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Annual Budget Submission

FY 1984

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S U B M I S S I O N

June 1982

FY 1984 ANNUAL BUDGET SUBMISSION

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INTRODUCTION

This introduction briefly reviews economic highlights, summarizes recent development progress and continuing problems, outlines priorities for the Mission's program in FY 83 and FY 84, and concludes with a few observations about the project portfolio's characteristics and the Mission's management. It is recognized that this information was not formally requested as part of the ABS, but it was the Mission Director's understanding from the February CDSS meeting that AID/W would welcome a brief interim statement at this time.

The FY 84 ABS submission should be reviewed not only with AID/W's usual perspicacity, but also with flexibility, particularly in regard to new projects. The Mission is under new management, and building on some of the excellent work of the past the Mission's major directions for the mid-1980's will be established in a CDSS which will be available towards the end of the year. The proposals presented here, therefore, represent the Mission's best judgment at present about priority directions and projects, judgments that may be altered to a degree by the CDSS. At the same time, however, it should be noted that the ABS contains several continuing or terminating projects. These should be considered firm. In brief, this year's submission can be viewed as an interim plan enabling the Mission to continue the strong parts of its present program, as well as a preliminary outline of possible directions for the future. These directions will be subjected to rigorous review during the preparation of the CDSS.

The economy

Following OPEC decisions, Indonesia reduced daily oil production from 1.6 to slightly less than 1.3 million barrels. As a consequence, deficits in foreign exchange earnings will probably be larger than reported in the CDSS update in January. According to the Ministry of Finance, the current account and overall balance of payments deficits for this fiscal year (beginning 1 April) may reach $4.5 to $5.0 billion, and $2.0 to $2.5 billion respectively. Already foreign exchange reserves have dropped to $9 billion, and it is anticipated that they will decline below $7.5 billion by the fiscal year's end. Nonetheless, with a positive reserve position, strong capacity for international borrowing, and considerable potential for internal resource mobilization, Indonesia should have little difficulty financing deficits in the short-run.

The picture for the longer-term however is uncertain. The Government is counting on a rapid expansion of non-oil exports at a time when the outlook for the world economy is bleak; a reduction in domestic oil consumption at a time when a rapid expansion of transport and industry is planned; increased use of alternate energy sources, such as coal, when reserves are unproven and adequate transport and plant conversion capacity do not exist.

The impact of the downturn in earnings on development finance is not yet clear. The Minister of Finance mentioned to USAID a few weeks ago that the Government is planning levels of investment in FY 83/84 that will produce a GDP growth rate of 7 [redacted] to 8 percent in real terms, and that payments deficits will be financed by increased commercial borrowing, revenues from non-oil exports, and hopefully, more concessional assistance. It is also possible that further reductions in fuel price subsidies will be introduced, resulting in budget savings. The World Bank Report for Indonesia indicates, possibly optimistically (it assumes oil price increases in 1984 and beyond), that it may be possible to achieve investment levels envisaged by the Government, particularly if the investment and regulatory systems are improved, subsidies are reduced, adherence to import substitution is relaxed, and strong efforts are made to mobilize internal resources.

Our conclusion is that the Government will have some difficulty mobilizing required levels of investment and will introduce modest budget adjustments. However these adjustments will probably be delayed as long as possible given the fact that the final step in the Presidential election process will not take place until May 1983. Consequently, it seems likely that development investment will not be significantly curtailed in the coming year, that donors may be pressed for more development assistance, and that possibly more attention will be given to policies that favor foreign investment.

Socio-economic development -- progress and problems

Turning to the internal economy, it is clear that Indonesia has achieved substantial progress in recent years:

-- Rice production has grown as a result of increased irrigation, expanded high-yielding variety and fertilizer use, favorable farm prices, and good weather. In 13 years, rice production has nearly doubled while the harvested area has increased only slightly. In 1968 the production of milled rice was 11.7 million MT and in 1981 22.3 million MT.

-- Manufacturing has increased at 13% per year, although its base is still very small.

-- Family planning has taken off. A dynamic government family planning organization has established an extensive network reaching villages and sub-village units with information and contraceptives. Approximately 40 percent of eligible couples now practice contraception. The Mission's analysis indicates a growth rate of around 2 percent, a reduction from 2.7 in 1970.

-- Access to primary schooling has widened -- more than 90

percent in 1970. The number of state universities has grown from 39 in 1970 to 43 in 1980. Expanding education is now the country's top priority, and accounts for approximately 15 percent of Government's development budget.

-- The Government has steadily decentralized, placing more responsibility and resources in the hands of local government and village organizations.

-- The country's economy in general has been well managed, though its industrial policy is weak. Inflation is under control, tax reforms are underway, food and fuel subsidies are smaller, foreign debt is at regional levels, controls on exports of primary products were improved to encourage local processing, and attempts have been made to expand credit in rural areas.

But despite this progress, a substantial part of which is probably attributable to the significant increase in oil earning, in the mid to late 1970s, Indonesia continues to rank fairly low in terms of development indicators:

-- Although per capita income has risen to about $520 and the World Bank now classifies Indonesia as a so-called middle-income country, this level is well below per capita income in Thailand, the Philippines, El Salvador, Nigeria and many other developing countries. In terms of wages, there is active debate over whether real agricultural wages have risen. The data are inconclusive, but they suggest that wages have increased somewhat in recent years, that there is considerable regional variation, and that there is a likelihood of decline in coming years as the oil-linked pace of development slackens.

-- The adult literacy rate is reported to be around 62 percent, well below reported rates in China, Tanzania, Thailand and the Philippines.

-- Unemployment or underemployment are widespread and growing. A recent World Bank study puts urban underemployment at 15-20 percent, and indicates that 20 million new jobs must be created during the decade to absorb new entrants to the labor force. The report's conclusions regarding the capaciy of agriculture and industry, under present policies, to absorb new entrants to the labor force are not optimistic.

-- Infant mortality is estimated to be about 100-120, well above Thailand and the Philippines and close to the rate prevailing in India. There are only one-fifth as many doctors in Indonesia per 100,000 population as there are in India and Pakistan.

-- Rice yields are about 3.3 to 3.5 tons per hectare, well above Bangladesh, Malaysia and the Philippines, but well below

Japan, Korea and Taiwan. Secondary food crops have remained static for the last few years, thereby requiring annual imports of maize, wheat, soybeans and mungbeans.

-- Industrial policies are inconsistent and appear to give little attention to generating extensive employment.

-- Even though the family planning program has been effective, population pressures remain significant. At present growth rates, Indonesia's population is expected to increase from 153 million in 1982 to 194 - 200 million by the end of the century.

-- Finally, experienced and trained manpower, as well as leadership capacity, is woefully inadequate. In 1978, 92 percent of Indonesia's civil servants had not progressed past high school. World Bank estimates suggest that 337,000 administrators/managers will be needed by 1990, yet in 1979 only 500 students graduated from Indonesian universities with majors in business administration.

These figures of course are averages and therefore conceal regional variations. The World Bank estimates that 30 to 40% of Indonesian families live at or below the poverty line.

The conditions outlined above reflect several related and obvious problems: weak Government and private institutions -- it should be recalled that in 1942 there were only 125 Indonesians in universities; limited in-country training capacity; population pressures; policies which have historically favored import substitution, public sector enterprise and urban growth rather than efficient industry and rural development; weak provincial government; a regulatory system that constrains private sector development and private investment; problems of management; and possibly agrarian structural problems, including land ownership and tenurial arrangements.

USAID's directions and programs

It is possible during the latter part of the decade that Indonesia will have been able to overcome a number of poverty related problems and will have acquired the characteristics of a middle-income country. Given the present financial picutre this is by no means assured, but nevertheless the Mission's staff will need to keep this long-run possibility in view as it plans strategies for the 1980s. If this favorable situation were to emerge or if we were confident that other donors were effectively covering the usual development fields, the Mission might consider an adjustment in its assistance program; for example, a gradual shift to strengthening industrial planning and management, urban development, and the development of science and technology related to industrial growth.

For the present however, given Indonesia's uncertain financial future and its low score on social indicators, it is our view that USAID's program in Indonesia should continue to have a strong rural orientation; that is, at the most general level it should aim at increasing income and consumption, expanding employment, improving access to basic services, and widening opportunities for local participation in planning and managing development programs. Within this broad field, given constraints that limit rural development, USAID's strengths and weaknesses, the composition of the Mission's present commitments, Government interests, and the role of other donors, we are planning to concentrate our limited staff and resources on the following during FY 83 and FY 84:

1. Assisting the country to achieve food self-sufficiency.

Despite increases in rice production, Indonesia is not self-sufficient in food production. Other food crops, important for nutrition, are in deficit. In addition, Indonesia imports around 1.5 million tons of wheat a year. The Mission is presently engaged in useful work to assist the Indonesians increase food output. In future, although the struggle to expand rice production is not over and USAID should continue to be helpful primarily through support of research and training, we plan to increase attention to secondary food crops which are important nutritionally. The GOI is committed to addressing the problems of rain fed uplands and secondary crop development. This area has received relatively little attention yet appears to have excellent potential if problems with low prices, drying and storage can be overcome. Also, there may be excellent possibilities for private sector food processing. With increased crop production in view, we plan to focus on building institutions for food crop research, improving policy planning, developing watershed management capacity, and strengthening in-country agricultural education in FY 83 and FY 84.

2. Expanding non-farm employmnt and rural industry.

Increasing landlessness, rural unemployment and underemployment are major problems. There is evidence that the numbers of underemployed are increasing. This problem is complicated, and unfortunately there are few useful examples of how to address it. Yet there is no question that job creation must be a major objective in the 1980s. While intensification and extensification of agriculture will provide some opportunities, agriculture will not absorb all new labor force entrants. Off-farm employment is therefore essential. There are clearly many constraints to off-farm employment generation, and we will need to approach this field with caution. At present we are thinking of focusing on policy studies that identify the dimensions of problems related to unemployment and underemployment; ex-

panding non-farm rural credit experimental programs; developing management training capacity; and selecting one geographic area where unemployment is particularly acute, Central Java, for a multi-purpose project to strengthen private business activity. We are also exploring ways in which the US private sector might support Indonesian private sector development.

3. Improving family planning and basic health care.

Mission resources for family planning will decline with the phaseout of large-scale contraceptives procurement. At the same time we plan to increase funding for health. There remains a need for substantial assistance to family planning probably through the 1980's to strengthen the program's management and organization, including the Government's capacity to handle contraceptive procurement and distribution, extending effective services to key provinces which now lag behind in contraceptive use, developing in-country capabilities for training and research, and improving delivery of services in urban areas. The family planning program has made rapid progress during the past decade, but the next 7-10 years will determine the real success of institutionalizing the small family concept. The need for continuing large-scale USAID assistance for contraceptive purchases is ending as the country's production capacity and the government's budget for contraceptives increases.

Data on mortality and morbidity are currently weak, and there is a debate about whether infant and child mortality have declined markedly in recent years. It is clear however that the Department of Health requires help, and that rural health services are poor in quality and at best are accessible to only 20 percent of rural families. We are therefore planning further support for health research and training, provincial health planning and management, and a nutrition program.

4. Improving and expanding selected aspects of education and training. These will be central elements in our program strategy given the country's visible scarcity of trained manpower. In Indonesia, strengthening formal education is Government's top priority, and this is underscored in the World Bank's report for IGGI. Education absorbs a large proportion of the annual budget and therefore must be planned with particular care; drop-out rates are high and inefficiencies result in enormous waste in absolute terms; education and training are essential for effective economic and political participation; the returns on investment in education remain high; education is crucial on equity grounds for it gives children from poorer communities a chance to compete for better opportunities in life. Within the field of education and training we intend to continue our participant training program with the long-term objective of establishing Indonesian capacity to manage it;

strengthen education policy planning and demonstration projects, particularly to improve the quality of primary and secondary schooling; and build up selected university departments (such as agriculture and business management).

Within these four broad categories and sub-categories, the Mission plans to assist in several ways depending of course on the nature of the problem being addressed: support for institution development, demonstration projects, policy analysis, and development of decentralized planning and management systems such as PDP. We also intend to maintain a lively PVO and science and technology program, and to weave into our projects, when appropriate, a private sector concern.

We have straight-lined the Title I and II programs for FY 83 and FY 84. Mission staff are in the process of developing a strategy for each, and we will communicate this information as part of the CDSS.

The CDSS will spell out the Mission's directions and objectives in a much more detailed and analytical way, but we wished to provide an overview of current thinking regarding the Mission's program direction for FY 83 and FY 84 as a background for the ABS.

Observations about the Mission's FY 83 and FY 84 portfolio

1. Policy discussions

The Mission's management has underlined the importance of assisting the Government in analysis of major development policy issues. We have established a policy working group with representatives from each of the technical offices. It is chaired by the Mission's economist. The working group has encouraged the technical offices to identify major policy concerns, and is preparing a Mission policy project for funding in FY 83. A $3 million three year project has been budgeted which will enable the Mission to respond flexibly and quickly to GOI requests for policy help. Example of studies which might be funded include a recent request from the Minister of Finance for studies of selected aspects of rural credit, small-scale industry, and constraints to private sector activity. In addition to this project, there are other Mission projects that focus on policy in specific areas -- Agricultural Research and Planning, and Health Research and Development.

2. Private sector

Our interest in the private sector reflects primarily a concern for non-farm employment and a belief that a vigorous private sector can be an important stimulant to development. The Mission's objective in Indonesia is to strengthen selected

parts of the Indonesian private sector through policy studies, management training, expanded credit, capital market development, and improved ties with the U.S. private sector.

