

UNCLASSIFIED

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ISN-30728

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

PROJECT PAPER

INDONESIA

GENERAL PARTICIPANT TRAINING II

497-0328

APRIL 1983

USAID/INDONESIA

UNCLASSIFIED

General Participant Training II

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UNITED STATES GOVERNMENT
memorandum

DATE: 05/4/83
REPLY TO
ATTN OF: Dennis C. Zvinakis, PRO 
SUBJECT: Project Authorization
TO: William P. Fuller, DIR
THRU: Jonathan L. Sperling, PRO 

Your approval is requested for a loan of \$11,250,000 and a grant of \$1,500,000 from Section 105 of the Foreign Assistance Act of 1961 as amended, appropriation to Indonesia for the General Participant Training II Project, Project Number 497-0328.

Discussion: The Executive Committee reviewed this project paper on 18 April 1983. During that review the Committee requested a number of changes. Among them: that selection criteria be better defined, that the CP on the Steering Committee be revised, and that same revisions to the budget be done.

The paper has been revised to include this and other changes and is ready for your signature.

Waivers: None

Justification to the Congress: FY 83 Congressional Notification (see JAKARTA 01941 and STATE 078962 for CN and notification of expiration of CN).

Clearances Obtained: The Project Identification Document was approved in AID/W on January 6, 1982. Mission Director has the authority to approve this project. The Project Paper has been reviewed and cleared by EHR/RLA, PRO, and FIN. The supporting grant and loan agreements have been drafted by RLA and cleared by PRO, FIN and EHR.

Action Requested: That you sign the attached Project Authorization and the Project Data Sheet indicating your approval of the Project Paper.

DCZ/cb

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET	1. TRANSACTION CODE <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number _____	DOCUMENT CODE 3
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2. COUNTRY/ENTITY INDONESIA	3. PROJECT NUMBER 497-0328
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4. BUREAU/OFFICE ASIA	5. PROJECT TITLE (maximum 60 characters) General Participant Training II
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6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 04 30 91	7. ESTIMATED DATE OF OBLIGATION (Under "B" below, enter 1, 2, 3, or 4) A. Initial FY 83 B. Quarter 3 C. Final FY 85
----------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------

8. COSTS (\$000 OR EQUIVALENT \$1 =)						
A. FUNDING SOURCE	FIRST FY 83			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	5,790	360	6,150	12,132	618	12,750
(Grant)	(755)	(245)	(1,000)	(1,132)	(368)	(1,500)
(Loan)	(5,035)	(115)	(5,150)	(11,000)	(250)	(11,250)
Other U.S.						
1.						
2.						
Host Country		2,055	2,055		4,265	4,265
Other Donor(s)						
TOTALS	5,790	2,415	8,205	12,132	4,883	17,015

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	700	700			1,500	11,250	1,500	11,250
(2)									
(3)									
(4)									
TOTALS						1,500	11,250	1,500	11,250

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)	11. SECONDARY PURPOSE CODE
---------------------------------------------------------------------	----------------------------

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)	A. Code PART
	B. Amount

13. PROJECT PURPOSE (maximum 680 characters)

To expand public and private sector manpower capabilities through a program of specialized overseas training and to create an Overseas Training Unit within the Government of Indonesia responsible for General Participant Training.

14. SCHEDULED EVALUATIONS Interim MM YY MM YY Final MM YY 03 86 03 91	15. SOURCE/ORIGIN OF GOODS AND SERVICES <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.)

17. APPROVED BY	Signature William P. Fuller <i>[Signature]</i> Title Director, USAID/Indonesia	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION Date Signed MM DD YY 05 05 91
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PROJECT AUTHORIZATION

INDONESIA

GENERAL PARTICIPANT TRAINING II
PROJECT NO. 497-0328

1. Pursuant to Section 105 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the General Participant Training II Project for Indonesia, involving planned obligations of not to exceed \$11,250,000 in loan funds and \$1,500,000 in grant funds over a three 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 for the project.

2. The project will assist the Government of Indonesia to increase the effectiveness of its development program by expanding the manpower capabilities of Government ministries, public and private universities, and private, non-profit organizations, and by creating a capability within the Government to plan and administer overseas training programs for Indonesians.

In assisting the Government of Indonesia to achieve this purpose, A.I.D. funds will be used for academic and technical training; technical assistance; start-up costs for the Overseas Training Unit; follow-up costs including textbooks and other materials, in-country meetings and conferences, attendance of selected participants at professional meetings and symposia abroad; and project operating costs.

3. The Project Agreements which may be negotiated and executed by the officers 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. Interest Rate and Terms of Repayment

The Cooperating Country shall repay the Loan to A.I.D. in U.S. dollars within forty (40) years from the date of first disbursement of the Loan, including a grace period of not to exceed ten (10) years. The Cooperating Country shall pay to A.I.D. in U.S. Dollars interest from the date of first disbursement of the Loan at the rate of (a) two per cent (2%) per annum during the first ten (10) years, and (b) three per cent (3%) per annum thereafter, on the outstanding disbursed balance of the Loan and on any due and unpaid interest accrued thereon.

b. Source and Origin of Goods and Services

Goods and services, except for ocean shipping, financed by A.I.D. under the project with grant funds shall have their source and origin in Indonesia or in the United States, except as A.I.D. may otherwise agree in writing. Goods and services, except for ocean shipping, financed by A.I.D. under the project with Loan funds shall have their source and origin in countries included in A.I.D. Geographic Code 941, or in Indonesia except as A.I.D. may otherwise agree in writing.

Ocean shipping financed by A.I.D. under the project shall, except as A.I.D. may otherwise agree in writing, be financed with grant funds only on flag vessels of the United States. Ocean shipping financed by A.I.D. under the project shall, except as A.I.D. may otherwise agree in writing, be financed with loan funds only on vessels under flag registry of the United States, or Indonesia; or Code 941 countries as long as chartered or operated by Indonesian shipping companies.

c. Conditions Precedent to Disbursement.

(1) First Disbursement

Prior to the first disbursement of AID loan funds, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Cooperating Country 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) An opinion of counsel acceptable to A.I.D. that this agreement has been duly authorized and/or ratified by, and executed on behalf of, the Cooperating Country and that it constitutes a valid and legally binding obligation of the Cooperating Country in accordance with all of its terms;

(b) A statement of the names of the persons holding or acting in the office at the Cooperating Country specified in Section 9.3 and a specimen signature of each person specified in such statement;

(c) Plans, acceptable to A.I.D., for the utilization of Cooperating Country funds and contributions in kind to this project and evidence acceptable to A.I.D. of the inclusion of the initial Cooperating Country contribution within the Cooperating Country budget.

(2) Condition Precedent to Disbursements for Training:

(a) Evidence that a Project Steering Committee has been formed consisting of representatives from BAPPENAS, Ministry for State Apparatus Reform (MENPAN), Ministry of Finance, Cabinet Secretariat, USAID, and other ministries as deemed appropriate by the GOI.

d. Covenants:

(1) Continued Cooperating Country Support to the O.T.U.:

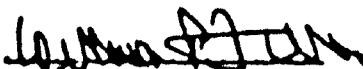
As part of its contribution to this project the Cooperating Government agrees to establish and fund a permanent Overseas Training Unit which is to be in full operation after the fourth year of this project. The Government will determine the location of that unit no later than 9 months from the signing of this agreement.

(2) Annual Review of Selection Criteria:

The parties agree to jointly review and revise as mutually agreeable and on an annual basis the selection criteria to be used in choosing candidates.

e. The following waiver to A.I.D. regulations is hereby approved:

The requirement for the Cooperating Country to cover the costs of international travel of participants is hereby partially waived. The cooperating country will provide international air travel for participants on its national airline GARUDA to the closest point to the U.S. flown by GARUDA. International air travel from that point will be provided under the A.I.D. loan.

Signature: 

William P. Fuller
Director

Date : 5/5/82

Clearances: DA:TWard: FW
EHF:RSchmeding: FW
PRO:JSperling: FW
FIN:RClark: FW
DU:RSimpson: _____

Drafted: ^{cc}LA:LCilles:04/20/83:mal:cb

RATIONALE AND PROJECT DESCRIPTION

Identification of the Problem. A frequently noted characteristic of the mid and upper levels of the Indonesian workforce is the practice of individuals of holding more than one job at a time. Although this phenomenon is partly explained by low salaries in some fields, the more fundamental problem is simply that there are not enough qualified people to go around. Indonesia is pursuing development across all sectors, and there is serious competition for those relatively few individuals who are able to obtain higher education.

That this condition persists thirty-five years after Independence is testimony to the deficit of trained leadership inherited from a long colonial period and a wartime occupation when higher education was denied to all but a small number. Five years after independence, when the population was seventy million, there were fewer than 1000 Indonesians who had completed university education.

Since 1951, AID has trained 8500 Indonesians overseas; many of today's managers and experts were educated in the United States. Other assistance agencies have also contributed funds for training, and many thousands more Indonesians have benefited from such opportunities. Further, over the past thirty years the Indonesian higher education system has expanded dramatically to encompass more than 360 institutions, of which forty-three are public universities. Although the number of graduates (4-year degrees) last year was only about 10,000 - a disappointing figure - reforms in the organization, structure, and operations of the university system aim at increasing its efficiency and effectiveness. Such a more efficient university system, in time, will greatly reduce Indonesia's dependence on out-of-country training.

Nevertheless, the country's population is now above 150 million, and demands for trained expertise continues. Indeed, for the crucial final two decades of this century, Indonesia must train an entire new generation of specialists. In spite of improvements in the higher education system, an effort in which AID has made an important contribution, it will be sometime before Indonesia can prepare the numbers of scientists, doctors, engineers, teachers, and specialists of many kinds to meet the country's needs. The higher education system itself is not yet able to sustain high quality advanced studies in critical fields. For example, of the nearly 19,000 faculty members in Indonesian public universities, only 15 per cent have graduate-level degrees. A mere 4 per cent have doctorates. A recent report on the education sector by the World Bank stated:

Although it is imperative that in future Indonesian higher education institutions become the source of the majority of post-graduate manpower, at present they are not able to do so. Therefore, unless Indonesia is prepared to delay the improvement of its teaching, research and management capacity for many years ... a substantial proportion of total post-graduate training will need to be done overseas.

The United States continues to be recognized by Indonesians as having important capabilities to assist with the monumental task of training. Currently, there are about 4,000 Indonesians enrolled in degree programs in American institutions of higher learning. Of this number approximately 75 per cent are undergraduates. USAID sent sixty-seven Indonesians to the United States in FY 80 ("new starts"), 105 in FY 81, and 159 in FY 82, for long-term graduate study. These individuals went to the United States as participants in what is termed "project-specific training," meaning training integral to projects in AID's development assistance sectors.

