developed	USAID/GOI	22
36	Internal Evaluation	USAID/GOI	23
37	General Seminar Series #3 for Echelon II, III starts	USAID/GOI	24
37	Wave #2 Management Trainers returns	USAID/GOI	25
38	Specialized Series #2 modules prepared	USAID/GOI	26
	Pilot Specialized series begins	USAID/GOI	27
40	Special Series #2 begins	USAID/GOI	28
45	3rd wave trainers departs for U.S.	USAID/GOI	29
50	Specialized series #3 modules prepared	USAID/GOI	30
	Pilot series #3 begins	USAID/GOI	31
53	Formal Evaluation	USAID/GOI	33
54	U.S. Technical Advisor departs	USAID	34

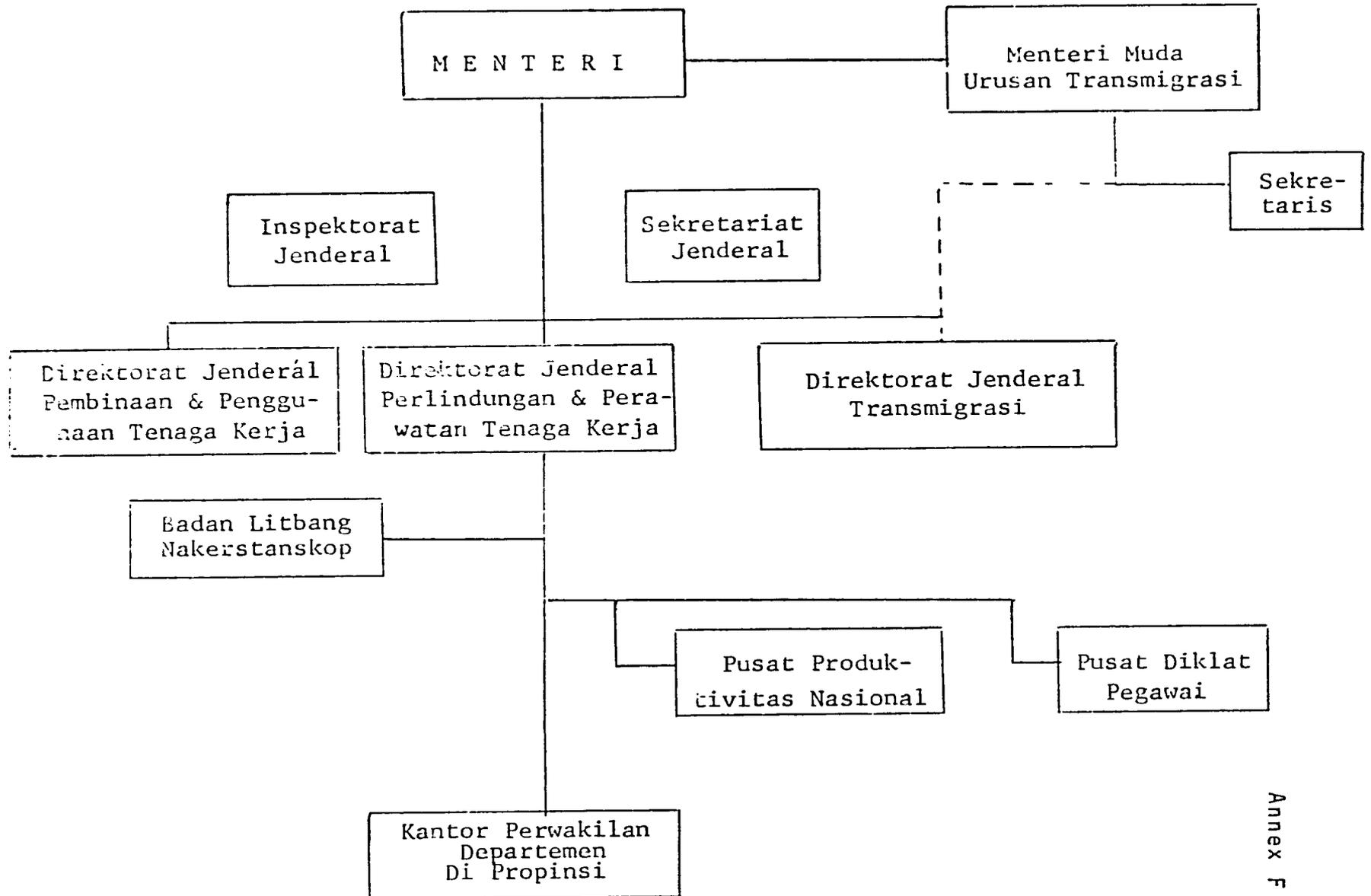
\* Note that consultants will be used commencing about this time. They will be used throughout the remaining term of the project on an "as needed" basis.

PTT FORM  
(May be Expanded as Appropriate)

Country	Project No.	Project Title:	Date:	Original Revision#	PTT Appro	Country	Project No.	Project
or FY: CY month:								
	0							
Prior Actions								
	1							
	2							
	3							
	4							
	5							
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	33							
	34							
Financial Plan:								
Evaluation Plan:								