In our FY 83 and FY 84 budgets, we have made provisions for policy study, management training, and rural credit. In FY 82 we are submitting a project paper for a private sector project which will attempt to develop stronger links between the U.S. and Indonesian private sectors. It contains the following elements:

a) The establishment of a private facilitative mechanism (local consulting firms) to link U.S. and Indonesian investors, and support for strengthening the capacity of the National Investment Board.

b) A competitive awards fellowship program for private sector managers for middle and advanced management training in U.S. universities.

c) Technical advice for the GOI and U.S. companies, which are planning large capital investments in specific geographic areas, on planning social and economic programs that will provide maximum impact for surrounding communities -- development of locally owned and managed supportive industries, credit facilities, technical training, and basic infrastructure development.

d. Special policy studies, including studies of alternatives for capital market development.

e. Loan funding for a private venture capital firm. The World Bank and UNIDO are investing large sums in feasibility studies so we do not anticipate a need for much funding in this area.

3. Staffing and management

The Misssion's management has planned staff reductions in line with Mr. Staples' letter of 7 April 1982 and subsequent instructions on ceilings received by cable. Eight positions were eliminated in late FY 81, three in late FY 82, and we anticipate a further reduction of four in FY 83. We are adhering to the stipulated ceilings in our FY 84 ABS presentation; however, we think the pace of reduction is too fast and will have unfortunate effects which need further discussion.

With a decline in staff size, we are attempting to give the Mission's program tighter focus, reduce the number of new project starts and the number of active projects, and trim mortgage levels. In FY 84 the number of new projects budgeted is 6, somewhat less than in previous years; by the end of FY 84

the number of active projects will have been reduced from a current level of 52 to 34; we are forward funding as many projects as possible to keep annual funding for ongoing projects to less than 60% of our budget for future years. The pipeline of funds has already begun to decline.

The Indonesian Mission has a sizeable staff, but there are reasons for it. We have inherited a large number of active projects, some only in early stages of implementation, which were planned at a time when staff size was less of a constraint. Implementation tasks, such as contracting, procurement and evaluation, place heavy demands on our diminishing staff; we give these tasks first priority. Our program, as noted is partly aimed at decentralizing government machinery and therefore our project activities are by necessity fairly widespread geographically. The country itself is large--from tip to tip it is longer than the distance from San Francisco to Bermuda. Most of our attention focuses on institution-building which requires regular and close professional ties with Indonesian counterparts. Indonesia is weak institutionally compared to its ASEAN neighbors and probably to some of the countries on the Indian subcontinent, and there is no doubt that our staff partly performs a technical assistance role. Also, our local salaries are low. We would like to raise salaries so that we can recruit more Indonesian staff who can take on more management responsibility.

4. Other Observations

The ABS contains a mix of projects planned and implemented by central and provincial authorities. Strengthening provincial planning and implementing capacity is considered essential in a country as large and diverse as Indonesia, and USAID has been working closely with Government to do so. Development problems must be addressed in the different contexts within which they exist, and unless provincial government is strengthened there will be no sub-national mechanisms for allocating government resources and planning projects. Also, provincial and sub-provincial organizations including the village organizations attached to them, provide opportunities for wider public participation in project planning and implementation.

A final characteristic of the portfolio is its attention to co-financing . A number of projects will be funded jointly with the World Bank and other donors. The World Bank is exploring with us joint funding for the water management project; the Ford Foundation, British Council and the World Bank are joining us in management training; and IFAD is exploring the possibility of extending funding to PDP.

Table I Narrative

The FY 84 ABS at the $72 million AAPL represents an evolving project portfolio providing funds for eleven on-going projects (representing 58% of FY 84 budgetted funds) and six new starts. We believe that this portfolio is responsive to GOI priorities and expectations as we understand them at this time. It also reflects a number of program changes started in FY 82 and intended to increase the program's responsiveness to Agency priorities and interests and to our own capabilities as a field oriented Technical Assistance organization. Three projects directly focus on the private sector, and there are private sector elements in several others. One project specifically concentrates on strengthening policy analysis, and a number of other projects contain policy elements. We also have three energy related projects, one assisting Indonesia's major Energy Research Laboratory, and two designed to strengthen key institutions responsible for energy planning and manpower development.

The FY 84 portfolio focusses on four basic problem areas:
1) assisting the country to achieve food self-sufficiency,
2) expanding non-farm employment and rural industry,
3) improving basic health care and family planning, and
4) improving and expanding selected aspects of education and training. Within these areas, the portfolio provides support in varying degrees for institution building, improved policy analysis, experimental and demonstration projects, and institutionalized planning and management.

While moving toward this re-directed portfolio, major attention has been given to completing the implementation of existing projects. This combined with the GOI and our own increased experience with project implementation has helped to reduce our pipeline considerably. As of March 31, 1982, our pipeline was 39% of total obligations, as compared to 55% as of June 30, 1981. Within the Asia Bureau, Indonesia ranked second in low pipeline percentages among the Asia Missions.

Another important characteristic of the FY 84 portfolio is reflected in Table IV, that is a substantial reduction of active projects. This Table lists a total of 52 active projects at the end of FY 1981. Of these 52 projects, 15 are scheduled to be terminated in FY 82, 10 in FY 83 and 11 in FY 84. By the end of FY 84, our active projects will be down to 34.

Of these active projects, 14 will have been fully funded before FY 84 (requiring no additional FY 84 funds), and 4 projects will become fully funded in FY 84, leaving a total of 16 projects which are only partially funded and thus create a demand on future year funds. This mortgage amounts to $99.55 million or 148% of the FY 82 program. We believe that this mortgage is manageable and well within our means since prelimi-

nary estimates indicate that these 16 projects will require about $39 million in FY 85 and about $43 million in FY 86 (about 53% and 57% of current planning figures for those two years). Included among these projects is the Family Planning Development Services II project, which receives annual increments, up to a total LOP of $50 million until FY 89. We have adhered to the forward funding guidelines.

Workforce

The above program has been developed on the assumption of a declining USDH work force and we are confident that we will be able to manage this portfolio within expected staff ceilings. An overall decline in the number of active projects, increased program concentration, promotion of qualified FNDH to permissible project officer duties, and tighter management will all help us manage the program within the staffing constraints reflected in Table I. We are mindful, however, that there are centain responsibilities concerning the protection of US interests which cannot be redelegated to contractors or to FNDHS. These duties and responsibilities based to a large extent on law or on Agency wide administrative requirements, must be carried out by USDH personnel. Thus staff levels and program requirements must be kept in balance. The present ABS reflects USAID/Indonesia's "can-do" attitude, within the constraints, to achieve that balance.

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TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT ($ Thousands)

Country/Office USAID/Indonesia

DEVELOPMENT ASSISTANCE	FY 1982 EST	FY 1983 EST	FY 1984 REQUEST	PLANNING PERIOD 1985	1986	1987
Agriculture, Rural Development & Nutrition						
Grants	12,900	7,250	5,500	6,000	6,000	6,500
Loans	14,160	24,900	25,500	26,000	27,000	29,000
Population						
Grants	4,000	3,000	3,000	3,000	3,000	3,000
Loans	17,250	3,000	6,000	6,000	6,000	3,000
(of which centrally procured commodities)	(15,250)	-	-			
Health						
Grants	3,250	-	2,500	2,000	2,000	2,000
Loans	3,550	2,600	6,500	6,000	6,500	7,000
Education						
Grants	1,000	2,000	3,000	2,500	3,000	3,000
Loans	5,750	15,000	7,000	10,000	10,000	11,000
Selected Dev. Activities						
Grants	500	3,250	3,500	3,500	3,500	3,500
Loans	4,950	4,000	9,500	9,000	9,000	10,000
Subtotal Func. Accounts						
Grants	21,650	15,500	17,500	17,000	17,500	18,000
Loans	45,660	49,500	54,500	57,000	58,500	60,000
Total DA Accounts	67,310	65,000	72,000	74,000	76,000	78,000
PL 480 (non-add)						
Title I	17,500	20,000	20,000	20,000	20,000	20,000
(of which Title III)	-	-	-	-	-	-
Title II	5,894	5,000	5,000	1/	1/	1/
TOTAL PERSONNEL						
USDH (workyears)	65	62	59	58	55	55
FNDH (workyears)	95	95	95	95	95	95

1/ to be determined

OPTIONAL TABLE III

Proposed FY82 -FY84 Programs ($ 000.)

Project # and Title	FY82 OYB		FY83		FY84	
Agr., RD & Nutrition	G	L	G	L	G	L
497-0244 Luwu I	150	1,610				
497-0264 PDP I	1,350	3,150	1,000	3,300		
497-0265 Ag. Planning			500			
497-0267 Rural Electrification	2,000					
497-0276 PDP II	500		1,500	8,100		
497-0281 Citanduy II	500	3,500	1,000	3,100		
497-0286 Small Scale Fisheries	1,000					
497-0297 West. Univ. Ag. Educ.	2,400		500			
497-0302 Applied Ag. Research	2,000	4,400	500			3,000
497-0304 Secondary Crops				6,400		
497-0311 National Watershed			750	4,000		
497-0312 Land Mapping & Titling	1,000					
497-0329 Private Sector Proj. Prep.	500	1,500				
497-0330 East Timor Development	1,000		1,500		1,000	
497-0331 Central Java Enterprise					1,000	4,000
497-0336 PVO Co-Financing II	500					
497-0339 Water Resources Policy						4,000
497-0341 Local Credit Institutions					1,500	4,500
497-0342 Ag. Planning II					2,000	5,000
497-0343 Graduate Ag. School II						5,000
Sub-total:	12,900	14,160	7,250	24,900	5,500	25,500
	27,060		32,150		31,000	
Population						
497-0270 F.P. Development & Svces	4,000	2,000				
497-0271 Oral Contraceptives		15,250				
497-0327 F.P. Development & Svces II			3,000	3,000	3,000	6,000
Sub-total:	4,000	17,250	3,000	3,000	3,000	6,000
	21,250		6,000		9,000	

Project # and Title	FY82 OYB		FY83		FY84	
Health						
497-0273 Health Training, R & D.						4,000
497-0305 Village FP/MCW	2,000	1,050		2,600		
497-0325 CHIPPS	500	2,500			2,500	2,500
497-0336 PVO Co-Financing II	750					
Sub-total:	3,250	3,550		2,600	2,500	6,500
	6,800		2,600		9,000	
Education						
497-0261 Prof. Res. Dev.I				1,000		
497-0308 Local Gov't Trng II	500	1,750	1,000	3,250		
497-0317 In-Country Mgt.Trng.		4,000				3,000
497-0328 General Participant Trng II			1,000	3,250		4,000
497-0332 Engl Lang Center				2,500		
497-0336 PVO Co-Financing II	500					
497-0344 Strgth.Ed.Decision Making.				5,000		
497-0345 Private Sector Mgt.Tng.					3,000	
Sub-total:	1,000	5,750	2,000	15,000	3,000	7,000
Total:	6,750		17,000		10,000	
Selected Development Activities						
497-0318 Energy Planning II		1,000				
497-0329 Private Sector Proj. Prep.		2,500				5,000
497-0333 PUSPIPTEK Energy Res. Lab.	500	1,450		4,000		4,500
497-0336 PVO Co-Financing II			2,250		2,500	
497-0340 Policy Studies			.1,000		1,000	
Sub-total:	500	4,950	3,250	4,000	3,500	9,500
	5,450		7,250		13,000	
Total:	21,650	45,660	15,500	49,500	17,500	54,500
Grand-total:	67,310		65,000		72,000	

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TABLE IV PROJECT BUDGET DATA

Country/Office: USAID/Indonesia

PROJECT NUMBER	PROJECT TITLE	G/L	OBLIGATION DATE INITIAL	OBLIGATION DATE FINAL	LIFE OF PROJECT COST AUTH	LIFE OF PROJECT COST PLAN	ESTIMATED U.S. DOLLAR COST ($000) Cum Pipeline as of 9/30/81	FY 1982 OBL	FY 1982 EXP	FY 1983 OBL	FY 1983 EXP	FY OBLIGATIONS 1984 AAPL	FY OBLIGATIONS FUNDED TO MO/YR	FY OBLIGATIONS 1985	FY OBLIGATIONS 1986	FY OBLIGATIONS 1987	FY OBLIGATIONS FUTURE YEAR	ITEM #
	Agr., RD & Nutrition																	
4970189	Assistance to Agriculture	G	69	78	2683	2683	8	(8)	-	-	-	-	-	-	-	-		906
4970198	Agricultural Research	G	71	80	3275	3275	434	-	434	-	-	-	-	-	-	-		908
4970225	PVO Co-Financing	G	74	81	2172	2172	575	-	285	-	290	-	0982	-	-	-		917
4970236	Brackish Water Fisheries	G	77	80	417	805	56	(56)	-		-	-	-	-	-	-		925
4970241	Aceh Road Betterment	L	75	75	10300	10300	3596	-	3596	-	-	-	-	-	-	-		930
4970242	Sederhana Irrigation I	L	75	77	23700	23700	2975	(1175)	1800	-	-	-	-	-	-	-		931
4970244	Luwu Area & Transm. Dev. I	G	76	82*	3700	2090	1895	150	1695	-	200	-	0783	-	-	-		932
4970244	Luwu Area & Transm. Dev. I	L	76	82	15000	16610	5689	1610	4689	-	1000	-	0783	-	-	-		933
4970245	Citanduy River Basin Dev.I	L	77	77	12500	12500	5304	-	1700	-	1800	-	1082	-	-	-		934
4970246	N. Sumatra Reg. Planning	G	77	79	1560	1560	19	-	19	-	-	-	-	-	-	-		935
4970249	TA/Consulting Services I&II	L	76	78	6000	6000	159	-	159	-	-	-	-	-	-	-		938
4970252	Sederhana Irrigation & Land Development II	G	78	81	11300	11300	5431	-	3500	-	1500	-	0883	-	-	-		939
4970252	Sederhana Irrigation & Land Development II	L	78	79	25000	25000	24488	-	7000	-	14000	-	0883	-	-	-		940
4970260	Agric. Education for Devel.	L	76	76	5500	5500	296	-	296	-	-	-	-	-	-	-		943