In addition, as a forerunner to this project, A.I.D. initiated an earlier General Participant Training project which terminated in 1977. In an evaluation of that completed project, it was concluded that "the use of a general training project ... was particularly appropriate to the needs of Indonesia and the USAID." (See Annex E.) All but 2 out of approximately 1300 participants successfully completed their programs and returned to Indonesia to positions of importance. They reported high utilization of new skills learned abroad since returning to Indonesia.

Within the past year, in reviewing its continuing deficit of trained people, the Indonesian Government has made a special appeal to the external aid agencies for increased fellowships for advanced training abroad. All of the other major donors (France, West Germany, Australia, Netherlands, Japan and the World Bank) have reacted favorably. However, the trained manpower needs within Indonesia are so enormous that this external assistance effort only begins to address the problem. Therefore, the U.S. can help bridge the remaining gap by continued project-specific academic training at slightly increased levels over FY 82 (FY 83: 190; FY 84: 165). Further, the U.S. can assist with this General Participant Training Project which will send about 200 Indonesians to the U.S. over the next 5 years for academic training (175 Masters and 25 Ph.Ds).

It is important to note that AID also sponsors a great many Indonesians for non-degree, short-term technical courses (averaging 8 weeks in duration) in many different subjects. In 1983, for example, USAID will support 260 participants in such programs. In 1984, the number will rise to 300. These figures apply only to project-specific short-term technical training. In addition to the academic training cited above, this new General Participant Training project will send another thirty-two Indonesians to the United States for technical, short-term training each year for seven years, beginning in 1983.

Under this project, grant funds will be used exclusively for start up and operating costs of the contractor who will manage the participant training process until the Overseas Training Unit (OTU) comes on the line. The OTU will be an entirely GOI funded and staffed institution responsible for all future General Participant Training. Grant funds will also be used for technical assistance for the design of this Overseas Training Unit. Lastly, grant assistance funds will be used to fund U.S. specialists for a series of specialized studies on identifying short term training requirements, English language requirements and other areas. Loan funds will be used for training and associated costs.

Project Goal and Purpose. The goal of the project is to increase the effectiveness of Indonesian development programs in realizing national objectives. The purposes of the project are to finance training in the United States at the graduate level, or in short-term courses in critical skills areas; to help establish a new capability within the Government of Indonesia to plan and administer overseas training programs for its citizens (the "Overseas Training Unit"); to make available experts of various types to conduct training-related studies, to help with the design of training courses, to carry out assessments of training programs in Indonesia; to develop an English language training capability; and to implement an effective follow-up program for returned participants.

The basic advantage of any general participant training program is that it affords a means to quickly respond to urgent requests for training support difficult to obtain from usual funding sources. Government departments and private organizations have to plan and budget training expenses far ahead. When the need arises to enroll an employee in specialized training to meet an immediate organizational need, the money is often not available. In addition, some individuals playing important roles in the Indonesian public and private sectors that do not fit neatly into other available

training programs. The design of this project, therefore, allows flexibility in training opportunities and a capability to identify and structure specialized training beyond the current capacity of the GOI. Further, a general participant training project enables host country public and private organizations to take advantage of valuable training programs offered on short notice.

Lastly, the design of this project is in accord with the USAID Country Development Strategy Statement. In that statement, the USAID proposes to focus upon four different areas, one of which is the acceleration of human resource development through the provision of "graduate level and short-term training in the U.S. for managers and technicians involved in development activities."

Institution-building. To date training opportunities provided by the foreign assistance community have been handled on a one-to-one basis. Each external assistance agency has set up its own program of training, and each project has had its own unique implementation system and process. In FY 83 and FY 84, for example, USAID/Indonesia will provide some training (both short and long-term) in 33 separate projects including this one. Each project has its own procedures for handling training. Usually, some sort of project steering committee, consisting of USAID and GOI representatives, has a key role in participant selection and subsequent monitoring of participant progress. In projects with contractors, their representatives also work with the steering committee.

USAID has proposed that at least for AID-supported training, the GOI should begin to play a larger role in managing the entire process of participant training with the goal of eventually assuming total responsibility. Once this capability is developed for AID training programs, it might encompass training programs of other donors as well, including the large overseas training components of World Bank and ADB projects.

In addition, the development of English language training will be a main objective of this project so that the GOI will have an independent capability to provide this capacity across a spectrum of training programs. This will mean specific tasks under planned long and short-term technical assistance, and English language training management capability under the Overseas Training Unit and some possible financial assistance as the capability is initially assumed by the GOI.

- demonstrated ability in their profession or academic background,
- English language fluency appropriate to requirements,
- good health,
- no more than 35 years of age for a first advanced degree;
- no more than 40 years of age for a doctorate,
- a degree in hand immediately below the level proposed for study,
- no less than two and no more than twenty years work experience,
- evidence the candidate will be assigned to a job related to the training proposed,
- a study field appropriate to Indonesian development needs,
- thesis research appropriate to the needs of the individual's organization and Indonesian development needs,
- a study program not available under any AID or other funded sectorally specific program,
- a direct relationship with the skill requirements of the nominating agency,
- compatibility with the goals of Part I of the US Foreign Assistance Act of 1961, as amended.

BAPPENAS has strongly endorsed this institution-building idea and the GOI is willing to provide funds for the establishment of an Overseas Training Unit and its continued support. Under this project, an early activity will be the actual design of the unit. The major contractor funded under project will help establish the unit, no later than the start of the third project year. Training of staff for the unit--to the extent necessary--will be supported under the general participant training sub-component.

Training Focus. Training will be directed to specialized skill areas in critical demand. These will be occupational fields for which few Indonesians have been trained and/or training programs are not available in country. As examples, in Indonesia today there is no one trained in management of medical research or health supplies distribution; there are few individuals qualified in the applied computer sciences field to design or supervise computer applications for government data management; the need for experts in water resources planning and agricultural research management is acute but unmet. At the other end of the spectrum, in the universities, especially the weaker non-government institutions, many departments are underqualified, most notably in the applied sciences.

Public and Private Sectors. The project will provide training to individuals from both public and private institutions on the grounds that the skills areas in critical demand are found in both sectors. This is especially appropriate since training funds tend to be more readily available to individuals from the public sector than for those from the private sector and training needs for the latter require special attention. Such a focus is also appropriate because the private sector has a stake in Indonesian development and makes a substantial contribution to it than is generally realized. The private sector is linked in partnership with the public sector in a wide spectrum of development projects and policy research. To the degree more individuals from the private sector raise their capabilities, and apply them to developmental issues the whole nation benefits.

In this project the private sector is defined as private universities and private voluntary, non-profit organizations. The older, more experienced faculty members employed by private universities often only serve part-time. A number hold advanced degrees and have regular appointments in government departments or in public universities. Younger faculty members, however, are more often full-time staff members. Because they tend to lack advanced degrees, they constitute the candidate pool from which most private university participants

will be drawn. Since the need is for advance degrees, most training for candidates from this group will be long-term degree programs.

Indonesia also has many non-profit organizations; for example, Bina Desa, Dian Desa, LP3ES, YIS and Bina Swadaya. These private voluntary organizations work in a great many programs important to Indonesian development, including family planning, community health, blindness education, improvement of village water supply and sanitation, and appropriate technology. The effectiveness and replicability of many of these programs will benefit by precise short-term training in applied sciences, technology application, and research.

Non-university, profit-making institutions from the private sector are not included in this project because: (1) The GOI has specifically requested that only non-profit institutions in the private sector, including profit-making private universities, be covered by this project; and (2) The USAID has already authorized a private sector development project which will provide a total US\$2.3 million for training to profit-making institutions. The Mission is also developing a private sector management training project that will include training for profit-making institutions.

Project Elements. AID loan funds in the amount of \$11,250,000 and grant funds in the amount of \$1,500,000 will be provided over the life of this seven year project. For training activities, approximately 70 per cent of the loan will be reserved for GOI employees. The remaining 30 per cent will provide training opportunities for private university candidates and private voluntary organization personnel. The project consists of the following elements.

1. Academic Training. AID loan funding for approximately 450 person years of long-term graduate level training in the United States. Approximately 84 per cent of the monies will fund coursework for Master's degrees. Some 200 participants will be involved.

2. Technical Training. The loan will also fund 450 months of short-term technical training including seminars, on-the-job training and observation tours for GOI and private voluntary personnel. The average length of short-term training will be two months. Some 225 participants will be involved. Third country training in ASEAN countries will be given where appropriate, e.g., rice research programs at the International Rice Research Institute at Los Banos, Philippines.

3. English-Language. English preparation costs will be borne by the GOI. However, when some candidates require additional instruction in the U.S., AID funds under this project to accommodate such needs will be available. In addition, to the extent that the creation of an institutional capacity for English language training and to the extent that funds are available under the project, if required, USAID will make loan funds available.

4. Follow-Up and Evaluation. The project will include a follow-up program of all returned AID participants, not only of this project, but for participants returning during the last three years. The program will be designed using recommendations of AID Handbook 10 and will seek new ways to help returned participants keep their training up-to-date and continue to learn and to grow on the job. Subscriptions to scholarly journals, textbooks and other materials will be purchased, and funds made available for a series of in-country meetings and conferences. A limited amount of follow-up funds will be reserved to send returned participants to professional meetings and symposia outside Indonesia. In the final year of the project, an overall evaluation will be conducted focusing heavily on the appropriateness of training vis-a-vis employment responsibilities of returned participants. Other evaluation concerns will be addressed as well.

5. Technical Assistance. The project will fund a long-term contractor to provide training-related services (including the design, initial management and eventual assumption by the GOI of an "Overseas Training Unit"), to help with the design of training programs, to carry out assessments of training activities and to teach in existing and new courses, seminars and workshops in Indonesia. Short-term T.A. will be used to fund a series of specialized studies throughout the life of the project to make training more relevant for Indonesian needs. These studies will include an analysis of the most relevant short term training requirements, appropriate methods to solidify English language training, and a brief demand and supply overview of Indonesian training requirements.

6. Women's Seminar. Experience shows regular channels do not produce the quantity and quality of women candidates desired. The project will organize a special seminar with several women leaders (some will be former participants) invited to assist in this endeavor. The purpose will be to examine the rate of woman participants to date, to sensitize personnel both in the line ministries and selection committee to the specialized training needs of women and to broaden the consciousness of project personnel to women participants special concerns.

7. Policy and Evaluation Experience in AID Financed Projects

(a) Policy

Current A.I.D. policy on training projects is contained in a draft paper entitled "A Discussion Paper on the Implementation of Development Training Policy" prepared by the Human Resources Sector Council of AID/W, February, 1983. No aspect of GPT II is in conflict with that policy, either in spirit or substance, and we anticipate that the AID/W policy guideline will go into effect about the time that GPT II is approved.

Perhaps of more relevance in the matter of policy guidance is USAID's Country Development Strategy Statement for FY 85, dated January 1983. In that paper USAID notes that it will focus upon four critical areas during the CDSS period, one of which is "Accelerating Human Resource Development". Under this heading USAID notes that its objectives will be to: (a) assist the Ministry of Education build capacity for planning and policy formulation for the national education and training system; (b) help develop selected higher education and training institutions which can provide skills related to the Mission's other program areas; and (c) provide graduate level and short-term training in the U.S. for technicians involved in development activities. While GPT II is primarily a response to item (c) above, it will also help the Ministry of Education by means of some short-term studies relevant to the educational needs of Indonesia.