PROJECT PERFORMANCE NETWORK

SUSUNAN ORGANISASI  
DEPARTEMEN TENAGA KERJA DAN TRANSMIGRASI

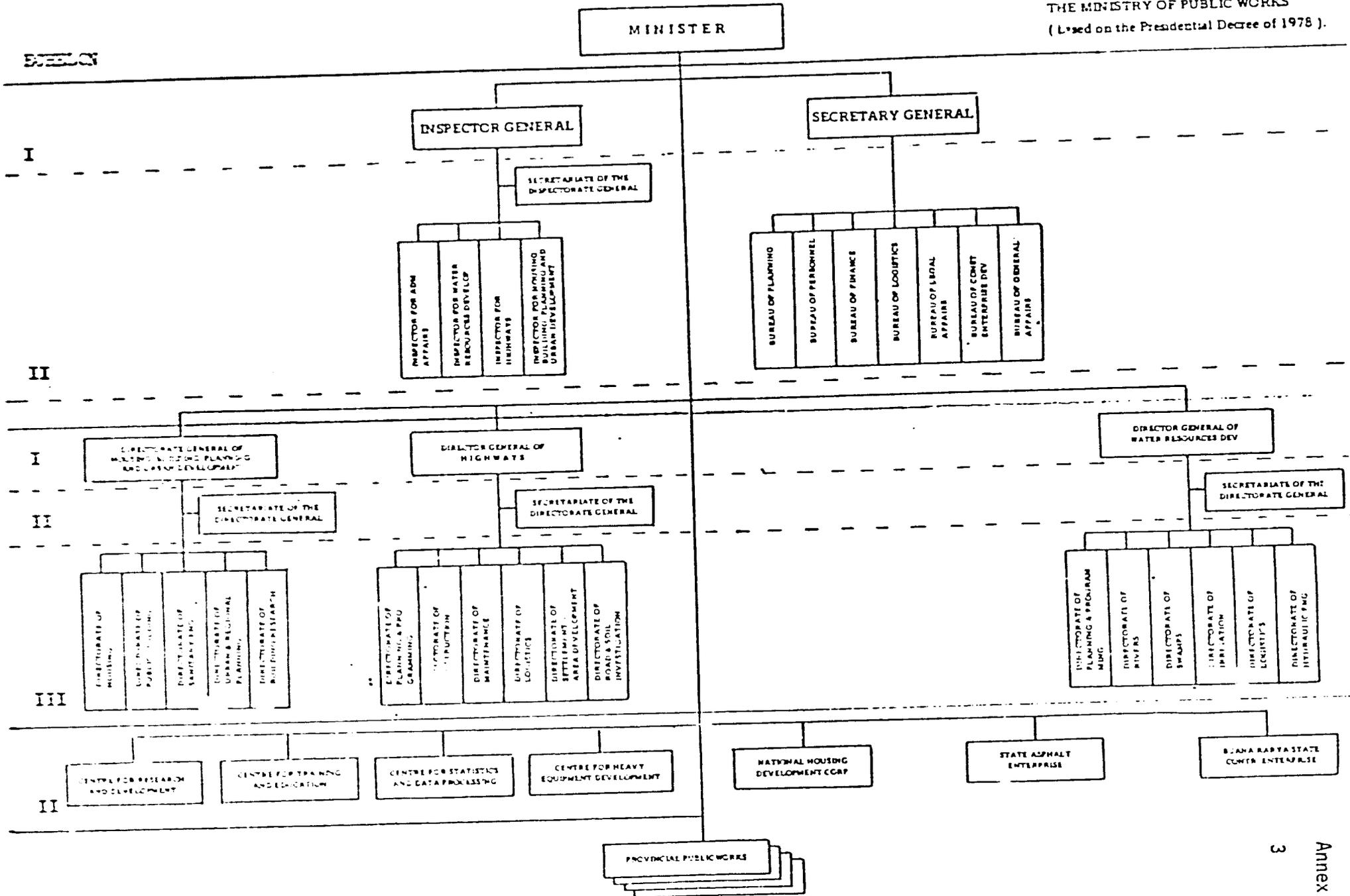


\* See attachment for the explanation

Explanation:

1.	Susunan Organisasi Departemen Tenaga Kerja dan Transmigrasi:	Structure Organization of Department of Manpower and Transmigration
2.	Menteri:	Minister
3.	Inspektorat Jenderal:	Inspectorate General
4.	Sekretariat General:	Secretariate General
5.	Menteri Muda Urusan Transmigrasi:	Under Secretary of State for Transmigration problem
6.	Sekretaris: ..	Secretary
7.	Direktorat Jenderal Pembinaan dan Penggunaan Tenaga Kerja:	Directorate General Development* and Manpower functions
8.	Direktorat Jenderal Perlindungan dan Perawatan Tenaga Kerja:	Directorate General Employee Relations, Welfare and Service **
9.	Direktorat Jenderal Transmigrasi:	Directorate General Transmigration
10.	Badan Litbang Nakerstanskop:	Bureau of Development Training for Transmigration and Cooperation Employee
11.	Pusat Produktivitas Nasional:	Center of National Productivities
12.	Pusat Diklat Pegawai:	Education and Training Center
13.	Kantor Perwakilan Departemen	Department Agency in the Province
	* Directorate General Development and Manpower Functions:	Directorate General Bina Guna
	** Directorate General Employee Relations, Welfare and Service:	Directorate General Bina Lindung

ORGANIZATION CHART OF  
THE MINISTRY OF PUBLIC WORKS  
(Based on the Presidential Decree of 1978).



Annual Training Plan - Department of Public Works  
(Suggested Program)

First Year: Start-up Phase

Training of Trainers	18
U.S. Technical Advisor trains Echelon II managers in demonstration seminar (3 seminars)	73 Echelon II managers

Second Year: Phase I

General Seminar Series #1	1,440 Echelon II, III & IV managers
---------------------------	-------------------------------------

At end of year 11 trainers leave  
for Participant Training

Third Year: Phase II

Returning trainers and  
consultants prepare spe-  
cialized series of Man-  
agement training

General Seminar Series #1	487 Echelon IV managers
General Seminar Series #2	500 Echelon II, III managers
Specialized Series #1	450 selected managers
Four trainers as partici- pants training	

Fourth Year: Phase #3

General Seminar Series #3	500 Echelon II, III managers
Specialized Series #2	390 selected managers

Total:

General Seminar Series:  
Specialized Series:

2000 managers in 3000 participations
840 managers in 840 participations

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2,000 managers in 3,840 participations

Persons Trained Annually: Department of Manpower and Transmigration

First Year: Start-up Phase

Training of Trainers	18 trainers
First cycle of training developed; U.S. Technical Advisor trains Echelon II Managers in demonstration seminars (3 seminars)	73 Echelon II managers

Second Year: Phase I

General Seminar Series #1 (GSS)	1680 Echelon II, III & IV managers
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At end of year, 6 trainers leave for Participant Training in specialized program.

Returning trainers & arriving Consultants prepare Specialized Series of Management Training

Third Year: Phase II

General Seminar Series #1	747 Echelon III, IV left from first Phase
---------------------------	---

General Seminar Series #2	391 Echelon II, III managers having received GSS #1
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Specialized Series #1	571 Selected Managers
-----------------------	-----------------------

(4 trainers leave for specialized management training)

Fourth Year: Phase III

General Seminar Series #2	718 Echelon II and III managers left from Phase #2
---------------------------	--

General Seminar Series #3	391 Echelon II and III managers having received #2
---------------------------	--

Specialized Series #2	571 Selected managers
-----------------------	-----------------------

Total:

General Seminar Series	2500 managers
Specialized Series	(1142)

(in 4000 participatio	(in 1142 participatio
2500 managers	5142 participatio

## Evaluation Plan

Once the initial "start-up" stages are completed, both the training of trainers and the conduct of seminars will be on a regular, phased basis. The milestones for assessment and control will be straightforward, as will be the administrative relationships between USAID and the Department of Public Works and the Department of Manpower and Transmigration. Milestones will include such factors as:

- Number of trainers selected by the GOI.
- Number of trainers receiving both formal education and training on the job.
- Number of seminar designs completed.
- Number of seminars completed by subject matter and by number of participants.