TABLE IV PROJECT BUDGET DATA

Country/Office: USAID/Indonesia

PROJECT NUMBER	PROJECT TITLE	G/L	OBLIGATION DATE INITIAL	OBLIGATION DATE FINAL	LIFE OF PROJECT COST AUTH	LIFE OF PROJECT COST PLAN	ESTIMATED U.S DOLLAR COST ($000) Cum Pipeline as of 9/30/81	FY 1982 OBL	FY 1982 EXP	FY 1983 OBL	FY 1983 EXP	FY OBLIGATIONS 1984 AAPL	FUNDED TO MO/YR	1985	1986	1987	FUTURE YEAR	ITEM #
4970262	Surakarta Potable Water	L	77	77	6800	6800	1242	-	1140	-	25	-	1082	-	-	-		945
4970263	Sumatra Agr. Research	G	77	77	2500	2500	1957	-	600	-	800	-	0484	-	-	-		947
4970263	Sumatra Agr. Research	L	77	78	7000	7000	6643	-	500	-	1500	-	0484	-	-	-		948
4970264	Prov. Area Dev., Prog. I	G	77	83*	2800	5150	697	1350	700	1000	700	-	0488	-	-	-		949
4970264	Prov. Area Dev. Prog. I	L	77	83*	6000	12450	2800	3150	1400	3300	1400	-	0488	-	-	-		950
4970265	Agr. Dev. Planning & Admin.	G	77	83*	1300	1800	822	-	475	500	500	-	0683	-	-	-		951
4970265	Agr. Dev. Planning & Admin.	L	77	78	5000	5000	3833	-	1230	-	1100	-	0683	-	-	-		952
4970267	Rural Electrification I	G	78	82	11000	11000	3185	2000	3360	-	1800	-	1284	-	-	-		955
4970267	Rural Electrification I	L	78	78	30000	30000	27513	-	12177	-	13836	-	1284	-	-	-		956
4970276	Prov. Area Dev. Prog. II	G	79	85*	6000	9500	3308	500	1600	1500	1700	-	0585	1500	-	-		963
4970276	Prov. Area Dev. Prog. II	L	79	85*	18000	30400	15100	-	3000	8100	5000	-	0585	4300	-	-		964
4970281	Citanduy River Basin Dev.II	G	80	83	4250	4250	2732	500	1200	1000	1600	-	1086	-	-	-		968
4970281	Citanduy River Basin Dev.II	L	80	83	22750	18600	11982	3500	1100	3100	2000	-	1086	-	-	-		969
4970285	Rural Works II	G	79	81	3000	3000	1270	-	770	-	320	-	0483	-	-	-		970
4970285	Rural Works II	L	79	80	25000	25000	17176	-	4723	-	7716	-	0184	-	-	-		971
4970286	Small Scale Fisheries	G	80	82	3000	3000	1943	1000	425	-	750	-	0985	-	-	-		972

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE IV PROJECT BUDGET DATA

Country/Office: USAID/Indonesia

PROJECT			OBLIGATION DATE		LIFE OF PROJECT COST		ESTIMATED U.S. DOLLAR COST ($000)											ITEM #
							Cum Pipeline as of 9/30/81	FY 1982		FY 1983		FY OBLIGATIONS						
NUMBER	TITLE	G/L	INITIAL	FINAL	AUTH	PLAN		OBL	EXP	OBL	EXP	1984 AAPL	FUNDED TO MO/YR	1985	1986	1987	FUTURE YEAR	
4970290	Grad. Agr. School Title XII	G	79	80	2170	2170	1322	-	480	-	510	-	0784	-	-	-		973
4970290	Grad. Agr. School Title XII	L	79	79	5330	5330	5116	-	680	-	2620	-	0784	-	-	-		974
4970293	Eastern Islands Agric. Edu.	G	79	80	2500	2500	1929	-	860	-	940	-	0684	-	-	-		975
4970293	Eastern Islands Agric. Edu.	L	79	79	5000	5000	4585	-	1150	-	2180	-	0684	-	-	-		976
4970297	Western Univ. Agr. Edu.	G	81	83*	3900	3900	1000	2400	580	500	865	-	0886	-	-	-		979
4970297	Western Univ. Agr. Edu.	L	81	81	5950	5950	5830	-	1170	-	1525	-	0886	-	-	-		980
4970302	Applied Agr. Research	G	80	83*	6500	4000	1500	2000	150	500	800	-	0985	-	-	-		982
4970302	Applied Agr. Research	L	80	84*	18900	21900	14500	4400	700	-	1500	3000	0985	-	-	-		983
4970304	Secondary Crop Dvlpmt.	L	83	83	-	6400	-	-	-	6400	1181	-	1287	-	-	-		1105
4970311	National Watershed Dev.	G	83	85	-	2550	-	-	-	750	100	-	0984	1800	-	-		-
4970311	National Watershed Dev.	L	83	86	-	11200	-	-	-	4000	-	-	0985	4200	3000	-		-
4970312	Land Mapping & Titling	G	80	82	2000	2000	1000	1000	500	-	750	-	1283	-	-	-		990
4970329	Private Sector Project Prep.	G	82	82*	-	500	-	500	-	-	100	-	0387	-	-	-		1146
4970329	Private Sector Project Prep.	L	82	82*	-	1500	-	1500	-	-	250	-	0387	-	-	-		1141

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE IV PROJECT BUDGET DATA

Country/Office: USAID/Indonesia

PROJECT NUMBER	PROJECT TITLE	G/L	OBLIGATION DATE INITIAL	OBLIGATION DATE FINAL	LIFE OF PROJECT COST AUTH	LIFE OF PROJECT COST PLAN	ESTIMATED U.S. DOLLAR COST ($000) Cum Pipeline as of 9/30/81	FY 1982 OBL	FY 1982 EXP	FY 1983 OBL	FY 1983 EXP	FY OBLIGATIONS 1984 AAPL	FUNDED TO MO/YR	1985	1986	1987	FUTURE YEAR	ITEM #
4970330	East Timor Development	G	81	84	5000	5000	1500	1000	1000	1500	2000	1000	0186	-	-	-		1005
4970331	Central Java Enterprise Devel.	G	84	85*	-	2000	-	-	-	-	-	1000	0986	1000	-	-		1106
4970331	Central Java Enterprise Devel.	L	84	85	-	7800	-	-	-	-	-	4000	0986	3800	-	-		1006
4970336	PVO Co-Financing II	G	82	82*	-	500	-	500	453	-	47	-	0984	-	-	-		1010
4970339	Water Resources Policy	L	84	86	-	6400	-	-	-	-	-	4000	0686	-	2400	-		-
4970341	Local Credit Institutions	G	84	86	-	3000	-	-	-	-	-	1500	0686	-	1500	-		-
4970341	Local Credit Institutions	L	84	86	-	8500	-	-	-	-	-	4500	0686	-	4000	-		-
4970342	Agriculture Planning II	G	84	85	-	2000	-	-	-	-	-	2000	1089	-	-	-		-
4970342	Agriculture Planning II	L	84	86	-	8000	-	-	-	-	-	5000	1089	-	3000	-		-
4970343	Graduate Agr. School II	L	84	86	-	7000	-	-	-	-	-	5000	0387	-	2000	-		-
	Appropriation Total				334757	424045	191410	27060 1/	67296	32150	74905	31000		16600	15900			
	Grant				81027	94205	32583	12900	19086	7250	16272	5500		4300	1500			
	Loan				253730	329840	158827	14160	48210	24900	58633	25500		12300	14400			

TABLE IV PROJECT BUDGET DATA

Country/Office
USAID/Indonesia

PROJECT NUMBER	PROJECT TITLE	G/L	OBLIGATION DATE INITIAL	OBLIGATION DATE FINAL	LIFE OF PROJECT COST AUTH	LIFE OF PROJECT COST PLAN	ESTIMATED U.S. DOLLAR COST ($000) Cum Pipeline as of 9/30/81	FY 1982 OBL	FY 1982 EXP	FY 1983 OBL	FY 1983 EXP	FY OBLIGATIONS 1984 AAPL	FUNDED TO MO/YR	1985	1986	1987	FUTURE YEAR	ITEM #
	Population Planning																	
4970188	Family Planning Asst. Services Oral	L	77	77	7300	7300	79	-	79	-	-	-	-	-	-	-		905
4970270	Family Planning Dev. Services	G	78	82	25245	25920	10922	4000	6404	-	5250	-	1286	-	-	-		959
4970270	Family Planning Dev. Services	L	78	82	-	2000	-	2000	30	-	450	-	1286	-	-	-		1095
4970271	Oral Contraceptives	L	78	82	60000	60000	22710	5250	13793	-	13236	-	0784	-	-	-		960
4970327	Family Planning Dev. & Services II	G	83	89*	-	21000	-	-	-	3000	100	3000	0485	3000	3000	3000	6000	1002
4970327	Family Planning Dev. & Services II	L	83	89*	-	29000	-	-	-	3000	100	6000	0486	5500	5500	2500	6500	1116
	Appropriation Total				92545	145220	33711	21250	20306	6000	19136	9000		8500	8500	5500	12500	
	Grant				25245	46920	10922	4000	6404	3000	5350	3000		3000	3000	3000	6000	
	Loan				67300	98300	22789	17250	13902	3000	13786	6000		5500	5500	2500	6500	

TABLE IV PROJECT BUDGET DATA

Country/Office: USAID/Indonesia

PROJECT NUMBER	PROJECT TITLE	G/L	OBLIGATION DATE INITIAL	OBLIGATION DATE FINAL	LIFE OF PROJECT COST AUTH	LIFE OF PROJECT COST PLAN	Cum Pipeline as of 9/30/81	FY 1982 OBL	FY 1982 EXP	FY 1983 OBL	FY 1983 EXP	FY OBLIGATIONS 1984 AAPL	FY OBLIGATIONS FUNDED TO MO/YR	FY OBLIGATIONS 1985	FY OBLIGATIONS 1986	FY OBLIGATIONS 1987	FY OBLIGATIONS FUTURE YEAR	ITEM #
	ESTIMATED U.S DOLLAR COST ($000)																	
	Health																	
4970225	PVO Co-Financing	G	74	81	822	822	467	-	179	-	288	-	0983	-	-	-		918
4970230	Health Research and Devel.	G	75	77	855	855	5	-	(26)	-	-	-	-	-	-	-		921
4970239	Malaria Control	L	75	75	24700	24700	756	-	505	-	-	-	-	-	-	-		928
4970247	Rural Sanitation Manpower Development	L	77	77	6800	6800	5288	-	2540	-	200	-	1082	-	-	-		936
4970253	Expanded Program In Immunization	G	79	81	3200	3200	2631	-	500	-	650	-	0684	-	-	-		941
4970253	Expanded Program In Immunization	L	79	79	10000	10000	9964	-	1925	-	3000	-	0684	-	-	-		942
4970273	Health Trg., Res. & Dev.	G	78	86*	4500	6500	3493	-	767	-	1000	-	0983	-	2000	-		961
4970273	Health Trg., Res. & Dev.	L	78	86	-	8000	-	-	-	-	-	4000	0387	-	4000	-		961
4970305	Village F. Planning/MCW	G	80	82*	10000	7400	4779	2000	1900	-	2300	-	0985	-	-	-		985
4970305	Village F. Planning/MCH	L	80	83	-	3650	-	1050	-	2600	100	-	0985	-	-	-		-
4970325	Comp. Health Improvement Prog.	G	81	84	-	3000	-	500	25	-	200	2500	0988	-	-	-		1107
4970325	Comp. Health Improvement Prog.	L	81	84*	9000	11000	6000	2500	800	-	1200	2500	0988	-	-	-		1100
4970326	Timor Malaria Control	L	80	80	3600	3600	3529	1271	-	1400	-	-	1285	-	-	-		1001
4970336	PVO Co-Financing II	G	82	82*	-	750	-	750	150	-	100	-	0984	-	-	-		1011
	Appropriation Total				73477	90277	36912	6800	10536	2600	10438	9000		-	6000			
	Grant				19377	22527	11375	3250	3495	-	4538	2500		-	2000			
	Loan				54100	67750	25537	3550	7041	2600	5900	6500		-	4000			

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Country/Office: USAID/Indonesia

PROJECT NUMBER	PROJECT TITLE	G/L	OBLIGATION DATE INITIAL	OBLIGATION DATE FINAL	LIFE OF PROJECT COST AUTH	LIFE OF PROJECT COST PLAN	ESTIMATED U.S. DOLLAR COST ($000) Cum Pipeline as of 9/30/81	FY 1982 OBL	FY 1982 EXP	FY 1983 OBL	FY 1983 EXP	FY OBLIGATIONS 1984 AAPL	FUNDED TO MO/YR	1985	1986	1987	FUTURE YEAR	ITEM #
	Education & Human Resources																	
4970183	General Participant Trg.	G	67	77	12104	12104	12	(12)	-	-	-	-	-	-	-	-		903
4970225	PVO Co-Financing	G	74	81	1125	1125	733	-	429	-	304	-	0983	-	-	-		916
4970248	Higher Edu. Dev. Trg.	L	77	81	5700	5700	2326	-	1212	-	750	-	1084	-	-	-		937
4970261	Professional Res. Dev. I	L	78	83*	5900	6900	4086	-	1650	1000	700	-	0484	-	-	-		944
4970275	Professional Res. Dev. II	L	78	78	5000	5000	4592	-	1050	-	1250	-	0983	-	-	-		962
4970280	Self Instructional Learning System	G	79	81	3000	3000	2177	-	756	-	1000	-	0984	-	-	-		967
4970296	Edu. Communication Dev.	G	79	81	2000	2000	1556	-	776	-	580	-	0684	-	-	-		977
4970296	Edu. Communication Dev.	L	79	80	4000	4000	3640	-	2908	-	600	-	0684	-	-	-		978
4970300	Energy Manpower & Trg.	G	80	81	1000	1000	981	-	620	-	361	-	0384	-	-	-		981
4970308	Local Government Trg. II	G	80	83	2500	2500	976	500	760	1000	780	-	0885	-	-	-		987
4970308	Local Government Trg. II	L	80	83*	7000	7000	2000	1750	750	3250	1250	-	0885	-	-	-		988
4970317	In-Country Mgt. Dev.	L	82	85*	4000	9000	-	4000	-	-	500	3000	0687	2000	-	-		992