(b) Evaluation

An evaluation of the GPT I training project was carried out in October 1982. In general "Evaluation of the General Participant Training Program, Office of Education and Human Resources" was complimentary to GPT I. For example, almost all participants returned to Indonesia; 97% found that skills learned were relevant in Indonesia, and almost all participants returned to positions of authority. Further, nearly all participants in GPT I have reported being promoted since their return, and 88% felt that the training provided under GPT I was at least partially responsible for their obtaining positions of greater authority. In addition, the evaluation noted two areas in which some improvement could be made.

(1) Follow-up. Because of a shortage of funds, many follow-up activities (seminars, publications, etc.) could not be carried out. Under GPT II, grant funds have been budgeted for follow-up work. While it is too early to tell what specific activities should be carried out, we believe this should be appropriate to support a well-managed follow-up program.

(2) English Language Training. The evaluation of GPT I noted that 15% of the participants in that project believed their English language preparation to be inadequate. While it is unlikely that this problem can ever be totally resolved to all participant's satisfaction (unless bi-linguality is reached with all 425 participants), approximately \$720,000 of GOI contribution has been budgeted towards the cost of English language preparation. A specialist in English language training has reviewed the English language training plans for GPT II. The report of that expert will be shared with the GOI, and appropriate actions taken to improve English language training. Given the Indonesian resources being committed as well as the possibility of use of resources from the loan and USIS, the objective of high quality English language training for participants has a high probability of being achieved.

FINANCIAL PLAN

During FY 83 and the first half of FY 84, all participants will be placed by the USAID, AID/W, and Partners for International Educational and Training (PIET); after that time, all other participants will be placed by the O.T.U. A cost analysis was prepared to determine, if aside from the need for institutional development, it was more cost effective and beneficial to continue using PIET throughout the life of the project, or establish an overseas training unit within the GOI. The cost comparison is shown on page 32. It is notable that substantial savings should occur from direct placement of participants by the contractor and the OTU.

Our analysis indicated that establishing an O.T.U. would not cost substantially more and could be utilized by the GOI in placing other participants funded by the U.S., other donors and the GOI once the O.T.U. staff is trained. It is estimated that savings will accrue to the GOI and other project participants when the technical assistance requirements are met and its associated costs terminated. At the end of the third year (by FY 86), it is planned that the O.T.U. will be fully functional, with no additional technical assistance needed. The O.T.U. will be used to place all USAID participants and possibly those from other donors as well.

All technical assistance will be grant funded, and can be divided into two categories. First, two short-term PSC consultants, studies on English language training and supply and demand for training. 12 months of services are budgeted for this short-term consultancy. Under a contract one long-term consultant will design the OTU and prepare training programs instruction manuals, etc. 16 months of service are budgeted for this aspect of the program. 6 months of short-term assistance are programmed under the loan for S.T. studies, estimated at two months each.

In addition, one long-term consultant will be hired for a three-year period to supervise, manage, and train the O.T.U.'s Indonesian staff beginning in FY 84. Home office support costs and overhead should not exceed \$240,000. The total amount of grant programmed for this technical assistance to the OTU and ST studies is \$1,349,000. \$125,000 is budgeted for two evaluations, and \$16,000 for contingency and inflation.

Local currency costs to support the training operation will be paid with grant funds through FY 86. Support provided includes a full-time Indonesian staff, rental of office, supplies and materials, and vehicle transportation and maintenance. At the end of the three year training period, the GOI will assume the responsibility for O.T.U. support costs. We anticipate that once the final design of the O.T.U. is approved by the GOI, a one year period will transpire during which the GOI will budget funds to start up the O.T.U. During this period, the O.T.U. designer will help with the budgeting of funds, identification of staff, identification of office equipment required and

otherwise prepare the O.T.U. for start-up. Foreign exchange costs needed to support participants in the U.S. subsequent to the phase out of the contract will be provided from the loan with the GOI expected to assume these costs on a regular basis at the conclusion of the project as part of the regular budget for the OTU.

PIO/P's will be prepared for all short-and long-term participants. Preparation of the PIO/P will be the responsibility of the O.T.U. after FY 84. During FY 83 and early FY 84 the Office of Training, USAID, will assume responsibility for the PIO/P preparation. Costs for this service will be absorbed by the Mission. The GOI will be responsible for paying all in-country travel costs, participants' salaries, English-language training costs, and international travel to the point closest to the United States flown by the national airline, Garuda. For example, if the training will take place on the West Coast, Garuda will be used to Tokyo; if on the East Coast or Midwest, to Amsterdam. In no case, will their contribution be less than 25% of the project's costs.

When the O.T.U. assumes responsibility for preparation of PIO/P's, placement of participants, etc, payment of all allowance to participants (advance maintenance allowance book fees, and health insurance and tuition fees to Universities will be made by the OTU or its designated agent in the U.S.A.

Cost Assumptions - Loan

During the first year of the project it is anticipated that 15 LT participants will depart. Costs per person year during this period will be \$19,000 reflecting actual costs of using the AID/W - Piet facilities. Starting in FY 1984 the participants will be placed by the contractor with an estimated cost over the Life of the Project of \$17,000 per person year. Short term training has been budgeted at \$4,000 per person month, with the assumption that training will average 2 person months per participant. These costs are calculated on the basis of historical cost experience under GPT I and other training cost experience. The training budget will be as follows:

15 years LT @ 19,000 PA	\$ 285,000
435 years LT @ 17,000 PA	\$7,395,000
<hr/>	
TOTAL LT	\$7,680,000

Of the 450 person years programmed, 100 will be for 25 Ph.D. candidates, who will average 4 years each and 350 for 175 MA candidates at 2 years each for a total target of 200 degree candidates.

Short term training has been budgeted at \$4,000 per person month, with an assumption that each trainee will take a two month course. Those costs include maintenance. Thus, 225 participants are programmed for a total of 450 person months at an average cost of \$8,000 per course or \$1,800,000.

\$380,000 has been budgetted for the last three years of the project to cover support costs for participants in the U.S. The costs will be covered under the contract for the first four years of the project. These funds will be used to support either a U.S. office of the OTU or a contract with a U.S. organization which will maintain contact and provide essential services to the Indonesian participants, such as preliminary orientation, mailing of checks and guidance.

A contingency/inflation factor of 10% of the entire project cost has been programmed. This line item is intended to pay for cost overruns or for programs in excess of the planned study period. To the extent that additional time is approved and is within GOI and USAID guidelines and approved by the PSC, these funds may also be used to fund participants studying under other USAID projects who have not completed their degree by the PACD date of the project. Such funding of incomplete programs will be with the approval of the PSC. Increases in the U.S. portion of international travel, to the extent necessary, will be met from this line item. In addition, assistance to the GOI english language training effort may be programmed from this line item. An equivalent of 66 person years of LT training is provided in this line item.

The international travel cost is budgetted on the following basis:

a. Incremental cost for a ticket to New York on a Jakarta - Amsterdam - New York round trip Jakarta - Amsterdam - Jakarta costs \$2,708. Jakarta - Amsterdam - New York and return \$3,318. The incremental cost of Amsterdam - New York is at \$610 per round trip is a foreign exchange cost as the rest of the trip, via Garuda, can be paid in rupiah.

b. Incremental cost for a ticket to San Francisco on a Jakarta - Tokyo - San Francisco round trip Jakarta - Tokyo - Jakarta costs \$1,378. Jakarta - Tokyo - San Francisco and return costs \$2,156. The incremental cost of Tokyo - San Francisco at \$778 is a foreign exchange cost as the rest of the trip can be paid in rupiah. Assuming the travel is split 50-50 between coasts, the US costs are:

213 x \$ 610 (NY)	=	\$ 130,000
212 x \$ 778 (Tokyo)	=	\$ 165,000
		<u>\$ 295,000</u>

\$ 295,000 is therefore budgetted for U.S. travel costs.

Cost Assumptions - GOI Contribution - All GOI costs are calculated at the rate of Rp 970 = \$1.00 U.S.

The salary and benefits paid to participants will continue while the participants are undergoing training. These costs are estimated at \$270 per person month, or \$3,240 per year. In addition, benefit costs to the Government for long term participants, such as housing, are included at an estimate of 25% of salary costs, or \$800 per year bringing the total yearly cost to the GOI for this item to \$4,000. Benefits are not factored in to short term training, and the estimated GOI contribution will be \$540 for salary costs per participant.

Airport taxes are estimated at \$300 per participant, and medical exams at \$35 each. Both the costs of the OTU, at \$105,375, and the Project Steering Committee staff, at \$168,500, are directly related to selection and support of participants. To the extent that the OTU becomes involved in the selection process decision making it is possible that some of the PSC costs will shift to the OTU in project outyears.

English language costs have been estimated at \$6.00 per hour over the life of the project. This amount includes an inflation factor of 5.5% PA compounded, and is based on actual cost quotations from the British Council. It is assumed that all participants will need training, and the average length of training for LT participants will be 16 weeks at 30 hours per week, 480 hours. \$2,880 per participant is thus budgeted for a total requirement for English language training of \$576,000. Short term trainees will need less elegant skills in English, and only 3 weeks at 35 hours per week of intensive study has been programmed. The cost of this short course will be \$645 per participant, using the same cost assumptions as for the long-term training with a total cost of \$145,150 for ST language training. Living costs during English language training have been calculated as follows:

Food and lodging at Rp 75,000 per month.

75% of participants will need living allowance, with the remaining 25% being from the greater Jakarta area and able to live at home.

Long term Rp 75,000 x 4 x 200 people - 970 Rp = \$62,000 x .75 = \$46,500.

Short term Rp 75,000 x 155 montns - 970 Rp = 12,000 x .75 = \$9,000

Total living costs during language training will be \$ 55,500, and the

Total cost of English language training will be the rupiah equivalent of \$776,650.

International travel is budgetted at a cost of \$2,708 per round trip Jakarta - Amsterdam - Jakarta via Garuda and \$2,156,000 per round trip Jakarta - Tokyo - Jakarta. Assuming 425 round trips over the life of the project split 50-50, the cost to the GOI will be \$1,150,000 in Rupiah equivalent with a small allowance for emergency travel of \$16,000 included.

Alterations in Budget during Project Life - In the event that the destination closest to the U.S. flown by Garuda changes, the budget will be adjusted accordingly. The policy with regard to international travel is that to the extent that Rupiah costs are incurred they are the responsibility of the GOI while all FX costs related to travel are the responsibility of the USG. The intent of this policy is to maximize the amount of funding available for training. Accordingly, the maximum use will be made of rupiah. At present, this means routing via Amsterdam or Tokyo. In the event that Garuda opens routes to the U.S. it is the intent to use Garuda all the way to the U.S., leaving open the possibility of funding additional person years of training.