Evaluation will be on a three part basis. These will include continuous evaluations; interim evaluations at the conclusion of the twelfth and thirty-sixth months of the project; and formal project evaluations at mid-point and at the end of the project. Descriptions of the scope and methodologies of these evaluations are as follows:

### A. Continuous Evaluations

#### 1. Quarterly Progress Assessment Meetings

Progress assessment meetings will be held quarterly with each of the Ministries involved in the project. Participation in these meetings will include project managers from both AID and the Ministry in question, key professional staff members including trainers and consultants, and administrative support personnel as appropriate. Agendas will include the assessment of progress in accordance with milestones, decisions as to how the program will be adjusted and what specific actions will be taken by whom to insure optimum progress.

Training and budgetary records maintained by both organizations will provide clear and precise information for this purpose.

#### 2. Qualitative Assessment of Seminar Design, Content and Methodology

The second part of the continuous evaluation process will be the assessment of the quality of seminar design and its relevance to the work situation. This will be accomplished in two ways. One method will be to get subjective evaluations of seminar process and content by participants at the conclusion of each seminar. These will, in turn, be complemented by actual work produced during the seminars which will give some indication of the extent to which ideas, tools and concepts are accepted and understood.

As another portion of this qualitative assessment, at intervals during the life of the project, questionnaires will be distributed to a sample of seminar participants and participants will be interviewed to determine the applicability of training to the actual work situation and to identify the extent to which tools and concepts are actually being applied. The information and data so gathered will serve as the basis for new seminar design, changes in teaching methodology, etc. It is expected that these evaluations will involve both the USAID project manager and training advisors in the ministries, although much the larger portion of this particular portion of this evaluation portion will be performed by GOI staff. This is not only because facility in use of Bahasa Indonesia is important, but also because seminar content and methodology evaluation is perceived as an essential part of the total training process.

#### B. Internal Evaluations

These will be conducted by the Chief of the USAID Office of Development Administration or his designee and one or more representatives of the participating Departments at the end of the twelfth month of the project, and at the end of the thirty-sixth month of the project. Evaluation will be mostly through the review of secondary source materials such as budget documents, reports of seminars, review of training evaluations and follow-up seminars, review of training evaluations and follow-up surveys and interviews. A written summary of the evaluation will be prepared and will include a description of progress against milestones, an evaluation of the rate of expenditure and the use of funds; and assessment of teaching methodology and the quality of seminar content; and the critique of project administration and administrative relationships. It is expected that to the extent that it is appropriate, the evaluation will include specific recommendations for adjustments in schedule, for changes in the administrative process, for modification of seminar designs or seminar schedules or other suggestions that may be appropriate.

#### C. Interim and End of Project Evaluation

Full scale formal evaluations will take place at the end of the twenty-fourth month of the project and at the completion of the project.

The evaluation teams will consist of 2 or more American consultants selected from outside the USAID Mission working with a minimum of 4 Indonesian counterparts, who are in no way associated with the administration of the project. In both instances, the persons appointed to the evaluation teams will be people with extensive experience and/or education in management and management training and education. The evaluations will be detailed and extensive and will include assessment of:

- Administration of Program
- Budget and Resource Utilization
- Performance in Accordance with Milestones
- Interpersonal Relationships Between Training Organization and Clients
- Quality of Training/Education of Trainers
- Quality of Seminar Design and Teaching Methodology
- Use of Tools and Concepts Taught by Seminar Participants on the job.

Evaluation will be through the review of both primary and secondary sources.

Primary source use will include interviews with persons involved in program administration and conduct in both USAID and the GOI. A sample of seminar participants will also be interviewed, as will "clients" (subordinates, supervisors, co-workers and customers) of seminar participants to determine impact of seminar attendance on actual work performance. As a part of primary source usage, it is expected that evaluation team will observe parts of one or more seminars in progress.

Secondary sources will include administrative and budgetary documents, participant training records on seminars, seminar presentation notes and designs, etc.

At the completion of the evaluation, evaluation teams will make both oral and written reports to USAID and to key officials of the participating ministries. Written reports will include but not be limited to the following:

- Composition of Evaluation Team
- Evaluation Methodology Including a List of Persons Interviewed
- Samples and Numbers of Questionnaires Distributed
- Secondary Sources Used, and Seminars Observed
- Evaluation of Project Administration
- Assessment of Quality of Participant Training as well as of Institutions Conducting such Training
- Assessment of Seminar Content, Delivery and Relevance to the Work Situation
- Comparison of Progress in Accordance with Milestones
- Recommendations for Changes (If Any) in Project Administration.

## Social Analysis

### 1. Socio-Cultural Environment

#### a. Introduction

This project will benefit large numbers of people throughout the country. It will have an impact upon both urban dwellers and rural people, although the primary effect will be upon those living in the rural areas. Specially, it will improve the administration of the projects and programs that are concerned with the basic infrastructure of the Nation including roads, housing, industrial facilities, irrigation projects, land reclamation, and the use of water resources; the development of manpower resources, particularly those involving the disadvantaged, including manpower training, employment, social insurance program administration and the relocation of impoverished people from areas that are suffering from natural disasters; from changed patterns of land usage (i.e. flooding resulting from dams etc.) or from areas of high population density to areas of lower density. It is entirely consistent with current government social and developmental goals. It is designed to significantly change the quality of life of those people who are the users of the services provided by the two departments.

#### b. GOI Project Support System

The design process has included Indonesian involvement of some depth from the very beginning. The initial request for the project came from the Indonesian government departments in question. The first step following the request was to insure that there was firm understanding of the general direction that such a management education and change program would take as well as the teaching methodology that it was proposed to apply. This was accomplished by conducting an eight day seminar for 30 persons from key management positions in the Department of Public Works and the Department of Manpower and Transmigration. The purpose was not only to insure that there was Indonesian understanding of the possible directions that such training would take but also to provide the USAID staff member conducting the training better perspectives as to how to teach in the Indonesian setting while getting some first hand, in-depth understanding of the management problems and environments of the two departments.

Following the seminar, both Departments indicated that they wished to proceed with the project, and since that point in time, the design and strategy activities have been a joint activity of both USAID and representatives of the Government of Indonesia. Preliminary meetings have been held with work groups from each department. Discussions have been held with senior staff members of both departments including Ministers, Head of major management functional areas. The work groups have been maintained with considerable stability, and as of the time of the writing of this document, seven working sessions

have been held with each Ministry. These working sessions have been used to design the project, develop the long range teaching strategy and to gain mutual understanding of working environments including legal requirements of each government, organizational constraints, and cultural behavioral mores. Because most of the work of each of the two Departments is done outside of Jakarta, a field trip to Surabaya was made to observe the field organizations in action, to see actual projects, and to discuss the management situation and training needs with field staff members.

Considerable effort has been made to make sure that the organizations representing the two governments work in concert. The design, too, is predicated upon the assumption that the sound cross-cultural relationships that have been established will and must continue during the entire life of the project. Although much of the seminar content will be based upon management theory and experience gained in a number of different societies, the special Indonesian orientation of the management training will be maintained.

Indonesian behavioral patterns will be considered. The functioning of power and hierarchial relationships that exist within the utilizing Departments will underlie seminar design.