TABLE IV PROJECT BUDGET DATA

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4970328	General Participant Trg.II	G	83	83*	-	1000	-	-	-	1000	100	-	0984	-	-	-		1108
4970328	General Participant Trg.II	L	83	86*	-	11250	-	-	-	3250	-	4000	0985	2000	2000	-		1003
4970332	English Lang. Centers	L	83	85*	-	6800	-	-	-	2500	1200	-	0985	4300	-	-		1007
4970336	PVO-Co-Financing II	G	82	82*	-	500	-	500	453	-	47	-	0984	-	-	-		1009
4970344	Strengthening Edu. Dec. Making	L	83	83	-	5000	-	-	-	5000	-	-	0987	-	-	-		-
4970345	Private Sector Mgt. Trg.	G	84	84	-	3000	-	-	-	-	-	3000	0986	-	-	-		-
4970345	Private Sectopr Mgt. Trg.	L	84	86	-	5000	-	-	-	-	-	-	-	2000	3000	-		-
	Appropriation Total				53329	91879	23079	6750 2/	11364	17000	9422	10000		10300	5000	-		-
	Grant				21729	26229	6435	1000	3794	2000	3172	3000		-	-			
	Loan				31600	65650	16644	5750	7570	15000	6250	7000		10300	5000	-		-

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	Selected Dev. Activities																	
4970215	West Java T & D I	L	73	73	17200	17200	65	(68)	7	-	-	-	-	-	-	-		913
4970223	Jagorawi Highway	L	74	74	26000	26000	511	-	480	-	31	-	-	-	-	-		914
4970225	PVO Co-Financing	G	74	81	2148	2148	337	-	107	-	230	-	0983	-	-	-		919
4970232	West Java T & D II	L	74	74	19700	19700	100	(54)	-		-	-	-	-	-	-		923
4970266	Science & Technology	G	78	80	1500	1500	914	-	277	-	480	-	0184	-	-	-		953
4970266	Science & Technology	L	78	78	5000	5000	3644	-	1100	-	1800	-	-	-	-	-		954
4970268	Approp. & Low Cost Tech.	G	78	78	500	500	11	-	11	-	-	-	-	-	-	-		958
4970314	Assistance to Environ. Centers	G	79	80	500	500	371	-	222	-	149	-	0184	-	-	-		991
4970318	Energy Planning for Dev.II	L	82	82	-	1000	-	1000	100	-	300	-	0983	-	-	-		993
4970329	Private Sector Project Prep.	L	82	84	-	7500	-	2500	-	-	750	5000	0387	-	-	-		1004
4970333	Puspiptek Energy Lab.	G	82	82*	-	500	-	500	30	-	250	-	0384	-	-	-		1097
4970333	Puspiptek Energy Lab.	L	82	86*	-	14950	-	1450	200	4000	2000	4500	0388	-	5000	-		1008
4970336	PVO Co-Financing II	G	82	86	-	9500	-	-	-	2250	1137	2500	0986	2250	2500	-		1012
4970340	Policy Studies	G	83	85	-	3000	-	-	-	1000	50	1000	0685	1000	-	-		-

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Appropriation	Total				72548	108998	5953	5450 3/	2534	7250	7177	13000		3250	7500			
	Grant				4648	17648	1633	500	647	3250	2296	3500		3250	2500			
	Loan				67900	91350	4320	4950	1887	4000	4881	9500		-	5000			
Program	Total				526656	860419	291065	67310	112036	65000	121078	72000		38650	42900	5500	12500	
	Grant				152026	207529	62948	21650	33426	15500	31628	17500		10550	9000	3000	6000	
	Loan				474630	652890	228117	45660	78610	49500	89450	54500		28100	33900	2500	6500	

1/ Does not include deobligation of 1,239 in FY 82
2/ Does not inlcude deobligation of 12 in FY 82
3/ Does not inlcude deogbligation of 122 in FY 82

New Project Narratives

1. 497-0311 National Watershed Development
2. 497-0339 Water Resources Policy
3. 497-0340 Policy Studies
4. 497-0341 Local Credit Institutions
5. 497-0342 Agricultural Planning II
6. 497-0343 Graduate Agriculture School II
7. 497-0344 Strengthening Educational Decision Making
8. 497-0345 Private Sector Management Training

Project No. : 497-0311

Project Title : National Watershed Development Program

Proposed Funding : FY 83 L. 4.0 million G. 0.75 million
LOP L. 11.2 million G. 2.55 million

Appropriation Account: Agriculture, Rural Development and Nutrition

Project Purpose: To assist the GOI develop the institutional structures and manpower capability at the national, provincial and local levels required to address systematically the interrelated problems of low agricultural productivity and environmental degradation found in up to three of the eleven major watersheds on Java, Bali, Lombok and Madura.

Description of Problem: Perhaps the most serious issue confronting government policy makers with respect to long-term agricultural development in Java, Bali, Madura and Lombok is the prospect of irreversible environmental deterioration of vital watersheds due to extreme population pressure and the consequent introduction of sedentary agricultural practices on increasingly steep slopes. The problem is of such dimension that unless corrective measures are taken soon, the fundamental character and productivity of inner island agriculture, both upland and lowland, could be seriously impaired within the time span of one or two generations.

In the Citanduy River Basin, the GOI with AID assistance, has pioneered the development of an ecologically stable and privately profitable upland farm technology adapted to the agroclimate and environmental conditions particular to the 290,000 ha. Citanduy watershed. AID also has been instrumental, in the context of the recently implemented Citanduy II project, in assisting the Government develop a decentralized, interagency institutional framework for disseminating this upland technology throughout the watershed area of the Citanduy Basin.

Means of Dealing with Problem: The program to address the problem would be designed and implemented in three phases over possibly a fifteen year period in conjunction with the GOI and IBRD. The present project constitutes Phase I.

As a consequence of the critical nature of the environmental problems facing the country and the encouraging progress made in the Citanduy watershed, the GOI issued a joint Ministerial decree on June 12, 1981 which established for the first time an interagency policy-making body responsible for overall policy and program formulation with respect to watershed development in the Citanduy River Basin-- the Central Coordinating Committee. The proposed project would assist the incipient Central Coordinating Committee to become more firmly established by providing it with a role beyond that of focusing on only a

single basin - i.e. Citanduy. The project would further refine and extend the approach to field level organization initially tested in Citanduy. It would assign responsibility for component activities to a task force comprised of the provincial agriculture services coordinator (Kanwil) and the Provincial Development Planning Board (BAPPEDA). In so doing, the project would build upon existing AID relationships, established under the PDP program, with target area BAPPEDAs. Field activities within the purview of the task force would include establishment of demonstration farms in the critical watersheds as bases for extension of the Citanduy-based technology and on-farm research to further refine and adapt the technology.

AID participation in Phase I would extend over a five year life of project. The details of this phase would be worked out following a feasibility study this summer. This study would also examine the Citanduy experience to date and help the Mission assess whether enough is now known to proceed with other basins, the constraints that both need to be addressed and the number of basins that could be practically managed within the project assuming that the feasibility is favorable. AID funds would provide technical assistance required to plan and carry out a comprehensive watershed program in up to three identified critical watershed areas located on Java, modeled to an extent after that presently being provided under the Citanduy II project, and training. Technical assistance would be provided not only at the watershed level, but at the national level as well, to enable the GOI to analyze alternative organizational arrangements for the establishment of a permanent national capacity to manage watershed areas. Training, performed in conjunction with existing Environmental Studies Centers, would establish the necessary technical manpower base for wider application of the watershed management model.

Technical assistance would be in the form of a team of three expatriate advisors in each targeted watershed for 42 months each, drawn from the fields of agronomy, soil conservation, agricultural economics, and animal husbandry, and an economist and public administration expert at the national level.

IBRD would fund overseas training, logistical support for the consultants, including housing; construction of facilities, such as extension centers and subcenters in the watersheds, and equipment procurement.

Expansion into up to three additional watersheds as is proposed herein would extend the Citanduy experiment to more meaningful dimensions. The viability of the organizational framework heretofore concerned only with Citanduy would be tested in terms of its ability to provide required management in several watersheds, a necessary transitional phase in moving from a basin specific to a Java-wide watershed conservation program. At the same time, the Citanduy technology would be refined and adapted to a number of different agro-climatic zones.

The World Bank has agreed to become involved in financing of upper watershed activities. Bank insistence on a collaborative arrangement with AID as a precondition to their involvement is an added argument for AID participation in the proposed activity.

Phases II and III would be a continuation of Phase I in which AID might also decide to provide the technical manpower necessary to expand the proposed project in the three target watersheds as well as to assist the GOI to strengthen the national institutional arrangements required if the program is to be successfully expanded into the other critical watersheds on the islands of Java, Bali, Lombok and Madura.

Host Entities Involved: At the national level, the project would be under the policy direction and supervision of the recently created Central Coordinating Committee, which has so far been limited to a Citanduy specific function.

At the provincial level, a task force comprised of BAPPEDA and the Kanwil, or Ministry of Agriculture provincial representative, would provide supervision and planning inputs. At the watershed level, implementation would be the responsibility of a Watershed Management Development Team, which would encompass all participating agriculture sector entities, in close coordination with the district government. The Watershed Management Development Team concept is working well in Citanduy, for which it was developed, and is the critical institutional arrangement which would be tested under this project for wider applicability. The team incorporates technical manpower of all concerned Ministry of Agriculture agencies under a single head. This constitutes a substantial innovation, since at present, the national watershed program is run out of the Directorate General of Forestry in the absence of any meaningful relationship with other agricultural entities whose inputs are vital in addressing the problems attendant to sedentary agriculture on steep slopes, such as the food crop and animal husbandry agencies.

Major Issues to be Addressed During Project Development: The three critical watersheds which would constitute the target area would need to be identified from among the major watersheds on Java.

Specific details of IBRD involvement, including the form and level of their contribution, will need to be worked out during project design.

A careful assessment of the Citanduy experience.

Beneficiaries: The thrust of this project is towards the poor Indonesian farmers, especially those cultivating upland slopes. Upland watershed inhabitants would benefit from training programs and improved extension information concerning alternate,

yet profitable, agricultural practices which would drastically reduce soil erosion. National, provincial and local government officials, and technicians from the Departments of Agriculture, Home Affairs, Preservation and Control of the Environment and Public Works would benefit from the tech- nical assistance and training associated with the development of at least three critical watersheds.

Relationship to AID Policy Concerns: The proposed project is in accordance with the major policy concerns of the Administration in creating durable institutions and transfer of appropriate technology.

The National Watershed Development program would assist the GOI to formulate and establish the appropriate institutional structures, policy framework and capacity to plan and carry out a National Watershed Program. The project at the same time would have a substantial, positive impact on the environment in the long and short run since it is concerned with developing and implementing soil conservation technologies which can be replicated throughout the rest of rural Indonesia.

Project No. : 497-0339

Project Title : Water Resources Policy and Planning

Proposed Funding : FY 84 L.4.0 G. 0
LOP L.6.4 G. 1.6

Appropriation Account: Agriculture, Rural Development and Nutrition

Project Purpose: The purpose of this project is two-fold:

a. to develop a national policy and strategy for the long-term development of water resources and to establish a national policy and planning institution responsible for determining and carrying out policy and strategy decisions, and

b. through a relationship with a U.S. Land Grant university, assist an Indonesian university develop its capacity and curriculum to train administrative and technical personnel in the field of water resources planning and management.

Description of Problem: Since the initiation of Repelita I (the first 5-year plan of the GOI) in 1969, the GOI has undertaken a large number of project activities in the water resources sector, first within Java and later in the other (Outer) islands. Investment in these projects, with a variety of donor assistance, has been significant and has absorbed large portions of the yearly GOI budget. GOI and donor resources for irrigation development under Repelita I and II (1969-1978) have exceeded $2 billion according to the IBRD 1978 Indonesia Irrigation Program Review, and have been in excess of half a billion dollars each subsequent year. However, it has become apparent that the implementation of numerous, large projects over time has proceeded in the absence of a comprehensive national policy and plan for water resource development. The jurisdictional authority, data sources and professional personnel required to develop a broad water resources policy and planning framework are dispersed among several agencies who often view their areas of responsibility narrowly.

With food (rice) production approaching self sufficiency levels, the GOI is uncertain of its investment priorities to govern scarce resource allocation at this time. In this regard, the GOI faces a number of issues which the water resources policy and planning unit would address. These include:

- priority of Outer Islands vs. Java in further development of water resources;

- priority of expansion of irrigated area vs. intensification/diversification of existing irrigated areas;

- time, appropriate strategies and resources needed to solve upper watershed, erosion and soil conservation problems to protect future food production while assisting rural upland poor;

- need and potential for decentralized planning and implementation of water resources projects;

- issues concerning water law (clarity, conflict, equity, priority of use, access to water), environment and water quality (sediment and chemical pollution);

- competition over scarce water resources (e.g. irrigation vs. use of water to support 50-fold planned increase in coal production in the next 10 years).