From time to time it may be necessary to make adjustments between line items in the loan or grant. Up to 15% adjustment is permitted with prior approval of the project manager and the GOI. The contingency/inflation line item may be adjusted 15% without recourse to the Mission Director. Any adjustments beyond this must be approved by the Mission Director.

GOI CONTRIBUTION (US Dollars)

<u>Academic</u>	- 200 people	
	450 person years	
	450 X \$4000 (salary/benefits)	\$1,800,000
<u>Technical</u>	- 225 people X 2 mo.	
	450 person months	
	450 X \$270 (Salary)	121,500
<u>Airport Tax</u>	425 X \$300	127,500
<u>Medical Tests</u>	425 X \$ 35	14,875
<u>OTU</u>	Yrs 5, 6, 7 X \$35,125	105,375
<u>English Language Training</u>		721,750
<u>Living costs while in English Language</u>		55,500
<u>Allowances for PSC staff 5 yrs</u>		168,500
<u>International Transport Costs - Jakarta - Amsterdam</u>		
	<u>& return</u>	1,150,000
	Total:	<u>4,265,000</u>

ANNUAL FINANCIAL PLAN

(U.S. Dollars)

	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>TOTAL</u>
<u>LOAN</u>								
Participant Trng.								
-- L.T.	285,000 (15)	1,292,000 (76)	2,193,000 (129)	2,312,000 (136)	1,411,000 (83)	187,000 (11)		7,680,000
-- S.T.	260,000	260,000	260,000	260,000	260,000	260,000	240,000	1,800,000
Part. U.S. Support Contract	-	-	-	-	126,700	126,700	126,600	380,000
Contingency/Inflation	-	110,000	150,000	250,000	250,000	187,000	148,000	1,095,000
International travel	29,000	43,000	50,000	54,000	40,000	35,000	44,000	295,000
TOTAL	574,000	1,705,000	2,653,000	2,876,000	2,087,700	795,700	558,600	11,250,000
<u>GRANT</u>								
Technical Assistance	73,000	511,000	516,000	249,000				1,349,000
Evaluation/Follow up	-	-	68,000	-	67,000			135,000
Inflation/Contingency	-	-	8,000	8,000				16,000
TOTAL	73,000	511,000	592,000	257,000	67,000	-	-	1,500,000

SUMMARY COST ESTIMATE AND FINANCIAL PLAN
(U.S. Dollars)

	<u>AID</u>		<u>GOI</u>	<u>TOTAL</u>
	<u>FX</u>	<u>LC</u>	<u>LC</u>	
<u>GRANT</u>				
Technical Assistance	980,500	368,500	-	1,349,000
Follow Up & Evaluation	135,000			135,000
Contingency	16,000	-	-	16,000
 <u>LOAN</u>				
Participant Training	9,860,000		2,337,750	12,197,750
English Language Training			777,250	777,250
International Travel	295,000		1,150,000	1,445,000
Inflation/Contingency	845,000	250,000		1,095,000
	<u>12,131,500</u>	<u>618,500</u>	<u>4,265,000</u>	<u>17,015,000</u>

SUMMARY
TECHNICAL ASSISTANCE

1. Short-Term Consultancies (PSC) (Supply demand and English language studies) 12 mo. @ \$9,750/month	117,000
2. Contractor's Participant Training Placement Office 1 - Long-term consultant 16 months - (OTU design) 1 - Long-term consultant 36 months (OTU training)	
Salary	\$ 60,000
Overhead (70%)	\$ 42,000
School	\$ 20,000
Trans & Misc.	\$ 28,000
House	\$ 24,000
Total:	\$174,000
	\$174,000 X 4 1/3 yrs
	754,000
3 ST consultants - 2 mos. EA - \$13,667	82,000
FSN Staff (3 yrs @ 26,000)	78,000
Office Support (3 yrs @ 26,000, incl. trans.)	78,000
4. Administrative - Home Office Support	240,000
5. Evaluation & Follow-up	135,000
6. Contingency	6,000
	<u>1,500,000</u>

TRAINING CONTRACTOR'S OFFICE, YEARS 2, 3, 4,

Contractor; Core Staff: One year

1 Full-time project officer (American)	\$ 174,000
1 Full-time assistant (Indonesian-bilingual)	12,000
1 Secretary (Indonesian-bilingual)	8,000
1 driver	5,000
1 Janitor	1,000
	<u>\$200,000</u>

Annual Office Costs

Office rental	15,000
Xerox + supplies 150/month	1,800
One-time pro rate equipment to set up office = $\frac{4000}{3}$ =	1,333
Equipment maintenance & repair 50/month	600
	<u>18,733</u>

Annual Vehicle + Transportation

Vehicle \$ 13,000/3	4,333
Maintenance + Gas + Repairs: 250/month	3,000
	<u>7,333</u>

Total contractor core costs for 1 year 226,066

Total contractor core costs for 3 years 678,198

GOI CONTRIBUTION, YEARS 5, 6, 7

Overseas Training Unit

		<u>Professional</u>	<u>Clerical</u>
<u>Salaries: Director</u>		Director	1
<u>American & Canadian Program</u>		3	2
		<hr/>	<hr/>
		4	3
Director's salary	5000	5,000	
Other prof. staff	3230 x 3	6,290	
Clerical	1500 x 3	4,500	
		<hr/>	
		15,790	
<u>Facilities</u> Office	\$500 per month	6,000	
Electricity, water, tele.	100 per month	1,200	
Maintenance & cleaning	75 per month	900	
<u>Transportation</u>			
Rp 2,000 per person per day			
4 x 3,000 x 260 days in yr.			
4 x \$2,89 x 260		3,006	
Rp. 200 per person 3 x 200 x 260		226	
		<hr/>	
		27,122	
Paper, supplies, postage, xeroxing		3,000	
		<hr/>	
		30,122	
International Travel (Director U.S. at least once per yr.) & per diem		5,000	
		<hr/>	
		35,122	

Comparison of Costs between PIET and Jakarta Based Contractor

PIET PLAN (AID/W)

370 participant @ \$185/month x 12/mon/year = \$ 821,400,-
225 participant @ \$185 month x 2 month = 83,250,-
\$ 904,650,-

Jakarta Based Contractor

1. PIET will be used for approximately 45 participant/years of L.T. Training and 5.3 yrs of short-term training during FY 83 and FY 84
45 participant years 12 month/year @ \$ 185/month \$ 99,900
5.3 participant years x 12 month/year @ \$ 185/month 11,766
111,660 1/

2. Contractor Training Office in Jakarta (3 yrs)
A. Long-Term Consultant
36 months @ \$174,000/yr. \$ 522,000
B. Office Support 156,000
(Staff, Officer & Transportation)
C. Administrative - Home Office Support 240,000
- - Placement Expenses
- - U.S. Office support
D. Total Jakarta Contractor costs 918,000

Combined PIET & Jakarta Contractor Expenses 1,029,660

1/ these funds will be provided directly through PIO/Ps, which have been budgeted at \$2,000 higher than the life of project average (\$19,000 PA vs \$17,000 PA).

IMPLEMENTATION ARRANGEMENTS

A. Procedures

The Project Steering Committee (PSC) will be formed as a condition precedent to disbursement of funds. The PSC will be responsible for implementing the project. Selection criteria will also be established by the steering committee prior to the placement of participants. That criteria will be reviewed as part of a yearly evaluation to insure its appropriateness to needs as identified by line ministries and study scheduled. The PSC will follow the pattern of the Steering Committee organized for the Professional Resources Development I project (497-0261), which was formed on the basis of a Decision of the Minister of State for the Reform of State Apparatus (Number 52/Menpan/1979). Among criteria established under that project were fluency in English, physical fitness, under 45 years of age, 3 years work experience and a degree immediately below the level of training proposed.

Criteria for long term training this project has been expanded to concentrate resources on the most deserving candidates possible and those whose age and career status will allow them to make a contribution to development upon their return. The criteria are:

1. Demonstrated evidence of promise in their work or academic background.
2. Fluency in English appropriate to the requirements of their training program.
3. Physical fitness, demonstrated by a recent medical exam.
4. Academic candidates must not be over 35 years of age if pursuing a program for a first advanced degree or over 40 years if pursuing a doctorate.
5. Academic candidates must possess a baccalaureate degree, if undertaking study towards the Master's Degree (Note: if Sarjana Degree not available in Indonesia, a Sarjana Muda Degree will suffice).
6. Possessing a Master's Degree if undertaking Ph.D.
7. Study at least 2 years of work experience for short-term training, and not more than 20 for long-term training.
8. Assurance that candidates will be assigned upon their return to a job suited to his/her enhanced expertise.

9. A demonstrable high importance of the occupational field of study to Indonesian social or development.
10. A direct relationship between the field of study and the goals as outlined in the US foreign assistance act.
11. For academic candidates if thesis research is involved, the relevance of the proposed research to the organization to which the candidate will return upon completion of training, must be clearly defined and be relevant to development in Indonesia.
12. Proposed study which is not available from an AID or other funded sectoral orientated training program.
13. Any other factors appropriate on a case by case basis, such as additional criteria for specific Government and/or academic institutions, etc.
14. A direct relationship to the nominating agencies skill needs.

These criteria and others established through the workings of the Project Steering Committee will help target critical skill areas. Such clarification will depend on the ability of line ministries to assess their own needs, the Project Steering Committee to weight and select competing candidates and an analysis of supply and demand vis-a-vis job assignments in Government and private agencies for available training under the project. The Project Steering Committee will consider the following questions to determine priority ranking for skills areas:

1. Is the occupational field of critical importance to Indonesian development?
2. Are there reasonably firm indications of supply and demand for individuals in a given governmental or private agency.
3. If a supply source (e.g., a university program) exists in Indonesia, is there evidence that it will be unable to meet projected demand, especially over the next five to ten years?
4. If a supply source does not exist in Indonesia sufficient to meet demand, will the proposed training help to establish such a supply source?

As amplified in covenants in the Loan Agreement, USAID and the GOI will jointly review the selection criteria on an annual basis to assess their implementation and what adjustments are needed to insure that the questions above are being properly addressed and that training is being correctly targeted.

Selection of high quality candidates remains a continuing challenge. The criteria described above, key ministries' and AID's participation on the Steering Committee, subsequent specialized studies, and the yearly review of selection criteria provides a reasonable basis that quality will be insured and that other selection criteria such as English ability per se will be less paramount.

The second issue is one of work environment. Continued experience with AID's in-country management training should provide useful lessons to improve returnee effectiveness. More generally, the academic work environment is cause for concern. Problems of low academic salary, poor promotion opportunities, controls on travel and publication coupled with competing private sector consulting work and high fees seriously erode a university's ability to build faculties that turn out graduate-quality students. This is an area where AID can support GOI analytical interest in these issues with funding from the Development Studies Project.