Assurance of support for the project has been forthcoming during our meetings with key staff members of the Departments including the Secretary Generals as well as the Minister of Manpower and Transmigration. Even more indicative of the level of interest and probable level of support is the commitment of both Departments to allocate sufficient funds for GOI support of the projects as well as to assign adequate numbers of trainers and support staff to meet the objectives of the project.

One interesting and important aspect of the project has been the willingness of both Department staffs to work on the design on a cooperative basis. Joint meetings have been held with both Departments on their initiative. The cooperation to date is predictive of the sort of behavior that is expected to be evident during the life of the project. It is also evidence of the extent of the interest of the GOI in this project.

c. Socio-Cultural Factors

(1) Diversity of the administrative problems faced by the subdivisions within the organizations.

Indonesia is culturally diverse, and the problems faced by the individual managers may present conditions of considerable variance. The managers who will participate work in both rural and urban environments; they will represent the Departmental and field service; they will come from differing disciplinary backgrounds.

(2) The absence of fully qualified managers.

This frequently necessitates the filling of jobs with persons who may be less than fully qualified. This may present constraints in terms of teaching levels.

(3) The traditional approach in society is to have considerable respect for rank, status and age.

The extent to which these attitudes are functional will have an impact upon the structuring of training groups and upon the way that teaching materials are presented.

(4) Difficulties in maintaining staff in remote areas.

The desire of people to move to urban areas will have some impact upon the capacity of the organizations to make maximum use of the training in rural areas.

(5) The traditional conservatism of farmers and uneducated people.

These are the customers of the Departments and may place some limits on the ability of the organizations to translate the improved management tools, methodology and concepts into concrete action.

(6) Geographic dispersal.

Indonesia covers a wide area and communication is difficult because of size and limits imposed by the inhibitions to communications will have some impact upon the application of training as well as upon the administration of the training programs.

(7) Considerations in training content and methodology.

These factors can be viewed as problems, but they are not insurmountable barriers to the accomplishment of the project. Indeed, if there were no problems, there would be no need for managers. Communications problems can be solved by building enough lead time into the system to allow for full communication. Considerations and adaptations to rank will be built into the training process, and it is right that this be done considering the weight given to these factors in everyday administrative life. Cultural factors will be considered in the design of case studies and training materials. Also, it is axiomatic that training should be adapted to those being trained, so programs can be adjusted to the realities of the level of training of participants as well as to their particular training needs. All of this will be done through close cooperation with Indonesian trainers, translating all materials into Bahasa Indonesia, and using examples and case studies

that are totally relevant to the Indonesian situation. American advisors and consultants will be just that. They will advise and consult, but once the initial stages of the project have been successfully passed, basic design and modification will be done by the Indonesians working on the project.

d. Beneficiaries

(1) Direct Beneficiaries.

The immediate beneficiaries will be those persons who directly receive training as participants or as trainees in the management seminars. The participants will include a total of 38 management trainers who will be receiving intensive training in management methodology and teaching skills. The seminar participants will include the estimated 6100 persons who will attend the seminars conducted during the life of the project. In each instance training will increase management skills and performance. It will result in heightened motivation for those working in the program or participating in the seminars. It will result in human growth with further learning, and in some instances, advancement stemming from the increased capacity to perform.

(2) Indirect Beneficiaries.

The indirect beneficiaries will be the supervisors, subordinates, and co-workers of those who take part in the training. These include persons in the Department of Public Works and in the Department of Manpower and Transmigration. Improved Management Skills and their applications should increase productivity for the entire organization, make it a better place to work, and ease the overall work situation by improving both efficiency and effectiveness.

(3) Ultimate Beneficiaries.

The ultimate beneficiaries of the program should be the customers of the Departments, that is, the Indonesian people. Improved management should result in better and more humane service, more humane community relations, and more efficient and effective use of resources so that more is accomplished with the men, money and materials available. As is evident, the sector of the society that is most affected is that sector embracing the poor and the disadvantaged. As services are increased, and as there is progress in development, and in the development and relocation of human resources, income should increase, the more effective use of land and labour should change for the better, and the overall quality of the life of the people should improve.

(4) Women.

At the present time, women play a relatively minor numerical role in the administration of the Department of Manpower and Transmigration and Public Works. Nevertheless, they are included in management positions, and

hopefully the increased involvement in the management process will be a continuing one. It is expected that the management training itself will encourage positive change in this direction. (Important here is that the Government of Indonesia makes a conscious effort to provide avenues of employment and advancement to professional women. It is expected that this will pick up, and management training is one means of enhancing skills with resultant increased advancement opportunities).

We have every assurance that women will be included in the program. There was female participation in the pilot seminar and women have been involved in the project design process in both departments - as members of the design teams.

Further, the very nature of the missions of the two Departments insures that the benefits of the training will be transmitted to large numbers of women who are the customers of the departments.

#### e. Benefits

Although this is described elsewhere, benefits will include:

1. Trained trainers assigned to the professional training staffs of the departments;
2. Strengthened administrative support organizations providing the back up to the training organizations;
3. The introduction of new and current management tools and concepts into the structure and practices of the Departments;
4. The institutionalized capacity to produce training design with lecture plans, exercises, visual aids, handouts etc. in Bahasa Indonesia based on a series of practical drilling;
5. A substantial number of staff members in each Department with general management training and training in specialized functional areas;
6. Stronger team cohesiveness, more consistency in interpretation of policies and procedures, commonality of understanding of management language and concepts, and higher staff morale;
7. Greater cooperation and more effective coordination between the Department of Manpower and Transmigration and the Department of Public Works.

#### f. Spread Effects

By contributing to the growth and development of management skills the program will contribute to:

- (1) More effective use of monetary resources
- (2) Reduction in waste and inefficiency
- (3) The development of new policies, programs and procedures as participants and trainees apply the lessons learned
- (4) Reduced rate of loss of staff stemming from higher morale and a heightened sense of worth of the organization
- (5) Enhanced reputation as a place to work with improved capacity to attract employees with sound abilities and desire to achieve.

g. Summary

The social impact of this project should be immense. In fact, when the viewer observes the potential social impact, it is almost as if he or she were standing in the narrow end of a funnel looking outward. In the beginning, efforts will be concentrated on the top managers of the departments and on developing a competent staff of indigenous trainers. These will in turn train several thousand managers in each of the two participating Departments. It is a reasonable assumption that these managers in turn will apply much of what has been learned in their working relationships with their co-workers and subordinates. Again, this group embraces a number of thousands of workers. These workers, representing the whole of the two organizations will bring customers --- the Indonesian people. This will be done through better administration and management, improving the use of resources in the development of manpower, moving people from areas that are over populated to lesser populated areas, constructing roads, more effective use of water resources, and increased building of houses and industrial plants. It is a relatively small investment on the part of the Government of the United States. The \$4,000,000 loan represents an expenditure of approximately 2.9 cents on each Indonesian citizen. The social impact of that exceedingly small sum will greatly exceed that amount whether that return is assumed in terms of material outputs or in terms of human values.