Another problem inhibiting the development of water resources planning in Indonesia is the fact that no local university provides training in this field.

GOI officials have long expressed to the AID Mission their interest in AID financing for analyses of water resources development strategies which encompass long range demand and supply of water for irrigation, domestic and industrial use. Such an effort would greatly assist the GOI to more rationally allocate its own scarce resources and the resources of donor agencies, including the IBRD, in the field of water resources. It would also be useful to AID as the Mission articulates its strategy in water resources development, where AID has already allocated about $95 million.

Means of Dealing with Problem: Over a three-year time frame, a water resources policy and planning office would be created and the planning process initiated. By the end of the project, the GOI would have developed a comprehensive water resources policy and plan, which would continually be refined over time as GOI planning capacity improves. The water policy and planning office would be housed in an appropriate agency to be selected during project design. Provision would be made for the director of the office to report to a cabinet-level agency head. During the same time period, this project would upgrade the capacity of Diponegoro University in Semarang to provide training in water resources planning and management. A relationship would be established between Diponegoro University and possibly a U.S. Land Grant university which would provide the necessary training and technical assistance.

AID funds would provide an estimated 120 person-months of long-term consultancy and 60 person-months of short-term consultancy, which would be needed to provide the new water policy/planning unit with start-up expertise during its first

three years. The AID technical assistance team would comprise a water resources planner, a data management specialist, a macro-economist and an industrial development specialist. Data collection/processing would also be funded by AID as would training and some equipment procurement.

AID funds would also be used to provide expertise and training through a U.S. Land Grant university to upgrade the water resources planning capability of an Indonesian University. Support would include exchange of professors, training in the U.S., third countries and Indonesia, equipment and training materials.

In total, the AID funding level is estimated at $8.0 million. The GOI contribution would be roughly equivalent to provide staff for the unit, logistical support, office space, and data management facilities.

Host Entities Involved: While many agencies would be involved, cooperation and participation of the following agencies is essential:

- Public Works, Agriculture, Home Affairs, Environment, Industrial Development, Minerals, Health, Finance, Economic Development, BAPPENAS (National Development Planning Board).

Major Issues to be Addressed During Project Development: A central issue that will have to be resolved with the GOI during project design will be the specific jurisdictional authorities and organizational framework for the office.

Beneficiaries: Ultimate beneficiaries of a project of this nature would be all water users, who would benefit from the rational development of Indonesian water resources. GOI water-related agencies would benefit, as their roles are better defined and professional capabilities are strengthened. The members of the newly created unit would be the immediate beneficiaries of technical assistance and training, as would the Indonesian University selected for development as a center of water resources planning and management.

Note: For this project, about $8 million will be obligated for Institution building in policy analysis for a major development resource, water. Although there is no other linkage with the private sector indirectly the private sector will benefit since all irrigation and water works are always contracted to private companies.

Project	:	497-0340
Project Title	:	Policy Studies
Proposed Funding	:	FY 83 G: $ 1.0 million FY 84 G: $ 1.0 million LOP G: $ 3.0 million
Appropriation Account:		Section 106, Selected Development Activities

Purpose: The broadest objective of this project is to assist the GOI to make more effective use of GOI resources together with resources from the private sector, other donors, and from AID. To achieve this objective the AID project will support studies of selected development issues, help disseminate research results, and encourage decisions and actions based on these studies and research activities.

Description of Problem: The Mission's present project-oriented relationships with Indonesian counterparts limit opportunities for discussion on strategy questions and assumptions in macroeconomic matters and in areas not related to those in which the Mission is involved through its project assistance. In particular, AID's working relationships with Indonesian universities, institutes, and the private sector are limited and thus provide few opportunities to engage in policy discussions unrelated to the direct needs of the joint GOI-USAID project portfolio.

The Mission would benefit from a better understanding of major issues, such as resource prices and subsidies (for fuel, credit and for agriculture for example), additional sources of employment growth, environmental management, and how these issues affect AID's projects and influence the direction of AID strategy. Our Indonesian counterparts have also expressed interest in these issues.

We will also be responsive to GOI interests in special studies, consultants, and seminars. We welcome their interest for which we need to be able to respond flexibly with studies and seminars. This proposed project is designed to be such a mechanism.

Means of Dealing with Problem: We propose the following process for addressing these problems:

a. Identification and ranking within the Mission of policy issues;

b. Discussion and agreement with Indonesian counterparts and associates on the issues;

c. Agreement on kind and scope of activities to investigate each issue; and

d. Use of recommendations coming from these activities by AID and Indonesian counterparts.

AID will support a few selected studies of policy issues that are considered by Indonesian agencies. The conclusions and recommendations of studies supported by seminars, workshops, and publications would then be used to identify policy issues; new approaches to improve the quality of implementation, program planning, and new program ideas for the GOI, possibly other donors, and AID.

The AID inputs to this process will be consultancies, studies, publications, seminars and workshops. These activities, identified and managed primarily by the Mission's Technical Offices, would also be designed to complement project implementation. Examples of studies that have a direct bearing on present projects include ones on rural financial markets, on industrial enclaves as a means to rural growth, on cooperative models, constraints to private sector growth, and problems of land tenure and titling.

Host Country Institutions Involved: Although this project will encourage discussions with several public and private institutions, the point of formal GOI contact may be with BAPPENAS (the National Planning Agency), SEKKAB (the Cabinet Secretariat), or the Ministry of Finance.

Major Issues to be Addressed during Project Development:

a. Identify selection criteria for determining topics for study and eligibility for financing;

b. Determine the formal mechanism by which AID will work with GOI agencies, universities, institutes, voluntary agencies, and other private sector institutions;

c. Determine staff requirements of this project and take necessary steps to address them;

d. Identify criteria for evaluating the effectiveness of the activities in clarifying issues and in contributing to possible policy and program responses; and

e. Analyze risks entailed in this type of project.

Beneficiaries: This project is a new aspect of AID's program in support of Indonesia's equity-oriented plans and programs for economic growth. The immediate project beneficiaries will be the Indonesians who contribute to this process of development discussion. Ultimately, policy decisions that reflect the results of studies and discussions would benefit poorer groups in society.

Project No. : 497-0341

Project Title : Local Credit Institutions

Proposed Funding : FY 84 L. 5.0 G. 2.0
LOP L. 10.0 G. 3.0

Appropriation Account: Agriculture, Rural Development and Nutrition

Project Purpose: To develop a system of stable and financially viable local credit institutions through assistance to selected provincial development banks (PDBs) and through them to develop locally controlled and owned savings and loan-type financial institutions.

Description of the Problem: The institutional structure for credit in Indonesia consists of state banks, local government sponsored banks, private banks, cooperatives, and credit institutions. Most of the existing programs of the central government and its central bank do not touch the credit needs of the smallest village industries or the requirements of rural families for non-agricultural activities which provide a vital part of their income. Within some existing programs and institutions the ideas and abilities to mount large and effective credit programs exist only in a basic and unrefined form. Major innovations are required to develop these organizations into financially viable institutions and functioning systems.

The development of local credit institutions would require assistance at two levels: at the provincial development bank and at the local financial organization level. PDBs have generally limited their activities to fiscal management for the provincial government. Their market share of lending for productive development-oriented projects is small compared to other financial institutions. This means that several higher risk market segments are not being served.

Experience in Indonesia has shown that locally-oriented financial institutions can be successfully established with inputs of technical assistance, training, and capital. However, this approach has been attempted only at a modest level in a few provinces. There is very limited access to credit at sub-district or village levels. Most lower level credit institutions are heavily subsidized and do not have interest rates that are set for a sustainable program; are not locally oriented; have high transaction costs for borrowers; do not mobilize savings; and have little or no linkage with higher level banking institutions such as the PDB.

Means of Dealing with the Problem: For agricultural and medium to large scale industrial enterprises there are reasonably well conceived central government credit programs already in place. Several provinces have begun to develop or improve local credit

institutions that serve village industry and trade credit needs. The proposed project would assist in the development of local credit institutions through two fronts:

I. Improvement of Provincial Development Bank Capabilities

As mentioned in section B, PDBs have a limited market share of lending for productive purposes and have generally concentrated on acting as the fiscal manager for the province. The proposed project would assist the PDBs in increasing their activities in traditional development banking areas. USAID would increase the PDB's capital so that they could re-lend to local financial institutions. Because of USAID's capital infusion the PDB could obtain "liquidity credits" or additional capital from the Indonesian central bank. USAID loan funds at the PDB level would also be used to establish loan guarantee systems under some circumstances. This system could be developed for areas where portfolio diversification is impossible for the local institution or to promote innovative lending activities on a pilot basis.

With this additional capital a better linkage between local financial institutions and the PDBs must be established. The PDBs would require some technical assistance and a significant level of training in developing and operating the financial control, management, and money transfer activities in the linkage.

II. Establishment or Improvement of Local Credit Institutions

The project would promote local financial institutions with the following characteristics that USAID has found are necessary for a viable program in Indonesia:

a. Interest rates must be set for a sustainable program and should cover the cost of money, inflation, administration costs, and bad debt.

b. Local-oriented financial institutions with local ownership and a linkage between the local and provincial financial institutions.

c. Lowest possible transaction costs with the institution located near the borrower at the village level.

d. Local savings must be mobilized with an incentive for savings.

The project would work with local financial institutions that are currently in operation or, if necessary and feasible, establish new organizations to implement the above mentioned characteristics in the institutions. Several GOI policy leaders have realized the necessity of following these characteristics in developing a healthy locally-oriented credit

system. Implementation would involve training and technical assistance for the local credit institutions to develop local banking systems and the necessary linkage with the PDBs. The level of project assistance in each province would depend on that province's current level of financial institution development and its implementation capabilities.

Host Entities Involved: This project will focus on the four provinces of East Sumatra, West Java, Central Java, and East Java. These provinces have shown an interest and an ability to develop a locally-oriented financial system. The Bank Indonesia, Ministries of Finance and Internal Affairs, and Bappenas would be involved at the national level, and the Bappeda, PDB, and Ministry of Finance at the provincial level. The local financial institutions that the project would tentatively work through include: Lumpung Pitih Negeri in West Sumatra, Lembaga Perkreditan Kecamatan in West Java, Badan Kredit Kecamatan in Central Java, and Kredit Unit Desa in East Java.

Major Issues to be Addressed during Project Development: Realistic capabilities of all host entities involved; can other locally-oriented institutions be used; the amount of training and technical assistance needed at all levels must be defined; capital infusion demands for each province must be analyzed further; how will ever-changing GOI policy issues and programs affect the project; what is the possible project coverage for the available inputs.

Beneficiaries: PDB and local financial institution managers and technicians with increased skills after training; the borrowers who would have a steady source of funds for productive investments (experience in PDP shows that this includes a large number of women).

Note: Of this project, approximately $ 13 million will be obligated for institution building in the private sector.

Project No. : 497-0342

Project Title : Agricultural Planning II

Proposed Funding : FY 84 L. 5.0 G. 2.0
LOP L. 5.0 G. 2.0

Appropriation Account: Agriculture, Rural Development and Nutrition

Project Purpose: To assist the Ministry of Agriculture (MOA) in improving its capacity for planning and policy analysis in the agricultural sector.

Description of the Problem: Responsibility and authority for agricultural planning in Indonesia is presently dispersed among several Ministries. Within the Ministry of Agriculture, agricultural policy analysis, planning and programming is divided among five different Directorates, two special Agencies and the Bureau of Planning. Within this institutional and political framework, major policy decisions are often made outside the MOA by offices within the Ministry of Finance, the National Logistics Bureau (BULOG), BAPPENAS and even the Ministry of Public Works, where irrigation and water resources projects are centered. The capability of the MOA for analyzing development options for investment and resource use remain relatively weak from an institutional point of view. The result is one where project planning is largely substituting for overall agricultural development planning in Indonesia.

The MOA has clearly recognized the need for improvement of its planning capability and has taken several steps which are partially addressing this issue. In 1975, the Agency for Agricultural Research and Development (AARD) was created to improve the management and coordination of agricultural research work. While AARD has developed a capability to address physical and commodity specific research activities, emphasis on socio-economic issues related to agricultural research is a more recent concern. The Centre for Agro-Economic Research (CAER) within AARD is now being strengthened by professionals returning from overseas training. The Director of CAER has requested AID assistance in strengthening their capability to coordinate and perform agricultural policy oriented research which could lead to improved development planning.

For the past three years an AID funded project in agricultural development planning and administration has been linked with the Bureau of Planning (BOP) in attempting to upgrade its planning and programming capability. As part of this project a computerized data processing centre is also being developed. This project is now scheduled to terminate in April 1984. Major outputs of the current project will include approximately 50 participants receiving graduate academic degrees in addition to 400 persons receiving shorter-term training in a variety of

fields including administration, management and computer related technical training. The large majority of academic candidates will not return until 1983-84. The timing for their return would fit well into our present proposal for a second agriculture planning effort.

The electronic data processing center is developing satisfactorily and it is expected that in the immediate future the central computer facility will contribute to improved administration and development planning by the MOA. The potential for improved research capability will be enhanced as well by the availability of the computer facility.

Under the current agricultural planning project improvement of the planning and programming capability within the BOP has been minimal. Some staff members are still in academic training programs. There remains a dearth of personnel presently qualified to perform agricultural policy analyses and other planning functions. The primary activities of the BOP are in the areas of project monitoring and administration. Under Agricultural Planning II the project will be institutionally linked with CAER in addition to the BOP.

Recognizing these limitations, the Director of the BOP has collaboratively developed with AID an agricultural sector policy analysis research project which is presently being carried out with professional research assistance provided by social scientists from leading Indonesian universities and other line agencies within the MOA. The objective of these studies is to provide recommendations on possible policy changes and priority programs and projects required to meet the objectives of future development in the agricultural sector in Indonesia. The studies are progressing well and are expected to be completed by mid-1983. An additional expected output of these studies will be the development of a conceptual framework, analytical procedures and data base for subsequent quantitative evaluation of the consequences of alternative policy and investment choices.