An early activity of the Project Steering Committee will be to establish an implementation plan for the technical assistance component. The contractor's major tasks will be:

1. Processing of all documentation (approvals, examinations, applications, tickets and so forth) for participants entering training after the contractor's Jakarta operations begin.
2. Design the GOI managed Overseas Training Unit and develop a timetable for implementation.
3. Once its Jakarta Office is open, making arrangements for the monitoring of the progress of all participants enrolled in training programs, including communicating with participants, officials of overseas universities and other institutions where participants are enrolled, and with relevant individuals and institutions in Indonesia.
4. To consult on training matters with members of the PSC or other individuals designated by the PSC. Advice may be sought about specific project activities or matters relating to participant training in general.
5. To undertake additional technical assistance activities, such as:

(1) Helping the Indonesian Government develop the capability to carry out the placement, monitoring and other functions related to sending Indonesians overseas for short and long-term training programs.

(2) Working with the GOI in actually setting up the Overseas Training Unit (OTU). This would begin in the seventeenth month and conclude one year later, when the OTU will take responsibility for the remainder of trainees under the project. Any training required for Indonesian staff of the OTU would be short-term and arranged for under the training component of GPT-2. The Indonesian Government would provide the physical facilities and other operating costs of the O.T.U., including all Indonesian personnel costs. The Contractor will be available for fourteen more months (to the forty-third month) to provide advice and support to the OTU after it is organized, to assure that it and the provisions for English language support are operating efficiently.

The main contractor will be hired under a host-country contract, for a period of 36 months, and will be under the direct supervision of the Project Steering Committee and/or its designated agent. Logistic support equipment, including vehicles, will be transferred to the O.T.U. upon termination of the training contractor's services and disbandment of the contractor's office.

Training. A total of 450 person-months of short-term training and 450 person-years of long-term training will be done. Until a Contractor is selected and on station, the USAID Training Division will have responsibility for processing an estimated 30 Indonesians for short courses and 15 Indonesians for advanced academic training (12 MS and 3 PhD candidates). An average of 2 years will be required for an MA/MS degree and an average of 4 years for the PhD. USAID will utilize AID/Washington's arrangements with Partners for International Education and Training, a Contractor that handles all participant placements in training institutions in the United States for this initial phase.

Participants for long-term training will depart Indonesia in the 6th, 17th, 29th and 41st project months. The first group of long-term participants to return are expected in the 30th month. Thereafter, participants will return in the 41st, 53rd, 65th and 77th project months. The Contractor, together with the OTU and USAID, will undertake follow-up activities with the first and second groups of returnees. Thereafter, the O.T.U. and USAID will have this responsibility.

Short-term participants will be programmed throughout the life of project. Approximately 32 participants will attend short-term programs each year for seven years.

The USAID/Jakarta Project Officer will be a member of the Project Steering Committee. He will have responsibility for project monitoring and assuring AID inputs are provided. The project officer's decisions on the Project Steering Committee will be guided by and in accordance with USAID/Indonesia participant training policy as well as AID Handbook 10.

B. Procurement Plan

Relative to the size of the entire project, little procurement is required. Subject to A.I.D. procurement regulations (Approval of Advertisement, approval of "Short List: and selection criteria, approval of the proposed contract(s), etc.) the GOI will be responsible for the competitive procurement of required experts and consultants. The contractor selected to carry out the 36 month training and design program will be responsible for procuring his own administrative staff, vehicle and office equipment. AID reimbursements will be subject to normal documentation and certification requirements.

<u>Elapsed Time</u> (Month)	<u>Activities</u>	<u>Responsibilities</u>
	PP approved	USAID-AID/W
May	2 Project Agreement signed	USAID/GOI
	2 CP's met including PSC formation, Secretariat established; PIL sent	GOI
June	3 RFP published; Criteria set for evaluation of proposals	USAID/GOI
July	4 First participants selected	GOI/USAID
	4 Nominated participants take ALIGU, those requiring more English enrolled	GOI/USAID
	4 PIO/P's for first group prepared, signed, sent to AID/W	GOI/USAID
Aug.	5 Contractor bids received, evaluated	GOI/USAID
Sept.	6 First group of participants depart for training (12 MS, 3PhD)	GOI/USAID
	6 Contractor selected, negotiations for contract	GOI/USAID
Oct.	7 Contract signed (host country)/supply-demand Study begins	GOI/USAID
Dec.	9 Contractor offices open in U.S. & Jakarta	C/GOI
Jan. 84 -	10 Second group of participants selected and begin English	C/PSC
Feb.	11 Short-term consultant undertakes design of OTU	C
March	12 First annual review	USAID/GOI/C
June	15 Design complete	C
Aug.	17 Design of OTU approved; contractor implements	C/PSC
	17 Second group of participants placed by contractor and depart for training (41 MS; 41 PhD)	C

<u>Elapsed Time</u> (month)	<u>Activities</u>	<u>Responsibilities</u>
Nov.	20 Third group of participants selected and begin English training	C/PSC
	24 Second annual review	GOI/C/USAID
Aug.	29 Third group of participants depart for training	C
	29 OTU established and operating	C/GOI
Sept.	30 First group of MS candidates return	C
Oct.	31 Fourth group of participants selected and begin English training	C/PSC/OTU
March	36 Third annual review	USAID/GOI/C
Aug.	41 Second group of MS candidates return	C/PSC/OTU
	41 Fourth and last group of academic participants depart for training (41 MS)	C/PSC/OTU
Oct.	43 Contractor concludes all operations; OTU on its own, begins placement for short-term training	C/OTU
March '87 -	48 Fourth annual review	GOI/USAID

<u>Elapsed Time</u> (month)	<u>Activities</u>	<u>Responsibilities</u>
Aug. 53	Third group of MS and first group of PhD candidates return	OTU/USAID
March '88 - 60	Fifth annual review	GOI/USAID
Aug. 65	Fourth group of MS and second group of PhD candidates return	OTU/USAID
March '89 - 72	Sixth annual review	GOI/USAID
Aug. 77	Third group of PhD candidates return (August 1989)	OTU/USAID
March '90 - 84	Project Assistance Completion Date Final Project Evaluation	GOI/USAID

C. Administrative Arrangements for Implementation:

This project will be implemented by a Project Steering Committee (PSC) proposed to consist of officials from BAPPENAS, Ministry for Efficient Utilization of State Apparatus (MENPAN), Ministry of Finance, Cabinet Secretariat, Ministry of Education and USAID. The GOI organizations represented on this Committee should assist this project to identify the most critical areas of training needs as well as the best qualified personnel.

The PSC will be assisted by a Secretariat under the direction of the GOI Project Coordinator located in MENPAN. Administrative arrangements for GPT II will be similar to those for the Professional Resources Development Project. Working committees will be established to advise the Steering Committee on matters such as selection of private sector participants.

Role of the Project Steering Committee. The PSC will finalize selection criteria for the consultant as a first order of business, and then will work out procedures by which participants will be nominated for training. The PSC will notify the line ministries and private sector organizations of the training opportunities, selection criteria and other details, and ask them to respond. They will submit participant nominations which will include a set of materials that identifies each candidate, his academic and work background, reason for his selection and approvals of supervisors for the candidate to enter training, should he be selected. Assurance will be given in writing that the candidate will return to Indonesia upon completion of training and will be utilized in a manner requiring his/her new skills. A training plan will be submitted by the nominating organization, showing study program objectives, desired coursework and preferred training location.

The PSC will decide on the allocation of training funds after evaluating the training plans received. The availability of other donor or GOI support for this training will be considered. Selection of the candidates consists of two stages. First stage: the ministry, agency or private institution will select their candidates based on criteria determined by the PSC. Second stage: final selection by the PSC based upon recommendations of a working group (assisted by a Training Advisor supervised by the PSC) which will screen the candidates. This could include written tests and interviews if deemed appropriate. Initial selection will not be based on English capability. If selected, candidates will attend intensive English language courses in Indonesia prior to departure.

Role of Contractor. The Project Steering Committee will select a contractor to help administer the training program and provide technical assistance including appropriate design and training services. As noted earlier, a study will be carried out concerning the design of a new facility within the GOI to plan and administer overseas training programs. The contractor also will be responsible for assisting the GOI to establish the unit.

Role of USAID Training Office-EHR/T. For the first year of the project, or until a contractor is able to take charge, EHR/T will be the link between the PSC and the AID/W training contractor organizations. EHR/T will work with the U.S. university community to assure that each participant is placed in an appropriate place of study. Names of selected participants will be submitted to EHR/T by the PSC, and EHR/T will communicate with U.S. organizations for placement action. EHR/T will assist with language testing to help screen candidates for intensive English courses.

Once a candidate is in long-term study, his training plan should be reviewed and revised, if necessary, at the end of the first semester (or second quarter), the objective being to adhere to this final plan as closely as possible for the remainder of the training period. All requests for extensions and changes of program for participants will be reviewed by the PSC for resolution.

Administrative Arrangements

Project Steering Committee:

1. Receive nominations from eligible GOI ministries, agencies and private sector organizations and act on them.
2. Select participant candidates and assure that training plans have been prepared.
3. Review progress of participants in training and make decisions concerning requests for program changes, extensions for all participants.
4. Consider issues having to do with needs for both public and private sector training.
5. Initiate proposals for use of contractor funds.
6. Review plans for studies and use of consultants and approve or disapprove use of funds for this purpose.

Training Administration
in Indonesia:

1. Receive nominations from PSC and process, carrying out language testing-screening, enrollment in study programs, and other required actions.
2. Communicate with U.S. training contractor to arrange study programs.
3. Maintain all records of GPT participants.
4. Serve as liaison between U.S. participant training agencies and PSC, conveying to PSC all requests from participants for actions concerning their programs.
5. Consultant will provide technical assistance required including studies related to establishment of Overseas Training Unit.
6. Carry out all follow-up activities.

Training Administration
in U.S.:

1. Assure that all stateside obligations and arrangements concerning GPT participants are carried out.
2. Provide support for project consultant in Indonesia.

Year 1: EHR/T & AID/IT
Year 2-4: Contractor in place
Year 5-7: Overseas Training Unit functioning

PROJECT MONITORING

The Project will be monitored by the Project Manager, utilizing (a) the Implementation and Progress Monitoring Checklist (applicable portions) of Handbook 3, Appendix 11A, and (b) a number of measures as described below. (The Project Steering Committee (PSC) shall also discharge certain monitoring duties, as noted.) and (c) existing Mission staff and monitoring procedures.