(1982-1985 in U.S. dollar Figures)

BUDGET FOR THE  
DEPARTMENT OF MANPOWER AND TRANSMIGRATION

ITEM	VOLUME	ESTIMATED COST		BUDGET ALLOCATION		REMARKS
		UNIT COST	TOTAL	AID	GOI	
1. Advisory	1	500,000	500,000	500,000	-	
2. Training of Trainers						
a. Overseas	10	26,800 and 29,000	279,000	279,000	-	
b. In-country	21		122,000	122,000	-	
3. General Management Seminars	4000	600	2,400,000	600,000	1,800,000	
4. Consultant for functional Management	3	26,545	80,000	80,000	-	
5. Functional Management Seminars	1100	600	660,000	340,000	320,000	
6. Technical Special Training	-	-	-	-	-	
7. Training Equipment			25,000	25,000	-	
8. Salaries and Allowances of Trainers	21	3,840 per yr.	323,000	-	323,000	
9. Salaries and Allowances of Persons while in Training	5,100	147	750,000	-	750,000	
10. Costs of Secretariat/Support Staff			100,000	-	100,000	
11. Contingency			54,000	54,000	-	
<b>T O T A L S</b>			<b>5,293,000</b>	<b>2,000,000</b>	<b>3,293,000</b>	

USAID LOAN BUDGET: DEPARTMENT OF MANPOWER AND TRANSMIGRATION

I T E M	1 Year		2 Year		3 Year		4 Year		Total
	No	Cost	No	Cost	No	Cost	No	Cost	
1. Advisory		125,000		125,000		125,000		125,000	500,000
2. Training of Trainers									
a. Overseas	-	-	5	134,000	5	145,000	-	-	279,000
b. In-country (Inflation)	-	-	-	122,000	-	-	-	-	122,000
3. General Management Seminars	73	44,000	927	556,000	-	-	-	-	600,000
4. Consultants for Funct. Management	-	-	3	80,000	-	-	-	-	80,000
5. Funct. Management Seminars	-	-	-	-	570	340,000	-	-	340,000
6. Tech. Special Training	-	-	-	-	-	-	-	-	-
7. Training Equipment	-	25,000	-	-	-	-	-	-	25,000
8. Salaries of Training									
9. Salaries of Persons in Training									
10. Salaries of support staff		54,000							54,000
11. Contingency									
<b>T O T A L S</b>		248,000		1,017,000		610,000		125,000	2,000,000

GOI BUDGET FOR DEPARTMENT OF MANPOWER AND TRANSMIGRATION

I T E M	1 Year		2 Year		3 Year		4 Year		Total
	No	Cost	No	Cost	No	Cost	No	Cost	
1. Advisory	-	-	-	-	-	-	-	-	-
2. Training of Trainers a. b.	-	-	-	-	-	-	-	-	-
3. General Management Seminars	-	-	700	420,000	1150	690,000	1150	690,000	1,800,000
4. Consultant	-	-	-	-	-	-	-	-	-
5. Functional Management Seminars	-	-	-	-	-	-	530	320,000	320,000
6. Technical Special Training	-	-	-	-	-	-	-	-	-
7. Salaries and Allowances of Trainers	21	81,000	21	81,000	21	81,000	21	80,000	323,000
8. Salaries and Allowances of Persons in Training	73	11,000	1680	247,000	1709	251,000	1638	241,000	750,000
9. Cost of Secretariat Support Staff	10	25,000	10	25,000	10	25,000	-	25,000	100,000
10. Contingency	-	-	-	-	-	-	-	-	-
<b>T O T A L S</b>		117,000		773,000		1,049,000		1,356,000	3,293,000

(1982-1985 in U.S. dollar figures)

BUDGET FOR THE  
DEPARTMENT OF PUBLIC WORKS

I T E M	VOLUME	ESTIMATED COST		BUDGET ALLOCATION		REMARKS
		UNIT COST	TOTAL	AID	GOI	
1. Advisory	1	500,000	500,000	500,000	-	
2. Training of Trainers						
a. Overseas	10	26,800 and 29,000	279,000	279,000	-	
b. In-country	18		106,000	106,000	-	
3. General Management Seminars	3000	600	1,800,000	600,000	1,200,000	
4. Consultant for Functional Management	2	26,545	53,000	53,000	-	
5. Functional Management Seminars	840	600	504,000	270,000	232,200	
6. Technical Special Training	5	26,800	134,000	134,000	-	
Salaries		3,840	19,000	-	19,000	
7. Training Facilities			25,000	25,000	-	
8. Salaries and Allowances of Trainers	18	3,840 per/annum	276,000	-	276,000	
9. Salaries and Allowances of Persons while in Training	3840	147 per/ annum	564,000	-	564,000	
10. Cost of Secretariat/ Support Staff			100,000	-	100,000	
11. Contingency			33,000	33,000	-	
<b>T O T A L S</b>			<b>4,393,000</b>	<b>2,000,000</b>	<b>2,393,000</b>	

USAID LOAN BUDGET FOR THE DEPARTMENT OF PUBLIC WORKS

I T E M	1 Year		2 Year		3 Year		4 Year		Total
	No	Cost	No	Cost	No	Cost	No	Cost	
1. Advisory	1	125,000	1	125,000	1	125,000	1	125,000	500,000
2. Training of Trainers									
a. Overseas	-	-	5	134,000	5	145,000	-	-	279,000
b. In-country	-	-	8	106,000	-	-	-	-	106,000
3. General Management Seminars	73	44,000	927	556,000	-	-	-	-	600,000
4. Consultants for Funct. Management	-	-	2	53,000	-	-	-	-	53,000
5. Functional Management Seminars	-	-	-	-	453	270,000	-	-	270,000
6. Technical Special Training	-	-	5	134,000	-	-	-	-	134,000
7. Training Equipment	-	25,000	-	-	-	-	-	-	25,000
8. Salaries and Allowances of Trainers	-	-	-	-	-	-	-	-	-
9. Salaries and Allowances of Persons in Training	-	-	-	-	-	-	-	-	-
10. Salaries of Support Staff	-	-	-	-	-	-	-	-	-
11. Contingencies	-	33,000	-	-	-	-	-	-	33,000
		227,000		1,108,000		540,000		125,000	2,000,000