Means of Dealing with the Problem: Building on the outputs which are being accomplished under Agricultural Planning I, namely: (a) participants trained, (b) a major agricultural sector policy analysis study completed, and (c) a wellfunctioning computerized data processing facility in place, a second agricultural planning project will focus on improving the process and quality of agricultural policy research performed by institutions within the MOA and the contribution of research results in planning, programming and implementation.

Project activities will be targeted toward three specific offices within the MOA. Research relating to agricultural policy analysis will be carried out under the auspices of CAER. The Bureau of Planning (BOP) and other Directorates within the MOA would play a role in developing priority

research agendas within the coordinating function of CAER. Under the project AID would provide one expatriate agricultural planning and research consultant to CAER and one planning consultant to the BOP.

Complementing these efforts will be the further development of the computerized data processing facility which is administered by the Centre for Agricultural Data Processing, one of the institutes within AARD. Over the next five years this facility will be expanded and a substantial data base management system will be developed for improvement of administrative development planning and research within the MOA. AID will provide one systems analyst consultant and possibly a statistician for the life of the project.

Training under Agricultural Planning would continue to be a priority activity. Under the new project more emphasis would be placed on degree and short-term training in Southeast Asian locations for both agricultural planning and computer related training. A limited number of PhD candidates would be supported in US universities. AID funded training will be complementary to a World Bank funded manpower training program currently being carried out within AARD.

A critical institution building function to be carried out under this project is an improved system of communications and working relationship between the Bureau of Planning and the Agency for Agricultural Research and Development (AARD). Currently this interchange is minimal and is a major obstacle to the present project which is managed from the GOI side within the BOP. The MOA does recognize these problems and has specifically requested AID to assist in designing a new project which includes both the BOP and CAER (under the administration umbrella of AARD) as the key institutions. AID is attempting to move activities under the present project in this direction. A specific example is the current agricultural policy analysis study being performed by an ad-hoc arrangement of social scientists from academic and MOA institutions. An expected output of this study will be a framework for continuing policy and planning studies which will be coordinated by CAER.

Major Issues to be Addressed During Project Development:

A major issue to be resolved will be the structure of project management for the GOI side.

An important issue is the one of decentralization. In addition to strengthening central agricultural planning and policy analysis can the project assist provincial level agricultural planning capability? The relationship between sector planning and regional planning is now becoming an important issue for the GOI.

Beneficiaries: Direct beneficiaries will include MOA planners and researchers, both as participants in formal training activities as well as participants in research and planning activities. Computer programmers and systems analysts will also benefit from formal and on-the-job training.

Indirect beneficiaries may include 2/3 of the Indonesian population, the farm population which will benefit from improved agricultural programs and policies.

Note: From this project, $7 million will be obligated for institution building in the demands of agricultural policy analysis.

Project No. : 497-0343

Project Title : Graduate Agriculture School II

Proposed Funding : FY 84 L. 5.0 G. 0
LOP L. 10.0 G. 0

Appropriation Account: Agriculture, Rural Development and Nutrition

Project Purpose: To further develop the administration, teaching, research and community service (outreach) effectiveness of the Agricultural Institute Bogor (IPB), to assure the maturing of that university as the premier agricultural institution of Indonesia.

Description of Problem: The Indonesian university system is young but developing very quickly against almost overwhelming odds of operational problems and shortage of highly trained personnel. The first public university was founded in 1945 - less than forty years ago - and this university had no faculty of agricultural sciences. Today there are 44 public universities, of which 32 have agriculture-related faculties. Since 1971, IPB has been charged with major responsibilities focused on a key role in developing models of university planning, management, curriculum development, teaching, research and community service to be followed and/or adapted throughout the system.

IPB has an enrollment of approximately 5000 students. Growth plans call for an increase to 20,000 by 1995. Currently it is capable of granting both the Master's and Doctor's degrees, and has by far the largest number of MA and PhD staff in the Agricultural Sciences. Most were trained in the US under earlier AID programs.

IPB is currently being assisted by AID in the Graduate Agriculture School project, with the University of Wisconsin as contractor under Title XII. This project has produced a Master Plan for the development of the Darmaga campus, and will erect a new Information Center and Environmental Center.

The Director General for Higher Education (DGHE) believes that the creation of a strong IPB as the leading higher agricultural institution in Indonesia is well begun, but that further steps must be taken beyond the current AID-Wisconsin project. American assistance is desired to continue the process of improving the quality of advanced agricultural studies at IPB: to institutionalize the planning process; to improve management of the entire physical operation, including the placement and operation of new buildings; to strengthen instruction in key areas, such as the basic sciences; to improve student services; and to encourage stronger research and community outreach programs.

Means of Dealing with Problem: To continue assistance to IPB's search for academic excellence and service to Indonesia's rural sector, this six-year project will focus on quality improvement in six major areas:

1. Institutional Planning: long and short-term technical assistance to the IPB Planning Board to complete development of the Darmaga Campus to house 20,000 students by 1990.

2. Management: a resident advisor will work with the vice-rector II for business affairs in developing programs and staff for all aspects of business accountability. Priority focus on facility maintenance and "lifecycle" commodity management will be stressed.

3. Student Affairs: a resident advisor will be assigned to the vice-rector III. Emphasis would be on record keeping and reporting systems, scholarships and social services including housing.

4. Academic Affairs: a resident advisor will be assigned to the vice-rector I. Emphasis will be on improving instruction in the basic sciences. The Institutes of Community Services and Research will receive special attention. The spectrum of diploma certificates and undergraduate and graduate degree requirements will be examined.

5. Rural Communications: a resident advisor will assist the department head for rural communications and the director of the Information Resources Center which is being constructed by AID and the DGHE under the current Graduate Agriculture School project (497-0290). Diploma courses as well as graduate courses addressed to training in the broad range of communications skills are urgently needed by the GOI Department of Agriculture and a host of other ministries concerned with priority efforts in rural development. All graduates will receive a firm base in rural sociology and matters essential to affecting change of attitudes, practices and life styles.

6. Environment Protection: technical assistance will be focused on major agro-science concerns of watershed management, tidal swamps, fisheries, soil conservation and land use. Special emphasis will be given to forestry management. AID has given priority assistance to IPB in this area for many years. The forestry buildings at the Darmaga campus were built and many PhDs trained in forest sciences in the past. The Environmental Studies Center is currently being constructed and basically equipped by AID and the DGHE under the Graduate Agriculture School project.

Academic and non-academic participant training and a consistent flow of short-term consultants will support and complement each of the six programs.

Host Entities Involved: Besides the Directorate General of Higher Education (DGHE), IPB itself and other universities that send large numbers of staff to IPB for advanced training, other host entities to be systematically involved in this project include the Ministries of Agriculture, Public Works, Environmental and Development Control, Transmigration, Health, Science and Technology, Home Affairs and Trade and Cooperatives. Provincial governments and the hierarchy of lesser governments to the village level will also be involved directly as they send staff for training at both academic and non-academic levels and are involved with IPB students in the national community service programs required of all university graduates.

Major Issues to be Addressed During Project Development:

1. Respective roles of AID and other donors in providing complementary inputs (e.g., the Bank supply of funds for construction of additional physical facilities; AID support for training and technical assistance).

2. Selection of contractor (i.e., use Title XII; continue current contractor?)

3. Maximum level of GOI development budget committment to this loan project.

Beneficiaries: Ultimate beneficiaries will be the rural population in selected areas receiving direct benefits from the services of IPB trained students and staff.

Intermediate beneficiaries will be the agricultural science faculties of cooperating universities and other Indonesian agencies whose personnel and procedures will be directly affected by advanced academic study at IPB.

Direct beneficiaries will be IPB administration, teaching, research and public service personnel who receive training, develop new curricular models and apply improved practices, as well as the DGHE which will benefit from new directions and support in improving the agricultural and related sciences throughout Indonesia.

Note: An estimated $2.5 million of project funds will be utilized to assist the GOI in managing and preserving their environment through the establishment of appropriate institutional capability.

Project No. : 497-0344

Project Title : Strengthening Educational Decision Making

Proposed Funding : FY 83 L. 5.0 G. 0
LOP L. 5.0 G. 0

Appropriation Account: Education and Human Resources

Project Purpose: To strengthen the capacity of the Agency for Planning and Research of the Ministry of Education and Culture (BP3K) to collect, analyze, order and report on information concerning education, particularly primary and secondary schooling in Indonesia.

Description of the Problem: Education is Government's top priority. Primary and secondary schooling have expanded rapidly in recent years but education quality is low -- drop-out is high, and there is evidence that many children leave the school system without basic literacy and primary skills. Yet education is a necessity for economic and social progress, and wasted funds on poor quality education can be enormous in absolute terms since schooling absorbs a large share of the national budget.

BP3K has the function of gathering and analyzing information for the purpose of providing policy makers with key facts about the status of education in Indonesia. To the degree that the information supplied by BP3K is timely, complete, reliable, accurate, and effectively prepared and presented, to that degree are decisions more likely to be on the mark. However, the quality of BP3K's efforts suffers due to the lack of adequately trained manpower, data gathering and analysis resources, experience with the various facets of modern information systems, and organizational and structural anomalies (including clear lines of responsibility with other operational units in the Ministry of Education).

Means of Dealing with Problem: AID will assist the Ministry by strengthening the institutional capacity of BP3K to design, manage and use information systems, improve education planning and strengthen research and experimentation. At the end of the project BP3K members should be more familiar with current policy-related research, should know how better to manage information gathering and analysis systems, and should be able more effectively to articulate policy recommendations for the benefit of high level decision-makers. This improved status of BP3K will be achieved through the following outputs:

- The installation and development of a management information system which can integrate information from the local and regional levels with national planning efforts. This system will contain a wide range of information on key educa-

tional variables, all to be appropriately quantified and processed.

- Staff development and organizational efficiency. Staff members trained and retrained to upgrade their capabilities, change their outlook and heighten their motivation. Key relationships within BP3K and between it and other ministerial units reviewed, redefined and restructured.

- Policy studies, experimental projects and improved strategies for implementation. Policy studies need to analyze significant problems such as dropouts, teacher status and incentives, unit costs and manpower needs. Experimental studies need to carry further what has already been tried in primary school teaching methods, education use of radio and TV, and in nonformal education. Implementation strategies are needed to diffuse these improvements more efficiently, more broadly (to more rural areas, less populous areas, to off-Java locations), and at less cost.

These outputs will be achieved through the following inputs.

- Extensive training, including long and short-term overseas training, in-service and short-term practical training, within Indonesia and overseas.

- Technical assistance in fields such as information analysis and management, educational planning and finance, management training, and computer systems.

- Commodities in the form of computer hardware and software and related data gathering/analysis facilities.

Host Entities Involved: BP3K (Agency for Planning and Research-Ministry of Education and Culture).

Major Issues to be Addressed During Project Development:

1. Exact lines of responsibility and coordinating mechanisms among the several GOI organizations, particularly within the Ministry of Education.

2. How technical assistance will be provided and used.

Beneficiaries: Immediate: Decision-makers of MOE.
Ultimate : All individuals benefitting from improved planning, analysis and implementation in education.

Note: For this project, an estimated $5.0 million will be obligated for institution-building for improved policy analysis capabilities in the education sector.

Project No. : 497-0345

Project Title : Private Sector Management Training

Proposed Funding : FY 84 L. 0.0 G. 3.0
LOP L. 5.0 G. 3.0

Appropriation Account: Education and Human Resources

Project Purpose: To assist the Indonesian private and quasi-public (state owned enterprises) sectors to meet the demand for management staff.

Description of Problem: There exists in Indonesia both a shortage of trained managers in the public and private sectors, as well as a shortage of indigenous institutions capable of taking steps to rectify this problem. The USAID project portfolio now includes 3 projects (Professional Resources Development I & II and short-term In-Country Management Training) which are attempting to address this shortage in the public sector. This newly proposed project will establish strong management training capacity within the country, and will focus primarily on the private sector.

State-owned enterprises constitute a significant part of the Indonesian economy, and by all informal accounts, both within and outside of the government are inefficiently run. The responsibility for personnel training in these enterprises rests with the Government Public Administration Institute (LAN) and the Ministry of Finance. USAID has been approached by the Ministry of Finance and requested to provide technical assistance to their training program for state-owned enterprises. They have offered the physical plant, and requested from USAID technical assistance in curriculum design.

The private sector of the Indonesian economy is beginning to experience rapid growth. This is placing extreme pressure on the relatively small cadre of trained personnel, with the resultant frequent shifting of qualified personnel from company to company as each raises the stakes. Leaders of the business community, realizing that this process is unacceptable and that no institution of high enough quality exists to handle the quantities of required personnel, have approached the donor community and asked for assistance.

Means of Dealing with Problem: Following discussions with the Ministry of Finance and BAPPENAS, USAID, the World Bank, the British Council and the Ford Foundation established a working group to consider what steps the donor community might take to strengthen management training. It was decided that a team of consultants, funded by the donors, and a group of concerned Indonesians would conduct a general review of management training needs and possibilities. The review would raise policy issues and offer suggestions for the development of training

institutions. The review is scheduled for 1982, and USAID will fund two of the training consultants.

The project suggested here, which would most likely be part of a joint donor effort, would be designed to begin the process of strengthening the private and quasi-private sectors capabilities to supply management training. How this will be done must await the results of the survey mentioned above and discussions which will follow. However, several alternatives for the USAID part of the project are possible.

In the Private Sector Portion of the Project

Alternative # 1

Create a new training institution for private sector training. This might involve private sector companies providing financing for the physical plant and USAID providing training for institutional personnel, technical assistance and instructional commodities.