1. Training plans and amendments. A training plan will be prepared for every participant selected for use in initial placement and writing the participant's course of study. Copies of these plans and any subsequent amendments will be filed together with PIO/Ps and their amendments by the Project Secretariat. Any amendments to approved training will be reviewed by the project officer and cleared through the Mission via a PIO/T.
2. Training progress reports. Trice-yearly reports (using AID "Academic and Term Report" form) will be prepared by the university in which each long-term participant is enrolled. These reports will be submitted to the GOI Project Secretariat for review by the Project Steering Committee.
3. Quarterly report of training. The contractor will submit to the Project Steering Committee a quarterly report summarizing the status of all participants (long and short-term) under the project. The OTU will continue doing that when they assume responsibility.
4. Regular contractor reports. The contractor will submit semi-annual reports to the Project Steering Committee and to USAID on operations to date, including OTU design progress training output status, problems encountered, and actions taken to correct them.
5. The Project Manager and other members of the PSC will have periodic meetings with consultants, participants, contractor representatives and others concerning their role in project implementation.
6. The PSC and the USAID Project Manager will meet to review project implementation.
7. Annual evaluation reviews will be carried out by the GOI and USAID. Evaluation results will be submitted to the PSC per the Evaluation Plan of this PP.

ECONOMIC ANALYSIS

Economic Analysis

This analysis examines the importance of education generally and of an alternative ways the GOI could purchase higher skill levels and use them effectively.

Education - the key to participation in development. Indonesia remains resource rich after centuries of exploitation; however, the great bulk of the population remains poor. Ensuring that resource extraction benefits the population requires competent public and private resource management, through a broad middle class of technical, managerial and entrepreneurs. Without the conversion of timber into plywood, crude oil into plastics or animal feed into high quality proteins, for example, the Indonesian population will not participate widely in developmental benefits. Without the growth of employment and participation, the population will continue relying unduly on the redistribution of public revenues from resource sales.

Education and training are vital to this institutional development. They require long-term investment; they are costly; they need nurturing in a supportive environment to be effective. In the absence of this institutional growth, the country's natural endowment is not easily transferable to the general population. After a decade of growth of over 7 per cent per year in real terms, for example, per capita income is around \$500 and about half of the population is below the poverty line.

Although the demand for skills has grown rapidly because of oil revenues available to the GOI during the 1970s, only some of this money has been used to institutionalize capacity. Between IFY 1971 and FY 1978, the national budget increased tenfold. The development budget also increased by a factor of ten during this period, from \$509 million to \$5.2 billion. This huge increase underscores the growing administrative and scientific responsibilities placed on an already overburdened civil service educated groups. Not only is there greater need for a rapidly widening range of technical and scientific skills, but there is also a growing shortage of Indonesian personnel with leadership, managerial and commercial experience.

The changing composition of the development budget also underscores the importance of education and training. In IFY 1971, only 39 per cent of the development budget (\$197 million) was allocated to regional development and social program activities. By IFY 1978, this allocation increased over 13 times to a level of \$2.5 billion to 48 per cent of the development budget. This increase speaks for the GOI's commitment to improve the quality of life of its citizens. Still the country's shortage of qualified personnel severely constrains Indonesia's capacity to independently manage its development.

The GOI faces a serious problem in meeting manpower needs. Because of the large and growing gap between the nation's manpower needs and its supply of skilled graduates, education has been given increasing importance over the years. This sector became the largest in budgetary terms in 1982/83. Some results are already evident. Literacy and primary school attendance rates are on a par with other ASEAN nations, at about 60 per cent and 90 per cent respectively. Secondary and higher level attendance rates and the quality of graduates, however, are low and worrisome. Despite years of investment in university education by the GOI and foreign donors, the problem of quality appears to have grown more serious.

Because of the increasing gap between manpower needs and capacities, the poor performance of universities and special skill requirements, the GOI is placing greater emphasis on foreign training. Part of the reason is that past training programs have successfully contributed to public and private sector capacities. For another, the GOI may see little near term alternative but to accept increases in this type of education.

Certainly the GOI must pay greater attention to its educational environment, to curriculum development and to access, but these will take many more years than originally thought necessary to graduate the range and quality of skills needed. In terms of near term solutions to meeting skill requirements, there is no reasonable alternatives to the use of established centers of education in other countries. The budget cost for each university student is lower in Indonesia than in the U.S. The cost per year of foreign training is around \$10,000 while the cost for in-country education is about \$5,000. However, the cost differential is less particularly when quality and effectiveness are considered. Furthermore, since many fellowships are grant or loan-funded at low interest, the financial cost to the GOI is below the cost of in-country education even when the issue of quality is set aside.

An alternative to this project that has been considered is reliance on foreign teachers to strengthen Indonesian university faculty. Such an alternative is undesirable because of salary levels expected by foreigners (4 to 8 times an Indonesian faculty member's salary), the language hurdle, and possible social adaptability problems. The economy already relies on foreigners in many public and private sector positions; substantial increases here may not be politic.

Participant training is one of the few bargains in development. Though not a substitute to domestic training capacity for the majority of skills the nation needs, it is the least costly way to meet specialized skill demands. For Indonesia, it is a near riskless choice of investment because of the low candidate-dropout rate, a near 100 per cent return rate, and the high market demand for skills in the Indonesian economy.

Because in this project a much closer relationship is established at the outset between requirements and actual training, the social payoff is much higher and is a near certainty. For example, training one Minister of Finance employee in balance of payments accounting at the IMF Institute is far less expensive than relying on the general pool of university graduates for a specific skill which may not be there.

Indonesia is only one of dozens of countries that invests in foreign training. For the U.S., it is a \$2 to 3 billion business. (Even the Japanese government and Japanese corporations invest heavily in U.S. training). One reason for this size is that the cost of higher education in LDC's is relatively high as well. It costs 40 times as much for Brazil, for example, to educate a student in a public university as in a public elementary school. Other points suggest that LDCs are wise to invest in foreign training.

The Indonesian returnee rate is an important factor in the soundness of this project. A study prepared in 1977, "Follow-Up Study on Returned Academic Participants Trained Under USAID Auspices 1970-1977," indicated that 99.5 per cent of the more than 7,000 participants sent abroad since FY 1951 by USAID's first GPT and other projects have returned. It was estimated that of these returnees, 95 per cent utilized their training in appropriate employment. This is probably a far better ratio than any other host country and is superior to the experience of other donors in Indonesia.

Thus the economic justification for overseas training seems clear. The Mission does not contend that the project is a cure for all the problems in the education sector. Long term development of the education system is as if not more necessary and that issue is being addressed by other projects in the Mission portfolio. What the Mission does maintain, though, is that the economic justification and obvious skill requirements available largely in the U.S. are so strong that a general participant training program especially one implemented by the GOI is a sound investment in development.

SOCIAL SOUNDNESS ANALYSIS

The organization setting for this project is with a group of key Indonesian development organizations. The GOI counterpart will be a Project Steering Committee composed of BAPPENAS, Finance, Cabinet Secretariat, and Education with a secretariat located in the Ministry for Efficient Utilization of State Apparatus (MENPAN).

The direct beneficiaries of the project will be the personnel selected for overseas training as well as those officials who receive technical assistance. The ultimate, long term benefits will be social, as all kinds of services are improved and new ones made available as a result of better trained, more enlightened leadership, and the gradual spread of these better trained public servants throughout Indonesia. The benefits to be gained from trained leaders is central to the concept of the project and, to the Mission's strong endorsement of upper-echelon training. The key to energizing the poor to take greater advantage of economic opportunities and to make constructive demands upon existing systems lies not only in providing them with the information and knowledge required to articulate their needs, but also in the capacity of government and private agencies to hear these demands, interpret them and respond constructively. Both objectives are facilitated by well-designed training programs that can influence the sensitivity of upper-level leaders and the institutions they administer.

The impact of the training provided in this project will be enhanced by the multiplier effect. As participants return from overseas, many will be in a position to train their colleagues. In addition to these informal influences on their associates, there will be opportunities for training in seminars and workshops. Some may publish their information in a form that can be transmitted to the community at large. Most will transmit their learning by becoming agents of change within their organizations, suggesting and showing new ways to analyze, and solve problems. In this way participation of the beneficiaries with their colleagues and the community at large will be achieved.

The Role of Women. In Indonesia there is at present a growing recognition that women play an important role in the development. The project will seek to further this by not only improving the administrative, creative and leadership capabilities of women through the various training programs offered under this project, but also by sponsoring women who will have a significant impact on the role of all women in Indonesia.

A major reason women have not participated as fully in the USAID (and other) overseas training programs as we and the Indonesian Government wish, is cultural. Several years of resident study abroad for women who usually marry at an early age and may have family obligations is difficult. Creative training approaches to offset these situations will be explored by the Project Steering Committee, such as earmarking a substantial percentage of study funds for women. Several women leaders (including former participants) will also be invited to attend in-country meetings to suggest ways to improve the participation of women in the project.

CONDITIONS AND COVENANTS

Conditions Precedent to Disbursement

First Disbursement

Prior to the first disbursement of AID loan funds, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Cooperating Country 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) An opinion of counsel acceptable to A.I.D. that this agreement has been duly authorized and/or ratified by, and executed on behalf of, the Cooperating Country and that it constitutes a valid and legally binding obligation of the Cooperating Country in accordance with all of its terms;

(b) A statement of the names of the persons holding or acting in the office at the Cooperating Country specified in Section 9.3 and a specimen signature of each person specified in such statement;

(c) Plans, acceptable to A.I.D., for the utilization of Cooperating Country funds and contributions in kind to this project and evidence acceptable to A.I.D. of the inclusion of the initial Cooperating Country contribution within the Cooperating Country budget.

Condition Precedent to Initial Disbursements for Training:

(a) Evidence that a Project Steering Committee has been formed consisting of representatives from BAPPENAS, Ministry for Efficient Utilization of State Apparatus (MENPAN), Ministry of Finance, Cabinet Secretariat, Ministry of Education, USAID, and other ministries as deemed appropriate by the GOI.

Covenants:

Project Evaluation

The Parties agree to establish an annual evaluation program as part of the project. Except as the Parties otherwise agree in writing, the program will include:

(a) evaluation of progress toward attainment of the objective of the project;

(b) identification and evaluation of problem areas or constraints which may inhibit such attainment;

(c) assessment of how such information may be used to help overcome such problems;

(d) evaluation, to the degree feasible, of the overall development impact of the project.

Continued Cooperating Country Support to the O.T.U.

As part of its contribution to this project the Cooperating Government agrees to establish and fund a permanent overseas training unit which is to be in full operation after the fourth year of this project. The Government will determine the location of that unit no later than 9 months from the signing of this agreement.

Annual Review of Selection Criteria

The parties agree to jointly review and revise as mutually agreeable and on an annual basis the selection criteria to be used in choosing candidates.

EVALUATION PLAN

Focus. Evaluation of the General Training Project will focus on (1) the extent to which returned participants utilize their training and are utilized by their departments and agencies; (2) the quality and relevance of training provided at U.S. and other training institutions; (3) the relevance and influence of the projects planned, programmed and/or implemented by individuals trained or employed in this project; (4) appropriateness of selection criteria and (5) effectiveness of English language training.

Methodology. Project evaluation will consist of four major elements: follow-up activities conducted by the USAID/GOI; an annual review; meetings with the Project Steering Committee as required; and the continuous monitoring of trainees and training programs by the Contractor, AID/W, the Mission and concerned departments and agencies. This integrated evaluation process will provide for a comprehensive project review and ensure the relevance and effectiveness of the project.