GOI BUDGET FOR THE DEPARTMENT OF PUBLIC WORKS

I T E M	1 Year		2 Year		3 Year		4 Year		Total
	No	Cost	No	Cost	No	Cost	No	Cost	
1. Advisory			-	-	-	-	-	-	-
2. Training of Trainers a. Overseas b. In-country									
3. General Management Seminars			450	270,000	1,000	600,000	550	330,000	1,200,000
4. Consultants for Funct. Management			-	-	-	-	-	-	-
5. Functional Management Seminars			-	-	-	-	387	234,000	234,000
6. Technical Special Training			-	-	-	-	-	-	-
- Salaries			5	19,000	-	-	-	-	19,000
7. Training Equipment			-	-	-	-	-	-	-
8. Salaries and Allowances of Trainers	18	69,000	18	69,000	18	69,000	18	69,000	276,000
9. Salaries and Allowances of Persons in Training	73	11,000	1440	212,000	1440	212,000	887	129,000	564,000
10. Salaries of Support Staff	10	25,000	10	25,000	10	25,000	10	25,000	100,000
11. Contingencies	-	-	-	-	-	-	-	-	-
<b>T O T A L S</b>		105,000		595,000		906,000		787,000	2,393,000

STATUTORY CHECKLIST FY 82

COUNTRY CHECKLIST

A. GENERAL CRITERIA FOR COUNTRY  
ELIGIBILITY

1. FAA Sec. 116. Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy? No.
  
2. FAA Sec. 113. Has particular attention been given those programs, projects, and activities which tend to integrate women into the national economics of developing countries, thus improving their status and assisting the total development effort? Yes.
  
3. FAA Sec. 481. Has it been determined that the government of the recipient country has failed to take adequate steps to prevent narcotic drugs and other controlled substances (as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970) produced or processed, in whole or in part, in such country, or transported through such country, from being sold illegally within the jurisdiction of such country to U.S. Government personnel or their dependents, or from entering the U.S. unlawfully? No, the GOI has taken such steps.

A. 4. FAA Sec. 620(b). If assistance is to a government, has the Secretary of State determined that it is not dominated or controlled by the international Communist movement?

We are not aware of any violation of this Section.

5. FAA Sec. 620(c). If assistance is to a government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods of services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) the debt is not denied or contested by such government?

To the best of our knowledge the cases of the mid-sixties have been settled with exception of one, on which negotiations are continuing.

6. FAA Sec. 620(e)(1). If assistance is to a government, has it (including government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities?

No.

7. FAA SEC. 620(a), 620(f), 620D; Continuing Resolution Sec. 511, 512, and 513; ISDCA of 1980 Secs. 717 and 721. Is recipient country a Communist country? Will assistance be provided to Angola, Cambodia, Cuba, Laos or Vietnam? (Food and humanitarian assistance distributed directly to the people of Cambodia are excepted).

No.

A. 7. Will assistance be provided to Afghanistan or Mozambique without a waiver? Are funds for El Salvador to be used for planning for compensation, or for the purpose of compensation, for the confiscation nationalization, acquisition or expropriation of any agricultural or banking enterprise, or property or stock thereof?

8. FAA Sec. 620(i). Is recipient country in any way involved in (a) subversion of, or military aggression against, the United States or any country receiving U.S. assistance, or (b) the planning of such subversion or aggression?

No.

9. FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, the damage or destruction, by mob action, of U.S. property?

No.

10. FAA Sec. 620(k). Does the program furnish assistance in excess of \$100,000,000 for the construction of a productive enterprise, except for productive enterprises in Egypt that were described in the Congressional Presentation materials for FY 1977, FY 1980 or FY 1981.

No.

11. FAA Sec. 620(l). If the country has failed to institute the investment guaranty program for the specific risks of expropriation, inconvertibility or

Indonesia has instituted the investment guaranty program.

A. 11. confiscation, has the AID Administrator within the past year considered denying assistance to such government for this reason?

12. FAA Sec. 620(m). Is the country an economically developed nation capable of sustaining its own defense burden and economic growth and, if so, does it meet any of the exceptions to FAA Section 620(m)?

No.

13. FAA Sec. 620(o); Fishermen's Protective Act of 1967, as amended, Sec. 5  
If country has seized, or imposed any penalty or sanction against, any U.S. fishing activities in international waters,

Indonesia has not seized any U.S. fishing vessels.

a. has any deduction required by the Fishermen's Protective Act been made?

b. has complete denial of assistance been considered by AID Administrator?

14. FAA Sec. 620 (q); Continuing Resolution Sec. 518.

No.

(a) Is the government of the recipient country in default for more than six months on interest or principal of any AID loan to the country? (b) Is the country in default exceeding one year on interest or principal on any U.S. loan under a program for which the Continuing Resolution appropriates funds?

15. FAA Sec. 620(s). If contemplated assistance is development loan or from Economic Support Fund, has the Administrator taken into account the percentage of the country's budget which is for military expenditure, the amount of foreign exchange spent on the amount spend for the purchase of sophisticated weapons systems? (an affirmative answer may refer to the record of the annual "Taking into Consideration" memo: "Yes, taken into account by the Administrator at time of approval of Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.)

Yes, taken into account by the Administrator at time of approval of Agency OYB.

16. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have they been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption?

No.

17. FAA Sec 620(u). What is the payment status of the country's U.S. obligations? If the country is in arrears, were such arrearages taken into account by the AID Administrator in determining the current AID Operational Year Budget?

Indonesia is not delinquent on U.N. obligations.

- A. 18. FAA Sec. 620A: Continuing Resolution Sec. 521. Has the country aided or abetted, by granting sanctuary from prosecution to, any individual or group which has committed an act of international terrorism? Has the country aided or abetted, by granting sanctuary from prosecution to, any individual or group which has committed a war crime? No.
19. FAA Sec. 666. Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry your economic development programs under the FAA? No.
20. FAA Sec. 669, 670. Has the country, after August 3, 1977, delivered or received nuclear enrichment or reprocessing equipment, materials, technology, without specified arrangements or safeguards? Has it detonated a nuclear device after August 3, 1977, although not a "nuclear-weapon State" under the nonproliferation treaty? No.

B. FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY.

1. Development Assistance Country Criteria.

a. FAA Sec. 102(b)(4). Have criteria been established and taken into account to assess commitment progress of the country in effectively involving the poor in development, on such indexes as: (1) increase in agricultural productivity through small-farm labor intensive agriculture, (2) reduced infant mortality, (3) control of population growth, (4) equality of income distribution, (5) reduction of unemployment and (6) increased literacy.

b. FAA Sec. 104(d)(1). If appropriate, is this development (including Sahel) activity designed to build motivation for smaller families through modification of economic and social conditions supportive of the desire for large families in programs such as education in and out of school, nutrition, disease control, maternal and child health services, agricultural production, rural development, assistance to urban poor and through community-based development

Yes. The Third Development Plan focuses on growth with equity and on meeting basic human needs objectives. Rice production between, 1969 and 1980 has increased at an annual rate of almost 470 per annum. The Government is now focusing on food self-sufficiency by emphasizing secondary crops development.