Alternative # 2

Work with an existing private sector training facility in Indonesia. USAID would still solicit private sector support for any physical expansion or other infrastructure needs and then provide the same training, TA and commodity assistance mentioned in alternative #1.

Alternative # 3

Establishing an MBA program at a leading university.

In the Quasi-Public Sector

Alternative # 1

Assist the Ministry of Finance in its expansion of its program for managers of state-owned enterprises by using the facility and existing faculty they already have, and providing training to existing and additional faculty as well as TA and commodity assistance in curriculum design and instructional methodology.

Alternative # 2

Examine feasibility of the GOI contracting the training of managers of state-owned enterprises to the private-sector organization to be created or assisted by this project.

Host Entities Involved: Indonesian private sector, Ministry of Finance, BAPPENAS, and possibly a university.

Major Issues to be Addressed During Project Development: The mechanism for channeling loan money into the private sector;

the institutional/organizational structure to be established or improved.

Beneficiaries: Indonesian managers of the private and quasi-public sectors' organizations.

Note: For this project an estimated $6,000,000 will be obligated for private sector activities. Life of project funding: 6 mil. private sector, 2 mil. quasi-public sector.

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE V - FY 1984 PROPOSED PROGRAM RANKING

Country/Office
USAID/Indonesia

RANK	PROGRAM ACTIVITY DESCRIPTION	ONGOING/ NEW	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING ($000) INCR	CUM
1	497-0327 F.P. Dev.Svces II	O	G	PN	3,000	3,000
2	497-0327 F.P. Dev.Svces II	O	L	PN	3,000	6,000
3	497-0302 Applied Ag. Research	O	L	ARDN	3,000	9,000
4	497-0336 PVO CO-Financing II	O	G	SDA	2,500	11,500
5	497-0328 G.P.T. II	O	L	EHR	4,000	15,500
6	497-0330 E.Timor Dev.	O	G	ARDN	1,000	16,500
7	497-0333 PUSPIPTEK Energy Lab.	O	L	SDA	4,500	21,000
8	497-0340 Policy Studies	O	G	SDA	1,000	22,000
9	497-0325 CHIPPS	O	G	HE	2,500	24,500
10	497-0325 CHIPPS	O	L	HE	2,500	27,000
11	497-0273 Health Trng. R.& D.	O	L	HE	4,000	31,000
12	497-0327 F.P. Dev.Svces II	O	L	PN	3,000	34,000
13	497-0329 Private Sector Dev.	O	L	SDA	5,000	39,000
14	497-0317 In-Country Mgt. Trng.	O	L	EHR	3,000	42,000
15	497-0331 C.Java Prvt. Enterprise	N	G	ARDN	1,000	43,000
16	497-0331 C.Java Prvt. Enterprise	N	L	ARDN	4,000	47,000
17	497-0342 Ag. Planning II	N	G	ARDN	2,000	49,000
18	497-0342 Ag. Planning II	N	L	ARDN	5,000	54,000
19	497-0345 Prvt. Sector Mgt. Trng.	N	G	EHR	3,000	57,000
20	497-0341 Loc. Credit Inst.	N	G	ARDN	1,500	58,500
21	497-0341 Loc. Credit Inst.	N	L	ARDN	4,500	63,000
22	497-0343 Grad. Ag. School	N	L	ARDN	5,000	68,000
23	497-0339 Water Resources Policy	N	L	ARDN	4,000	72,000
24	P.L. 480 Title II -CRS -MCH	O	G		(2,700	72,000
25	" " " -FFW	O	G		(2,000	72,000
26	" " CWS -MCH	O	G		(19	72,000
27	" " " -FFW	O	G		(180	72,000
28	P.L. 480 Title I	O	L		(20,000)	72,000

Table V Narrative

As noted in the introduction to the ABS, during the past few months the Mission has been attempting to study and better understand the basis for its program and, as necessary to reformulate the Mission strategy and the program intended to support it. As part of this process we have, with AID/W and private sector cooperation, reviewed the status and possibilities of a number of sub-sectors. We plan to do more of these reviews during the next few months as part of the preparation of our FY 84 CDSS. We have been trying to test past assumptions; collect harder evidence about critical development problems and progress to overcome these problems; get a better reading on GOI interests; and shape our future years' program so that it conforms more closely with Indonesian needs and opportunities and the Agency's new underpinnings and substantive priorities.

This process of critical evaluation and program revision is still on-going. In a sense it should be a continuous function of the Mission's management; but for practical purposes we expect to complete this first concentrated reassessment phase before the end of this calendar year and to present the details of our revised strategy in our FY 84 CDSS. Under these circumstances, the priority rankings presented in Table V are somewhat tentative.

We continue to assign highest priority to the Family Planning Development Services II project at the $6 million level ($3 million grant and $3 million in loan). As we have reported, significant gains have been made during the past few years in reducing Indonesian population growth rates. Evidence indicates both that considerable momentum (including highest level political support) has been developed in the family planning sector and that a substantial organizational and grass roots capability have been established to further plan and implement programs in this area. Yet, both the GOI and we believe that the work remaining to be done to reach GOI targets and the problems to be overcome in this effort are substantial and that continued attention must be given to strengthening BKKBN, in-country training, and research capability including its capacity to manage logistics. Due to the heavy pressure on our very limited grant funds we are continuing the pattern initiated in FY 82 of funding part of the Family Planning program with loan funds. The BKKBN and we are attempting to develop arrangements to assure that use of loan (as opposed to grant) funds will not reduce the quick response capability, innovativeness and risk-taking orientation and general operational effectiveness which have characterized the program in the past. We remain concerned about this matter and will be watching the situation very closely during the coming year. Our proposed FY 84 level for Family Planning is $3 million in grant and $6 million in loan. We have ranked $3 million of the

loan funds lower than the grant and first $3 million in loan funds. This reflects our view that under the pressure to complete key projects in other sectors we would defer expanding certain Family Planning activities, e.g. in the outer islands and urban areas.

We have ranked all on-going projects, except PL 480, higher than our proposed FY 84 new starts. This reflects our view that each of these continuing projects is significant and should be completed. In addition, the priority of such completion is reinforced by the need to protect and effectively use past financial, policy, organizational and other investments in these projects (made by both the GOI and ourselves) and to satisfy a wide range of governmental and popular expectations.

Within the on-going category, following Family Planning we have assigned, on the basis of very broad considerations, relatively high rank to three projects: General Participant Training, Policy Studies and National Energy Laboratory. The GOI's repeatedly expressed interest in our training efforts combined with the widely-held view that inadequate numbers of trained technical and managerial people is the major impediment to accelerated development, have argued for the high rank accorded the GPT II project. Our own sense of the need to unlock the barriers to improved development performance through improved policy analysis and formulation accounts for the high priority given the Policy Studies project. We anticipate that after the initial year of implementation of this project, the GOI's recent encouragement and endorsement of our efforts in this area will become even more strongly expressed. The priority assigned to the National Energy Laboratory reflects our view regarding the importance of energy research to Indonesian development generally; it also reflects our view of the large potential for private sector involvement in this area.

The portfolio of new projects ranked in Table V reflects our best judgement at this time of the new initiatives we believe will be needed and feasible to give substance to the revised strategy we see emerging from our present strategy and program review. Similarly, that portfolio and the project rankings within it reflect our present readings on a range of GOI and AID policy, program and administrative matters, some of which, e.g. the GOI position on and adequate procedures for using loan funds to finance Technical Services are not resolved.

We have assigned highest priority among the new projects to the Central Java Private Enterprise project. It will be focussed on two areas that we believe will be main elements of our revised strategy: non-farm employment and private sector development. A contractor was selected in May, 1982 to carry-out the studies and planning needed to develop a sound project which we expect to have approved by early FY 84.

Ranking the Agricultural Planning project as the next highest priority reflects both GOI and our own sense of the critical need for improved data generation, policy analysis and planning in the agricultural sector. The absence of good project and policy planning capability combined with the inadequate availability of trained managerial and technical staff have been and remain major impediments to accelerated development in the agricultural sector, particularly in the areas of secondary crops and up-land and dry land agriculture. The Agricultural Planning II project represents a logical extension of earlier Mission efforts to up-grade the data and analysis capabilities of the Ministry of Agriculture's Planning Directorate.

Both the Private Sector Management Training and Local Credit Institution projects aim at improving the capability and increasing the role of the Indonesian private sector in development, especially in the area of creating off-farm employment. The GOI, particularly BAPPENAS and Ministry of Finance and the private business community have indicated a strong interest in taking actions to up-grade the quality of management training through the development of management training institutes. The exact nature of such institutes, including their organizational location, relationship to other training organizations and to various concerned elements of the government, remain to be worked out.

Similarly, there has been substantial government and private sector interest in a range of ideas related to strengthening provincial development banks and local credit institutions. Much analytical work and preliminary and initial field testing of some of these ideas has already taken place within the context of the PDP program. We plan to build on that base. Considering the urgency with which key elements of the GOI, e.g. the Ministry of Home Affairs and the Ministry of Finance, view the need to provide affordable and institutionalized credit to heretofore ineligible rural borrowers, we believe it important to initiate the Local Credit project in FY 84.

We have ranked the Higher Agricultural Education project next in priority. This project will enable us to continue to provide assistance in key agricultural areas, e.g. communications/extension, environment and advanced degree training, to the Agricultural University at Bogor which serves as a "multiplier" of our efforts by itself serving the needs of a large number of less well developed agricultural colleges. The pay-off through this approach appears substantial. We have opted for this project (and kept open our options on the possibility of further assistance to the Eastern and Western Islands Agricultural Education projects) rather than planning to undertake a Nusa Tenggara Agricultural Education project in FY 84 as previously planned. The method by which the Higher Agricultural Education project will be planned and implemented is currently being discussed with the GOI.

The last among the new projects is the Water Resources Policy Planning project which will focus on establishing a national institution responsible for developing national policies and strategies for water resources development and utilization. Considering the large investments made in the past and expected to continue in this area and the central importance of water to agricultural productivity and the welfare of the small farmer, better means for rationalizing decisions regarding those investments (and their follow-on work and results) must be developed. Planning for this project has only recently been started. Within the GOI itself there has not yet developed a firm position regarding its priority. However, we have been encouraged by key elements in the GOI to proceed with development of the project.

We have assigned lower priority to the continuation of Title II programs primarily because we are not yet confident of their relative developmental effectiveness or their capability to be up-graded to increase that effectiveness. The need for improved targetting and management of the MCH program (essentially CRS's) are recognized by all parties concerned. The CRS is interested in continuing and improving the program. AID has increased field and headquarter's capability to guide CRS in effecting needed improvements and in subsequently supporting CRS and other nutrition efforts. Despite these factors, there is continuing concern here that the program might be inherently costly and results ineffective. In addition, we are only now beginning to plan for the evaluaton of the FFW element of the Title II program. We expect this evaluation to be completed in FY 83. For these reasons, we believe we must continue to rank Title II as a lower priority through FY 84. We expect that by next year the issues and uncertainties indicated above, combined with resolution of issues concerning other elements of our program, will enable us to take a firmer position on Title II ranking.

We have ranked Title I last because the justification for this program rests to a considerable extent on other than development considerations. We are informed, however, that it is considered important by the GOI, among other reasons, because it is seen as a safety net should there be an unexpected downturn in crop production, for example as a result of a pest outbreak in those areas where a single rice variety is being produced virtually year-round, creating a continuous host for pests.

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

	FY 1982				FY 1983			
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	4676	-	3573	60A/	4586	-	3504	55B/
F.N. DIRECT HIRE	978	353	-	95	985	360	-	88
CONTRACT PERSONNEL	458	355	-	XXXXX	613	455	-	XXXXX
HOUSING EXPENSES	213	-	-	14	810	-	-	54
OFFICE OPERATIONS	2342	248	1249C/	XXXXX	2995	134	1259C/	XXXXX
TOTAL	8667	956	4822	XXXXX	9989	949D/	4763	XXXXX
RECONCILIATION	5778	XXXXX	XXXXXX	XXXXX	5712	XXXXX	XXXXX	XXXXX
MISSION ALLOWANCE	2889	XXXXX	-	XXXXX	4277	XXXXX	XXXXX	XXXXX

A/ Includes 56 FTEPT, 2 Non FTEPT, 2 JAO FTEPT
B/ Includes 49 FTEPT, 2 Non FTEPT, 4 IDI FTEPT (Does not include 2 JAO FTEPT)
C/ FAAS Costs
D/ Total amount of dollar funded local currency costs included in FY 83 budget
Approximate $3.2 million @ Rupiah 650/US$

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

	FY 1984 MINIMUM				FY 1984 CURRENT			
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	4104	-	2980	46A/	4391	-	3369	52B/
F.N. DIRECT HIRE	886	324	-	72	997	365	-	81
CONTRACT PERSONNEL	626	497	-	XXXXX	696	552	-	XXXXX
HOUSING EXPENSES	960	-	-	64	1050	-	-	70
OFFICE OPERATIONS	2647	128	1178C/	XXXXX	3114	32	1309	XXXXX
TOTAL	9223	949-	4158	XXXXX	10248	949	4778	XXXXX
RECONCILIATION	5107	XXXXX	XXXXX	XXXXX	5627	XXXXX	XXXXX	XXXXX
MISSION ALLOWANCE	4116	XXXXX	XXXXX	XXXXX	4621	XXXXX	XXXXX	XXXXX

A/ Includes 44 FTEPT, 2 Non FTEPT, 2 IDI FTEPT - (2 JAO FTEPT not included)
B/ Includes 46 FTEPT, 2 Non FTEPT, 4 IDI FTEPT - (2 JAO FTEPT not included))
C/ FAAS Costs

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

FY 1984 PROPOSED

	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	5085	-	3885	57A/
F.N. DIRECT HIRE	997	365	-	81
CONTRACT PERSONNEL	696	552	-	XXXXX
HOUSING EXPENSES	1125	-	-	75
OFFICE OPERATIONS	3414	32	1435B/	XXXXX
TOTAL	11317	949-	5320	XXXXX
RECONCILIATION	6269	XXXXX	XXXXXX	XXXXX
MISSION ALLOWANCE	5048	XXXXX	-	XXXXX

A/ Includes 49 FTEPT, 2 Non FTEPT and 2 IDI FTEPT - (2 JAO FTE not included)

B/ FAAS Costs

DATA ON ACQUISITION, OPEATION, AND USE OF AUTOMATIC DATA PROCESSING (ADP) AND WORD PROCESSING (WP) EQUIPMENT, SERVICES AND SYSTEMS

1. Narrative Statement - ADP

In FY 1981, USAID/Indonesia purchased pheripheral equipment for a U.S. Embassy managed Wang VS data processing system. The equipment for both USAID/Indonesia and the U.S. Embassy were combined into one order and is expected to arrive in June 1982. Upon receipt, this equipment will provide USAID/Indonesia with 12 terminals, 3 printers and one 75 megabyte disk drive.