In detail these elements are:

- Upon return, each participant will complete a training evaluation questionnaire and will be interviewed by the USAID Training Division or the OTU. The Division or OTU will make out a monthly report on all returnees for the month and will notify the USAID divisions of their returnees so that they can be sure to contact participants related to their sector.
- The former trainee will be contacted at least once a year for three years as prescribed in Chapter 25 of Handbook 10 to determine what position he or she is occupying, how his or her training may be helping in job performance, and what additional assistance might be required that could be provided under the follow-up component of this project.
- An annual project review will be planned and conducted by the USAID. The evaluation will use USAID and individual GOI agency records as well as the results of follow-up surveys and field studies. A USAID Project Evaluation Summary (PES) will be prepared.
- The PSC, Contractor and USAID Project Manager will hold planning and review meetings as required, but not less than twice a year. During these meetings, progress in implementing project activities will be assessed, and obstacles to project implementation will be identified and action to overcome them agreed upon.

CLUING GPT I EXPERIENCE IN PARTICIPANT SCREENING AND PROCESSING, EFFECTIVE UTILIZATION OF TRAINING UPON RETURN TO INDONESIA, AND FOLLOW UP PROGRAMS.

4. THIRD COUNTRY AND IN-COUNTRY TRAINING: THE PID LEAVES IMPRESSION THAT ALL TRAINING, LONG-TERM AND SHORT-TERM, WILL BE IN U.S. USAID REPRESENTATIVE AT APAC MEETING INDICATED UP TO ONE THIRD OF TRAINING MAY BE THIRD COUNTRY PLUS SOME IN-COUNTRY SHORT-TERM TRAINING CLARIFICATION REQUESTED IN PP

5. LOAN FUNDING: LATEST OYB FOR FY 83 (PROJECTED) INDICATES DOLLARS 1.5 MILLION GRANT FUNDING FOR GPT II PID SHOWS 100 PER CENT LOAN FUNDING. APAC HAS NO QUARREL WITH GRANT FINANCE IF USAID CAN ACCOMMODATE WITHIN OVERALL LOAN-GRANT SPLIT PROVIDED IN INDONESIA OYB'S. GRANT MORTGAGE, IF ANY, SHOULD BE MINIMAL BEYOND FY 87

6. VOLUME OF TRAINING: THE PID PROPOSES AN ESTIMATED 135 MA DEGREES, 21 PH.D. DEGREES, PERHAPS ANOTHER 30 MA DEGREES OF QUOTE REIMBURSABLE UNQUOTE TRAINING, AND 140 INDIVIDUALS PARTICIPATING IN SHORT-TERM NONDEGREE COURSES. THE IMPLEMENTATION PLAN APPEARS TO SHOW ALL FUNDS OBLIGATED AND ALL LONG-TERM TRAINING STARTS INITIATED BY FY 84. THE APAC RECOMMENDS STRETCHING OUT PROJECT WITH FINAL LONG-TERM TRAINING STARTS IN SEPTEMBER 1985 AND LOP AS LONG AS REQUIRED FOR ALL PARTICIPANTS TO COMPLETE TRAINING PROGRAMS

7. NEED FOR THE PROJECT: THE GPT II PROPOSAL PURPORTS TO RESPOND TO TRAINING NEEDS WHICH CANNOT BE MET BY OTHER PROJECTS IN THE USAID/INDONESIA PORTFOLIO. THE PP SHOULD PRESENT A COMPREHENSIVE JUSTIFICATION FOR GPT II, PRESSING TOTAL PROJECTED HIGHER EDUCATION TRAINING NEEDS, GOI POLICY STATEMENTS, OTHER DONOR PROGRAMS, AND A SPECIFIC BACKUP OF ALL OTHER USG-SUPPORTED TRAINING (PRINCIPALLY THE TRAINING ELEMENTS OF OTHER USAID-FUNDED PROJECTS BUT ALSO OTHER USG PROGRAMS SUCH AS USICA).

8. OTHER ISSUES: SEVERAL OTHER CONCERNS DISCUSSED BY THE APAC ARE SUMMARIZED IN THE ISSUES PAPER PREPARED FOR THE APAC. THIS PAPER HAS BEEN COVERED UNDER SEPARATE COVER AND SHOULD BE REFERRED TO IN PREPARING THE PP. PAIG
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UNCLASSIFIED

STATE 15385

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Project Title & Number: General Participant Training II (497-0328)

ANNEX B

Life of Project: From FY 1983 to FY 1989
Total US Funding: \$12,750,000
Date Prepared: April 1983

INDICATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATOR	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which the project contributes:</p> <p>Improve the economic & social development of Indonesia. Increase the probability of GOI attaining its major targets in the fourth five year development plan.</p>	<p>Measure of Goal Achievement:</p> <p>Rise in per capita income continued stability with growing participation in the democratic process.</p>	<p>GOI statistics.</p>	<p>Assumptions for achieving goal targets:</p> <p>Economic management continues as at present.</p>
<p>Project Purpose:</p> <p>Expand the managerial capabilities of ministries, universities and private, non-profit organizations to implement development programs effectively.</p>	<p>Conditions that will indicate purpose has been achieved: End of project status.</p> <ol style="list-style-type: none"> Participants have returned to important assignments. An overseas training unit is placing Indonesian participants and supporting them. 	<p>Follow-up program evaluation.</p>	<p>Assumptions for achieving purposes:</p> <p>Participants will return to Indonesia.</p>
<p>Inputs:</p> <p>Personnel for key positions have completed masters, doctoral or short-term training. OTU fully staffed and operational with full GOI financial support and with an institutionalized system for providing English language training.</p>	<p>Magnitude of Outputs:</p> <p>175 Masters and 25 PhD. 225 short-term program OTU has taken over 100% of USAID program in addition to other programs.</p>	<ul style="list-style-type: none"> - PIO/PIs - Feasible to transfer participant administration to GOI. - English language test and scores. - Requests by IRRD, etc., to use OTU for additional donor training. 	<p>Assumptions for achieving outputs:</p> <p>Good trainees can be selected. GOI will fund OTU beyond project life.</p>
<p>Costs:</p> <p>7,600,000 for 450 P/T Academic 1,800,000 for 450 P/A S/T training 1,349,000 for 70 P/A of consultant services to design the OTU for participant placement, and for technical studies. 125,000 for follow up and evaluation.</p>	<p>Implementation Target (Type and Quantity)</p> <p>Establishment of OTU</p> <p>225 short-term, 175 long-term participants in US for training.</p> <p>225 short-term, 175 long-term trained in English.</p>	<p>Appointment of OTU leadership and staff.</p> <p>Quarterly budget requests from US long term contractor.</p>	<p>Assumptions for providing inputs:</p> <p>OTU is a viable system in the Indonesian context. Demand for training exists among Indonesians. GOI will provide good English language training.</p>

5C(2) PROJECT CHECKLIST

Listed below are statutory criteria applicable generally to projects under the FAA and project criteria applicable to individual funding sources: Development Assistance (with a subcategory for criteria applicable only to loans); and Economic Support Funds.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE? HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT?

A. GENERAL CRITERIA FOR PROJECT

1. FY 1982 Appropriation Act Sec. 523; FAA Sec. 634A; Sec. 653(D).

(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)?

The Committees in appropriation of Senate and House were notified of the project through the FY 83 Congressional Presentation (ASIA Program; page 77) and through a Congressional Notification.

2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$100,00, will there be (a) engineering, financial or other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

Yes.

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? No further legislative action is required.
4. FAA Sec. 611(b); FY 1982 Appropriation Act 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? 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? Yes.
6. FAA Sec. 209. Is project susceptible to 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.

This project should directly encourage (c) and (e).

8. FAA Sec. 601(b).
Information and conclusions 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 trade channels and the services of U.S. private enterprise).

N.A.

9. FAA Sec. 612(b), 636(h);
FY 1982 Appropriation Act Sec. 507. 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.

Normal project disbursement procedures assure this.

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.
11. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? Yes:
12. FY 1982 Appropriation Act Sec. 521. 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. producers of the same, similar or competing commodity? N.A.
13. FAA 118(c) and (d). Does the project take into account the impact on the environment and natural resources? If the project or program will significantly affect the global commons or the U.S. environment, has an environmental impact statement been prepared? If the project or program will significantly affect the environment of a foreign country, has an environmental assessment been prepared? Does the project have a limited effect on the environment. The project is essentially to provide U.S. training.

project or program take into consideration the problem of the destruction of tropical forests?

14. FAA 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (dollars or local currency generated therefrom)? N.A.

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

a. FAA Sec. 102(b), 111, 113, 281(a). Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-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

This project is designed to benefit the rural poor.

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. Does the project fit the criteria for the type of funds (functional account being used)?

Yes.

c. FAA Sec. 107. Is emphasis on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?

Yes.

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 is the latter cost-sharing requirement being waived for a "relatively least developed" country)?

Yes.

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"?

N.A.

f. FAA Sec. 122(b). Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?

Yes.

g. 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.

This project supports development of local government institutions and increase the productivity capacity and income of the rural poor.

2. Development Assistance Project
Criteria (Loans Only)

a. FAA Sec. 122(b). Information and conclusion on capacity of

GOI is able to repay the loan.

the country to repay the loan, at a reasonable rate of interest.

- 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.

- c. ISDCA of 1981, Sec. 724 (c) and (d). If for Nicaragua, does the loan agreement require that the funds be used to the maximum extent possible for the private sector? Does the project provide for monitoring under FAA Sec. 624(g)? N.A.

3. 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. 531(c). Will assistance under this chapter be used for military, or paramilitary activities? N.A.

- c. FAA Sec. 534. Will ESF funds be used to finance the construction of the operation or maintenance N.A.

of, or the supplying of fuel for, a nuclear facility? If so, has the President certified that such use of funds is indispensable to nonproliferation objectives?

- d. 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? N.A.
- e. "Sec. 133. Notwithstanding any other provision of this joint resolution, none of the funds appropriated under section 101(b) of this joint resolution may be available for any country during any 3-month period beginning on or after October 1, 1982, immediately following the certification of the President to the Congress that such country is not taking adequate steps to cooperate with the United States to prevent narcotic drugs and other controlled substances (as listed in the schedules in section 202 of the Comprehensive Drug Abuse and Prevention Control Act of 1971 (21 U.S.C. 812) which are produced, processed, or transported in such country from entering the United States unlawfully." N.A.



ANNEX D

REPUBLIC OF INDONESIA
NATIONAL DEVELOPMENT PLANNING AGENCY
JAKARTA, INDONESIA

No. : 1132 /D.I/5/1983

, 1983

To	Act	Info
DIR		
D/D		
PRO	✓	
LA		
ECON		
MSY		
CM		
FIN		✓
FIN/B		✓
FIN/FA		
RD		
POP		
NN		
EHR		✓
EHR/Y		✓
STE		
DA		
VHP		
PYE		
AGR		
PSDO		
InfoC		
GAO/ADM		
PER		
SO		
C B A		

Mr. William P. Fuller
Director
USAID Mission
c/o American Embassy
Jakarta

Re : General Participant Training II Project

Dear Sir,

Having discussed the General Participant Training II Project with the Ministry of Finance and elements of Bappenas concerned with the Project, we herewith request a loan of up to eleven million two hundred fifty thousand United States Dollars (\$ 11,250,000) and a grant of up to one million five hundred thousand US dollars (\$ 1,500,000). The Government of Indonesia will provide the rupiah equivalent of \$ 4,265,000 to support this project over its Planned Seven Year Life.