Indonesia is a prime example of a successful family planning program. The population growth rate has decreased from 2.7% in 1970 to just under 2% in 1981. To reduce infant mortality Indonesia is undertaking a nationwide vaccination program against the basic childhood diseases.

One of the programs under the 3rd Plan is to reduce unemployment by generating off-farm employment through the promotion of small-scale enterprises.

Yes

B1. programs which give recognition to people motivated or limit the size of their families?

2. Economic Support Fund Country Criteria.

Not Applicable

a. FAA Sec. 502B. Has the country (a) engaged in a consistent pattern of gross violations of internationally recognized human rights or (b) made such significant improvements in its human rights record that furnishing such assistance is in the national interest?

b. FAA Sec. 532(f). Will ESF assistance be provided to Syria?

c. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

d. FAA Sec. 620B. Will ESF be furnished to Argentina?

PROJECT CHECKLIST

A. GENERAL CRITERIA FOR PROJECT

1. Continuing Resolution Unnumbered; FAA Sec. 634A; Sec. 653(b).  
  
(a) Describe how authorizing and appropriations Committees of Senate and House have been or will be notified concerning the project; (b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that amount)?
2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$100,000, will there be (a) engineering, financial other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?
3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?
4. FAA Sec. 611(b); Continuing Resolution Sec. 501. If for water or water-related land resource construction, has project met the standards and criteria as set forth in the Principles and Standards for Planning Water and Related Land Resources, dated October 25, 1973?

A Congressional Notification will be submitted prior to obligation of funds.

Yes.

None required.

N.A.

5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project?

N.A.

6. FAA Sec. 209. Is project susceptible of execution as part of regional or multilateral project? If so why is project not so executed? Information and conclusion whether assistance will encourage regional development programs.

No.

7. FAA Sec. 601(a). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; and (c) encourage development and use of cooperatives, and credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

Since this is a training activity, it will have no direct effect on the factor listed in Sec. 601(a). However, since the project will up-grade the professional resources available to the government, it will indirectly influence the development of several of the factors.

8. FAA Sec. 601(b). Information and conclusion on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private

As a training activity, the project will have little effect on U.S. trade and investments.

A.8 trade channels and the services of U.S. private enterprise.)

9. FAA Sec. 612(b), 636(h); Continuing Resolution Sec. 508. Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.

GOI is contributing over 50% of project cost.

10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

No U.S. owned excess currency available

11. FAA Sec. 612(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

Yes.

12. Continuing Resolution Sec. 522. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. procedures of the same, similar or competing commodity?

Not applicable.

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria.

a. FAA Sec. 102(b), 111, 113, 281 (a). Extent to

B.1.a. which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries?

b. FAA Sec. 103, 103A, 104, 105, 106, 107. Is assistance being made available: (include only applicable paragraph which correspondence to source of funds used. If more than one fund source is used for project, include relevant paragraph for each fund source).

(1) [103] for agriculture, rural development or nutrition; if so (a) extent to which activity is

This is a training project for personnel of the Ministry of Public Works and Manpower and Transmigration. To the extent the officials trained will be better able to carry out the development projects affecting the rural poor, within the scope of their respective departments, this project should have a beneficial impact on the poor.

B.1.b. specifically designed to increase productivity and income of rural poor; 103A if for agricultural research, full account shall be taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made; (b) extent to which assistance is used in coordination with programs carried out under Sec. 104 to help improve nutrition of the people of developing countries through encouragement of increased production of crops with greater nutritional value, improvement of planning, research, and education with respect to nutrition, particularly with reference to improvement and expanded use of indigenously produced foodstuffs; and the undertaking of pilot of demonstration of programs explicitly addressing the problem of malnutrition of poor and vulnerable people; and (c) extent to which activity increases national food security by improving food policies and management and by strengthening national food reserves, with particular concern for the needs of the poor, through measures encouraging domestic production, building national food reserves, expanding available storage facilities, reducing post harvest food losses, and improving food distribution.

(2) [104] for population planning under sec. 104(b) or health under sec. 104(c); if so, (1) extent to which activity

emphasizes low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mother and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems and other modes of community research.

(4) [105] for education, public administration, or human resources development; if so, extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, or strengthens management capability of institutions enabling the poor to participate in development; and (ii) extent to which assistance provides advanced education and training of people in developing countries in such disciplines as are required for planning and implementation of public and private development activities.

(5) [106; ISDCA of 1980, Sec. 304] for energy, private voluntary organizations, and selected development activities; if so, extent to which activity is; (i) (a) concerned with data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy

All funds from Section 105. Project will enable the poor to participate in development in so far as the trained personnel of the GOI agencies will be better able to plan and carry out those projects involving the poor.

B.1.b(5) production; (b) facilitate of geological and geophysical survey work to locate potential oil, natural gas, and coal reserves and to encourage exploration for potential oil, natural gas, and coal reserves; and (c) a cooperative program in energy production and conservation through research and development and use of small scale, decentralized, renewable energy sources for rural areas;

(ii) technical cooperation and development, especially with U.S. private and voluntary or regional and international development, organizations;

(iii) research into, and evaluation of, economic development process and techniques;

(iv) reconstruction after natural or manmade disaster;

(v) for special development problems, and to enable proper utilization of earlier U.S. infrastructure, etc., assistance;

(vi) for programs of urban development, especially small laborintensive enterprises, marketing systems, and financial or other institutions to help urban poor participate in economic and social development.

c. [107] is appropriate effort placed on use of appropriate technology? (relatively smaller, cost-saving, labor using

B.1.c. technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor.)

d. FAA Sec. 110(a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or has the latter cost-sharing requirement been waived for a "relatively least developed" country)?

Yes, over 50%.

e. FAA Sec. 110(b). Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing, or is the recipient country "relatively least developed"?

No.

f. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civil education and training in skills required for effective participation in governmental processes essential to self-government.

The project will improve government agencies' ability to provide public goods and services and sound planning and management of development projects.

g. FAA Sec. 122(b). Does the activity give reasonable promise of contributing to the development of economic resources, or to the

Yes.

B.1.g. increase of productive capacities and self-sustaining economic growth?

2. Development Assistance Project Criteria (Loans Only).

a. FAA Sec. 122(b). Information and conclusion on capacity of the country to repay the loan, at a reasonable rate of interest.

Past record of GOI repayment of loans is good. GOI has capacity to repay the loan.

b. FAA Sec. 620(d). If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20% of the enterprise's annual production during the life of the loan?

N.A.

Project Criteria Solely for Economic Support Fund.

a. FAA Sec. 531(a). Will this assistance promote economic or political stability? To the extent possible, does it reflect the policy directions of FAA Section 102?

N.A.

b. FAA Sec. 521(c). Will assistance under this chapter be used for military, or paramilitary activities?

N.A.

STANDARD ITEM CHECKLIST

A. Procurement

- |  |   |
|--|---|
| 1. <u>FAA Sec. 602.</u> Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed?  | Services only will be provided, either under PASA or Personal Service Contract. |
| 2. <u>FAA Sec. 604(d).</u> Will all procurement be from the U.S. except as otherwise determined by the President or under delegation from him?   | Yes.  |
| 3. <u>FAA Sec. 604(d).</u> If the cooperating country discriminates against U.S. marine insurance companies, will commodities be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in the U.S.?  | N.A.  |
| 4. <u>FAA Sec. 604(e); ISDCA of 1980 Sec. 705(a).</u> If offshore procurement of agricultural commodity or product is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.) | N.A.  |
| 5. <u>FAA Sec. 603.</u> Is the shipping excluded from compliance with requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 per centum of the gross tonnage of commodities  | No.   |

A.5. (computed separately for dry bulk carriers, dry cargo liners, and tanker) financed shall be transported on privately owned U.S.-flag commercial vessels to the extent that such vessels are available at fair and reasonable rates?

6. FAA Sec. 621. If technical assistance is financed, to the fullest extent practicable will such assistance, goods and professional and other services be furnished from private enterprise on a contract basis? If the facilities of other Federal agencies will be utilized, are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

Yes

7. International Air Transport. Fair Competitive Practices Act. 1974. If air transportation of persons or property is financed on grant basis, will provision be made that U.S. carriers will be utilized to the extent such service is available?

N.A.

8. Continuing Resolution Sec. 505. If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States?

Yes.

B. Construction

1. FAA Sec. 601(d). Of capital (e.g. construction) project, are engineering and professional services of U.S. firms and their affiliates to be used to the maximum extent consistent with the national interests? N.A.
2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable? N.A.
3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million? N.A.

C. Other Restrictions

1. FAA Sec. 122(b). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter? Yes.
2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? N.A.
3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or

activities of the Communist-bloc countries?

4. Continuing Resolution Sec. 514. If participants will be trained in the United States with funds obligated in FY 1982, has it been determined either (a) that such participants will be selected otherwise than by their home governments, or (b) that at least 20% of the FY 1982 fiscal year's funds appropriated for participant training will be for participants selected otherwise than by their home governments?

No. This project involves training of Ministry of Public Works and Manpower and Transmigration officials. All participants will be GOI officials, therefore selected by their respective Ministries.

5. Will arrangements preclude use of financing:

a. FAA Sec. 104(f). To pay for performance of abortions as a method of family planning or to, motivate or coerce persons to practice abortions; to pay for performance of involuntary sterilization as a method of family planning, or to coerce or provide financial incentive to any person to undergo sterilization?

**Yes.**

b. FAA Sec. 620(g). To compensate owners for expropriated nationalized property?

**Yes.**

c. FAA Sec. 660. To provide training or advice or provide any financial support for police, prisons, or other law enforcement forces, except for narcotics programs?

**Yes.**

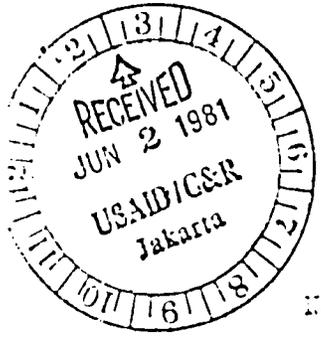
d. FAA Sec. 662. For CIA activities?

**Yes.**



OFFICIAL FILE

ANNEX L



REPUBLIC OF INDONESIA  
NATIONAL DEVELOPMENT PLANNING AGENCY  
JAKARTA, INDONESIA

No. 1081/D.I/V/1981

Jakarta, May 27, 1981

Mr. Robert Simpson  
Acting Director  
US Agency for International Development  
c/o US Embassy  
Jakarta

ACTION COPY
DATE DUE 6-15
ACTION TAKEN <i>letter sent 7/16</i>
DATE 6/15
BY: RC Simpson
RETURN TO C & R

USAID ROUTING		
TO	Act	Info
DIR		/
D/D		/
LA		/
ECON		
CMF		/
PRO	✓	/
CMF.F		/
OMF.C		
OMF.A		
RD		
PCP		
HN		
EHR		
STE		
DA	✓	✓
VHP		
PTE		
AGR		
JAC/ADM		
PER		
GSO		
INFC		
C & R		

Dear Mr. Simpson,

Subject : In-Country Management Development Project

This is a request of the Government of Indonesia for financial assistance of up to US\$. 4,000,000.- (four million US dollar).

The main purpose of the financial assistance is to strengthen the capacity of the Government of Indonesia to implement regional rural development activities by improving the managerial effectiveness of the Ministry of Public Works and the Ministry of Manpower and Transmigration.

Hoping for your prompt approval, we thank you for your kind cooperation.

- cc. : Secretary General, Ministry of Public Works
- Secretary General, Ministry of Manpower and Transmigration
- Director General of International Monetary Affairs, Ministry of Finance
- Director General of Economic, Social and Cultural Relations, Ministry of Foreign Affairs.

Yours sincerely,



*Handwritten signature*  
Mohd Afiff  
Deputy Chairman

INITIAL ENVIRONMENTAL EXAMINATION

In-Country Management Development Project

I. Examination of Nature, Scope, and Magnitude of Environmental Impact

A. Project Description

This project is designed to strengthen the capacity of the Government of Indonesia to implement regional rural development activities by improving the Management effectiveness of the Department of Public Works and the Department of Manpower and Transmigration. The training programs funded will include short courses of approximately two weeks conducted for managers in the Departments by Indonesian trainers working in cooperation with U.S. advisors and consultants; training of trainers in teaching methodology and management theory and skills in short courses and for periods of up to one year in Indonesia, the United States and other Southeast Asian Countries; specialized technical skills education on a pilot basis in academic institutions in the United States.

Technical consultancy assistance in project management, in seminar design and conduct, in in-country training of trainers, selection of consultants, and selection and placement of participants will be provided.

B. Identification and Evaluation of Environmental Impacts

By its very nature, this project will have little or no negative impact upon the environment since it is concerned, almost entirely, with management training or the training of trainers in a classroom or office situation.

II. Recommendation for Environmental Action

For the above stated reasons, this project will not have a significant impact on the environment. Therefore, an environmental assessment or impact statement will not be required and a negative determination is requested.

INITIAL ENVIRONMENTAL EXAMINATION

IN-COUNTRY DEVELOPMENT TRAINING

Project Location : Indonesia  
Project Title : In-Country Development Training Project  
Funding : \$4.0 million  
Life of Project : 1981 - 1986  
IEE Prepared by : USAID/Indonesia  
Environmental Action Recommended : Negative Determination

Acting Mission Director's Concurrence : Walter G. Hollinger Date: 7/16/79  
Walter G. Hollinger

Assistant Administrator's Decision : Approved: \_\_\_\_\_

Disapproved: \_\_\_\_\_

Date : \_\_\_\_\_