Because the staff of USAID/Indonesia is quartered in two separate buildings, five miles apart, only the main USAID building on the Embassy compound will have access to ADP WP services. This is particularly distressing as the USAID Controller's office is located in the building (Widjojo Building) located five miles from the U.S. Embassy Compound and has no access to either ADP or WP services.

The planned transfer of the WP-25-III word processing system from the main USAID building to USAID's offices in the Widjojo building will reduce USAID's scheduled expansion of terminal accessability at the Main USAID building and therefore will require the purchase of 10 additional terminals for the Wang VS system in FY 1982.

USAID plans to purchase a separate Wang VS system for the USAID Controller's office in FY 1983. Our discussions with M/SER/DM personnel indicate that a financial management accounting control system (MACS) is planned to be ready for installation at USAID/I in late FY 1983. Due to the requirement by MACS for a substantial portion of the Wang VS programmable memory availability, the MACS program could not be operated on a shared basis with the U.S. Embassy system even if access to the U.S. Embassy system could be arranged between the Widjojo building and the U.S. Embassy Compound. (At this time, although there are hundreds of computer systems in the Jakarta area, none have been successfully linked by telephone communication).

USAID/Indonesia plans to utilize the U.S. Embassy - managed VS system for word processing needs (after the transfers of the WP-25-III to the Widjojo Office) until FY 1984 when USAID and the Embassy expect the demand for data-processing operations to force a substantial reduction in the availability of the VS system for word processing. At that time, USAID plans to return the WP-25-III word processing system from the Widjojo Office (which will now have an operational VS system) to the main USAID Office Building on the U.S. Embassy Compound.

2. Narrative Statement - WP:

USAID/Indonesia currently operates a Wang Word Processing system, WP-25-III, purchased in FY 1980. The system became operational in March 1981. The system is fully utilized with ten terminals and four printers.

Our current plan is to move USAID's WP-25-III from the main USAID building to the Widjojo Building upon the successful installation and operation of the Embassy managed VS data processing system. This will provide limited data management capability as well as word processing services to the Controller's Office and other USAID offices in the Widjojo building.

3. Report on Obligations and Inventory of ADP and WP Systems:

TABLE VIII(a)
OBLIGATIONS AND INVENTORY OF ADP SYSTEMS
($000)

	Fiscal Year 1982	1983	1984
A. Capital Investments			
1. Purchase of ADP Equipment 1/	40	200	-
2. Purchase of Software	-	-	-
Subtotal			
B. Personnel 2/			
1. Compensation, Benefits, Travel	30	40	54
2. Workyears	2	3	4
Subtotal			
C. Equipment Rental and Other Operating Costs			
1. ADP Equipment (ADPE) Rentals 3/			
2. Supplies and Leased Software			
Subtotal			
D. Commercial Services			
1. ADP Service Bureau 4/			
2. Systems Analysis and Programming			
3. ADPE Maintenance (if separate from item C.1)			
Subtotal			
E. Total Obligations (A-D)	70	240	54
F. Interagency Services 5/			
1. Payments		10	15
2. Offsetting Collections			
Subtotal			
G. Grand Total (E + F)	70	250	69

4. Report on Inventory of Word Processing Systems

TABLE VIII (b)
OBLIGATIONS FOR WP SYSTEMS
($000)

	Fiscal Year		
	1982	1983	1984
A. Capital Investments in WP Equipment			
B. WP Equipment Rental and Supplies			
C. Other WP Costs			
D. Total			

1/ Computers, i.e. electronic data processing equipment and all peripheral equipment electronical attached to central processors (cpu's), punched and magnetic card accounting machines.

2/ Direct-hire personnel assigned primarily to ADP duties such as equipment operators, data-entry clerks, systems analysts and programmers, excluding any mission personnel who simply sue ADP incidental to the performance of their primary function.

3/ Includes maintenance furnished as part of rental contracts.

4/ Includes cost of obtaining computer processing service from any host country government agencies as well as from commercial sources.

5/ Cost of ADP services provided to or received from another U.S.G. agencies.

PL 480 NARRATIVE FOR FY 84 ABS

TITLE I

The Mission recommends a Title I level of 20 million each year for FY 83 and FY 84 (with later year levels to be determined in FY 83), in keeping with food levels and justifications used in recent years.

The political and commercial orientation of the present Title I program is sustained for now in light of the national elections and the President's upcoming visit to Washington. A decrease in the present low level of Title I would be particularly visible during the election period (ending in May 1982 and March 1983) when the Government is especially sensitive to foreign indications of lack of support. PL 480 is important as a symbol during the present period of our bilateral relations because it has been very helpful to the GOI in times of crisis in the past and is viewed by important political leaders as an expression of US interest in Indonesian development policies and efforts.

At the same time we are mindful that the GOI's balance of payments picture has deteriorated sharply in recent months; and that despite rice production increases in rural areas and a presently favorable stock situation, there is still a concern in the GOI that production is becoming predominantly mono-cultural, with year-round cultivation of high yielding varieties. This production system is highly vulnerable to disease, with potentially devastating losses. Also, there is evidence that increased rice production has led to increased per capita consumption among population groups already relatively well-fed and that poorer communities have not visibly benefited from these national increases.

Because of the steady reduction in Title I in recent years, our contribution to the food picture here is now small regardless of the GOI's resource requirements. Despite the present period of favorable food supply, the Mission shares the GOI's concern for maintaining food security and its concerns for a potential food crisis.

In recent years, the Embassy Agricultural Attache has been responsible for Title I, and as a consequence the Mission's management is somewhat out of touch with GOI views of Title I. Therefore, before establishing a Mission position on Title I in FY 85 and beyond we wish to discuss PL 480 Title I and II at a policy level with BULOG, BAPPENAS and others to hear GOI views on the continued need for and uses of these concessional commodities.

TITLE II

The Program

The nature of the Title II program was described in the FY 83 ABS. The implementing agencies, Catholic Relief Services (CRS) and Church World Service (CWS), continue to demonstrate the technical and operational capabilities needed to deliver program commodities under various local circumstances.

A draft of a recent evaluation of the CRS Maternal Child Health (MCH) portion of the program has just been received by the Mission and transmitted to CRS for comments. Preliminary examination of the report indicates that there are areas where the MCH program needs strengthening, particularly in targeting of recipients, in staff training for better nutritional comprehension, and in relating the program more effectively to other GOI sponsored programs. It should be noted that CRS has already informed the Mission of steps being taken to improve the MCH program in these areas. Further actions to strengthen the MCH program are expected to follow from our mutual assessment of it. Plans are proceeding to evaluate the FFW portion of the program.

Level of support

In FY 82 CRS and CWS will utilize a total of 20,000 metric tons of commodities with a CCC value of $4,244,500 for 222,700 recipients. For FY 83 the PVOs are submitting program plans and AERs for 30,116 metric tons valued at $8,447,790 for 317,790 recipients. The PVOs believe this 50% increase in recipients is desirable and warranted in terms of Indonesian need and PVO capability to serve those recipients. The Mission believes it is important in terms of program effectiveness and PVO, GOI and our own interests that, at a minimum, FY 83 & FY 84 recipients not be reduced below their FY 82 levels. We would estimate FY 83 requirements for this level (222,700) at 20,500 metric tons and $4.8 million.

We recommend that Title II programs in FY 84 be continued at the same recipient and tonnage levels as FY 82 and FY 83. The PVOs are expected to request higher recipient and commodity levels based on their analysis of continuing problems in the rural areas: unemployment, lack of infrastructure, and malnutrition.

The Mission considered the options for FY 84 of cutting back the Title II programs, expanding them, or holding them at FY 83 levels. The Mission decided against a reduction for the following reasons:

- Child malnutrition continues (despite aggregated national food "adequacy").

- Government and other programs designated to deliver improved nutrition to the malnourished population (particularly children under five and mothers) are not yet reaching the population "served" by the Title II programs.

- The GOI assigns high priority to both the MCH and the FFW programs (in transmigration areas, particularly) and in recent years has provided increasing support to them.

- There is evidence of strong "grassroots" support for the programs.

- The PVOs involved have the organizational spread and manpower capability needed to manage these village-based programs; also these PVOs have indicated a willingness to work with AID in improving the quality of their delivery system and services.

The Mission decided against expansion (in terms of recipients and amount food) primarily because of the following:

- Resources are not likely to be available for an expanded program.

- The GOI has given no clear indication that it wishes to support an expanded program.

- While PVOs (particularly CRS) are expected to undertake improvements in their MCH program in FY 83, we would like to observe the results of these improvements before choosing our own next steps.

- FFW programs for new transmigrants are expected to continue in their current form only through FY 84; an evaluation of this program is planned for FY 83 and its results are expected to be a factor in future PVO-GOI-Mission decisions regarding a future Title II program.

In view of the above considerations the Mission decided in favor of continuing the Title II program at its FY 82 level (in terms of recipients and food quantities). The Food for Peace Officer position is necessary for management of this program and the position has been extended within the current and anticipated staff levels of the Mission.

The MCH evaluation shows specific ways to improve the impact of the program. The availability of AID/W projects to support Title II nutrition efforts and a nutritionist within the Mission will make it possible to provide effective staff assistance to MCH. There is also strong interest in testing innovative FFW approaches such as support for spontaneous transmigration.

Finally, the Mission is concerned that an unforeseen drop in food production or a removal of Title II as a focussed source of food would exacerbate the existing problem of malnutrition by increasing the vulnerability of the disadvantaged groups the program attempts to serve.

In addition to holding FY 84 Title II programs to FY 82 and FY 83 levels, the Mission will consider allocating grant funds to the implementing PVOs in order to strengthen the programs further, particularly in providing consultants and technical assistance. Depending on the results of the FFW evaluation, improvements in the MCH program and the results of innovative efforts in FY 83 and FY 84 as well as a careful review of other aspects of the program, some change in the program might be proposed for FY 85 and beyond.

Country/Office USAID/Indonesia

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE XI

P.L. 480 TITLE I/III REQUIREMENTS
(Dollars in Millions, Tonnage in Thousands)

COMMODITIES	FY 1982						Estimated FY 1983						Projected FY 1984					
	Agreement		Shipments		Carry into FY 1983		Agreement		Shipments		Carry into FY 1984		Agreement		Shipments		Carry into FY 1985	
	$	MT	$	MT	$	MT	$	MT	$	MT	$	MT	$	MT	$	MT	$	MT
Title I																		
WHEAT	17.5	97	17.5	97	0	0	10	50	10	50			10	50	10	50		
RICE							10	23	10	23			10	25	10	25		
Total																		
Of which Title III																		
NONE																		
Total																		

COMMENT:

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE XII

Country/Office USAID/Indonesia

PL 480 TITLE I/III

Supply and Distribution
(000 Metric Ton)

STOCK SITUATION	FY 1983	Estimated FY 1984
Commodity - WHEAT		
Beginning Stocks	200	200
Production	0	0
Imports	1550	1625
Concessional	57	57
Non-Concessional	1493	1568
Consumption	1550	1625
Ending Stocks	200	200
Commodity - RICE		
Beginning Stocks	2000	2500
Production	24000	24500
Imports	1000	1000
Concessional	100	100
Non-Concessional	900	900
Consumption	24500	25500
Ending Stocks	2500	2500
Commodity -		
Beginning Stocks		
Production		
Imports		
Concessional		
Non-Concessional		
Consumption		
Ending Stocks		

Comment:

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

I. Country INDONESIA

Sponsor's Name Catholic Relief Services

A. Maternal and Child Health.....Total Recipients 105,000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
	Bulgur	3,780	1,016.00
	WSB	3,780	1,642.00
Total MCH		7,560	2,658.00

B. School Feeding.....Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
Total School Feeding			

C. Other Child Feeding.....Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
Total Other Child Feeding			

D. Food for Work.....Total Recipients 100,000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
	Corn	12,000	1,937
Total Food for Work		12,000	1,937

E. Other (Specify).....Total Recipients _____

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
Total Other			

II. Sponsor's Name _____

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

I. Country INDONESIA

Sponsor's Name Church World Service

A. Maternal and Child Health.....Total Recipients

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
	Corn	40.0	6.4
	NFDM	49.0	5.4
	CSB	18.0	7.0
Total MCH		107.0	18.8

B. School Feeding.....Total Recipients

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
Total School Feeding			

C. Other Child Feeding.....Total Recipients

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
Total Other Child Feeding			

D. Food for Work.....Total Recipients 7,700

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
	Bulgur	404.0	109.0
	Corn	437.0	71.0
Total Food for Work		841.0	180.0

E. Other (Specify).....Total Recipients

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
Total Other			

II. Sponsor's Name