The purposes of the project are as follows :

- A. To train 25 participants to the Ph.D level, 175 to the MA level and permit up to 225 participants to receive short-term training in the U.S., other ASEAN nations and other countries as appropriate.
- B. The design and creation of an overseas training unit which will process and support overseas trainees funded by the U.S. other donors and the Indonesian Government. This unit will be supported by a Project Steering Committee.
- C. The carrying out of specialized studies related to volume, type and quality of overseas training being pursued by the Indonesian Government.

Seventy per cent of the training will be earmarked for the Public Sector, and the remaining 30% will be reserved for the private sector, defined as private universities and private voluntary, non-profit organizations.

The project will be implemented by the Ministry of Finance, MENPAN and Bappenas through a Project Steering Committee.

Looking forward to your favorable consideration.

Sincerely yours,



[Handwritten signature]

ACTION COPY

GPT I EVALUATION SUMMARY AND LESSONS LEARNED

A. Evaluation Summary

The first general participant training project (GPT I) ran from FY 67 through FY 77. The New Order Government asked AID for the project to (a) enable participants sent to the United States before relations were broken to complete their programs, and (b) to provide funds for new overseas training opportunities. USAID provided over \$12,000,000 in grant funds and the GOI \$4,850,000 for the project. The USAID Training Office and the Cabinet Secretariat were counterpart agencies, processing 1300 participants over the eleven-year period.

An evaluation of GPT I using a questionnaire survey was completed in October 1982. Major conclusions of the evaluation are found on pages 4-12 of the final report, and are summarized below.

1. The use of a general training project as opposed to a project-specific program was particularly appropriate to the needs of Indonesia and USAID.
2. 99.9 per cent of the participants successfully completed their programs and returned to Indonesia (all but 2). 97 per cent found skills learned in training to be relevant and appropriate in Indonesia.
3. Almost all GPT I participants returned to positions of considerable authority. The current Minister of Administrative Reform and the Minister of Labor, as well as one former Cabinet Minister, received GPT I-financed training. Former participants include a national bank president, leaders of the Central Research Institute for Agriculture, department and division heads of national and regional government offices, and numerous university deans and lecturers.
4. Nearly all former participants have been promoted; 88 per cent of respondents to the questionnaire said that their USAID training had contributed to their receiving promotions or achieving positions of greater responsibility.
5. Participants reported high utilization of new skills and information in their lives since returning to Indonesia.
6. Problems faced by participants, in terms of making use of their training, were lack of equipment, facilities and other resources (38 per cent of respondents), and poorly trained or informed co-workers (24 per cent). (Funding for equipment and other support systems was not available under GPT I.)
7. Problems for participants in their training experience were inadequate English language preparation (15 per cent), insufficient background preparation in the subject studied (13 per cent) and adjustment to the country of study (11 per cent).

8. The participant selection procedure functioned well, as evidenced by the percentages of those who successfully completed training and returned to work.

9. USAID's administrative practices in identifying weaknesses and dissatisfaction were helpful to participants on an individual basis. However, the follow-up system as originally envisioned in GPT I was never fully implemented. Opportunities were lost when participant requests for scholarly materials, journals, and other assistance could not be honored. This was due to a lack of funding, either from USAID or the GOI. Another problem was the failure of a returned participant organization to evolve into a viable, self-sustaining entity.

B. Lessons Learned

1. A general participant training project should be broad in scope, flexible and responsive to the unique manpower needs of the host country. The project's objectives should be tailored to host country plans, the overall development strategy of the USAID Mission and the activities of the other donors, if any.

2. A general training program should be designed so that its development sector priorities, emphasis, approach and scope may be altered to reflect progress in the overcoming of specific manpower gaps in the host country's pool of skilled individuals.

3. A general training program can be used to fill the manpower gaps left between discrete Mission projects, assist host country entities without specific development project assistance, respond to specific host country requests, and fund AID developed special or annual programs. Nevertheless, the general project should also contain special concentrations of training assistance. In this way general training may be used over a period of years to create cadres of trained individuals, who are employed in specific host country entities. For example, the General Participant Training project annually supported individuals from the Central Bureau of Statistics, for a total of 17 during the life of the project.

4. A general training program can be used as means of "headstarting" future USAID discrete technical projects. This can be done through the creation of host government interest in seeing a project established and by the creation of a fundamental cadre of officials, who can work with the Mission to design, plan and implement a new technical assistance project.

5. A general training program should be well coordinated with the host country preferably with a central contact point to insure the following: annual funds are used in an appropriate manner, no single host country entity receives a disproportionate amount of assistance, participants are well selected, and participants are properly utilized upon their return home.

6. General training programs should be kept as free of over-planning as feasible, but should at the same time be frequently reviewed by both the USAID and the host country to ensure that sectors worthy or needful of assistance are identified and that progress toward project goals are realized.

GENERAL PARTICIPANT TRAINING II PROJECT

Annex F

AMPLIFIED PROJECT DESCRIPTION

I. GENERAL PROJECT DESCRIPTION

The goal of the General Participant Training II Project (GPT II) is to assist the GOI to increase the effectiveness of Indonesian programs in realizing national development objectives, by facilitating the long and short term training processes by which the manpower base of the country is upgraded and broadened. The purpose of the Project is to expand the manpower capabilities of government ministries; public and private universities; and private non-profit organizations. In addition, GPT II will also establish a permanent Overseas Training Unit (OTU) within the GOI capable of managing all future general participant training programs and supporting English language training of the Indonesian Government. The OTU, under the direction of a GOI Steering Committee, will perform the placement and support functions now largely performed by foreign donors.

At the completion of the project, it is expected that the following results will have been achieved:

- 1) Approximately 25 persons trained at the doctoral level in the U.S., 175 persons trained at the master's level in the U.S., and 225 persons trained in short-term technical programs, and in supervised on-the-job programs. Approximately 70% of the loan funds will be used for training of GOI personnel; the remaining 30% will be used for training of private sector personnel. For purposes of this project, the private sector is defined as private universities and private voluntary non-profit organizations. Approximately two-thirds of the loan funds will be used for long term academic training at the graduate level in the United States for approximately 200 participants selected from Indonesian Government organizations and private universities.
- 2) An Overseas Training Unit fully staffed and operational with the GOI assuming full financial support for its operation in the fifth year of the project. A subsidiary output of the unit will be an institutionalized system for providing high quality English language training for participants.

- 3) Specialized studies carried out on specific training-related topics.
- 4) A follow-up program for participants who are trained under this project as well as those under other A.I.D. financed participant training to measure utilization of training.

AID loan funds may also be used to pay the cost of approximately 450 months of short term technical training including short courses, on-the-job training and observation tours for GOI employees as well as for personnel from private voluntary organizations. The average length of short term training is estimated at two months. Some 225 participants will be involved, with third country training in ASEAN countries and other countries available where appropriate. Subject to the approval of the Project Steering Committee, funds will be made available from the contingency budget to permit participants who were funded under other USAID projects and who have not completed their training by the end of such project to complete their studies.

During the first year of the project the Office for Training within USAID will continue to assist in arranging for training and placement of students. During this period a contractor(s) will be selected to carry out participant placement for the next three years of the project, to do the design study for the OTU, to provide technical assistance to the GOI on the establishment of the OTU, and to provide follow-up activities for returning participants. By the 36th month of the project, the OTU is expected to be functioning independently of technical assistance.

II. RESPONSIBILITIES OF THE PARTIES

The GOI will be responsible for the establishment of the Project Steering Committee supported by a GOI-funded Secretariat. The Project Steering Committee will be composed of representatives from BAPPENAS, the Ministry for Efficient Utilization of State Apparatus (MENPAN), Ministry of Finance, Cabinet Secretariat, and USAID and any other Ministry deemed appropriate by the Government of Indonesia.. The Project Steering Committee will review individual applications per the selection criteria agreed upon between the GOI and USAID; and with overall consideration for the identification of specific occupational skills demands for implementation of Repelita IV, and the available supply of such skills. It will also initiate proposals for technical assistance, review participants' progress and consider policy issues to strengthen project goals.

The Steering Committee will select a contractor pursuant to AID procurement regulations on host country contracting, and established selection criteria. Once the Project Steering Committee is organized and functioning, it will concentrate on the selection of candidates, the provision of English language training and the identification of short-term studies. These activities will be supported by the GOI financial contribution as detailed in

the project budget for travel, English language and support costs. International air travel for participants will be provided by the GOI on the national airline Garuda to the closest point to the U.S. flown by Garuda. International air travel from that point will be provided under the AID loan. For the purpose of this Agreement, either Amsterdam or Tokyo are presently the closest points flown by Garuda and will be used to calculate the GOI and USG contributions. In the event of schedule changes, the line items in the budget will be revised to reflect these changes as long as the total amount provided by the GOI is not less than that provided in the Project Agreement, and as long as the total amount provided by AID is not increased. In addition, any changes in line items of the budget which exceed 15% must be agreed to by the Parties in writing, as long as the total amount provided by the GOI is not less than that provided in the Project Agreement, and as long as the total amount provided by AID is not increased.

A.I.D. will provide placement services for candidates funded under the loan and will assist the Steering Committee in the procurement and funding of the contractor as detailed in the project budget. Once that contractor is in place, USAID will turn over active participant training files for this project to the contractor and assist him/her in the orderly transition of the training function. In addition AID will provide funds under the Loan for the payment of participant training costs together with associated costs for inflationary increases. AID will also assist the Steering Committee in the identification of short term studies relevant to training activities of the GOI, fund those studies under short and long term technical assistance, and also fund a program of regular follow-up and evaluation.

The OTU will process training requests which have been approved by the Project Steering Committee, carry out language testing, arrange training programs, maintain all training records, serve as a liaison between the Project Steering Committee and US training institutions and carry out follow-up activities. The design of the Overseas Training Unit will be part of the work of the main technical assistance contractor. Remaining studies will be identified by the Project Steering Committee as the project begins to be implemented, and once the main contractor is in place. The studies will be short term and address specific policy and implementation constraints such as the effectiveness of present English language instruction. By the ninth month from the date the Project Agreements have been signed, the Government of Indonesia will decide on the ministerial location of the Overseas Training Unit for incorporation into the consultant's design.

Participants will be selected from all Government ministries and agencies and from private universities and voluntary non-profit organizations against specific selection criteria and an overall review process of a Project Steering Committee. The criteria for selection will be subject to an annual review and will initially consist of the following: