

PD-AAU-073

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UNCLASSIFIED

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

PROJECT PAPER

CITANDUY II

497-0281

JULY 1986

USAID/INDONESIA

UNCLASSIFIED

A10/11

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET		1. TRANSACTION CODE <input checked="" type="checkbox"/> C A = Add C = Change D = Delete	Amendment Number One	DOCUMENT CODE 3
2. COUNTRY/ENTITY Indonesia		3. PROJECT NUMBER 497-0281		
4. BUREAU/OFFICE ANE		5. PROJECT TITLE (maximum 40 characters) Citanduy II		
6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 09 30 88		7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4) A. Initial FY 80 B. Quarter 4 C. Final FY 83		

8. COSTS (\$000 OR EQUIVALENT \$1 =)						
A. FUNDING SOURCE	FIRST FY 80			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	(1,125)	(125)	(1,250)	(3,977)	(271)	(4,250)
(Loan)	(7,675)	(4,325)	(12,000)	(2,000)	(12,600)	(14,600)
Other U.S.	1.					
	2.					
Host Country		230	230			
Other Donor(s)						
TOTALS	3,800	4,680	13,480	5,977	12,873	18,850

9. SCHEDULE OF AID FUNDING (\$000)										
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT		
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	
(1)	FM	B-143	242	060	4,250	14,600			4,250	14,600
(2)										
(3)										
(4)										
TOTALS					4,250	14,600			4,250	14,600

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)							11. SECONDARY PURPOSE CODE	
020	032	064	066	067	071			200
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)								
A. Code	ENV	PART	BS					
B. Amount	12,000	2,000	11,000					

13. PROJECT PURPOSE (maximum 480 characters).
 A. Establish and catalyze local and national capacity to design and implement a comprehensive water management program in the Citanduy Basin and initiate the program in selected areas; B. Achieve and sustain irrigated rice production at feasibility study projected levels in all basin technical irrigation systems; and C. Improve local government capacity in the basin to plan and manage integrated development targeted on the rural poor.

14. SCHEDULED EVALUATIONS					15. SOURCE/ORIGIN OF GOODS AND SERVICES				
Interim	MM	YY	MM	YY	Final	MM	YY	MM	YY
						08	88	<input checked="" type="checkbox"/> 000	<input checked="" type="checkbox"/> 941
								<input checked="" type="checkbox"/> Local	<input type="checkbox"/> Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a 21 page PP Amendment) plus attachment I of 7 pages.
 The Project Assistance Completion Date is extended to September 30, 1988 to increase the sustainability of upland farming technology and allow further institutionalization of local government agencies to take place. Activities for the memorandum of the project are restated.

17. APPROVED BY	Signature	William P. Fuller			18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION		
	Title	USAID Director					
	Date Signed	MM	DD	YY	MM	DD	YY
		07	14	86			

CITANDUY II PROJECT
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Citanduy II Project Paper Supplement

I. Background

The Project Assistance Completion Date of Citanduy II is September 30, 1986. The possibility of extending the project was one subject of the 1985 evaluation and has now been reviewed and discussed by planners in the field and by members of both provincial and national coordinating committees. Following the FY 86 deobligation of US \$4 million, there has been broad agreement on the need to extend Citanduy II for two years. This agreement is based on three important factors. The first important reason to extend Citanduy II is to allow more time to test appropriate technologies on steep slopes and shallow soils. Because of the existence of a wide variety of soil conditions and numerous applicable cropping systems in the Citanduy Basin there simply has not been sufficient time for testing and formulating appropriate recommendations for a large portion of the critical steep slope areas. Continuing land hazards mapping now underway and upland agriculture research by experienced personnel during a two year extension will add greatly to the body of knowledge upon which to base appropriate cropping and land management recommendations.

The second major reason to extend Citanduy II is to allow ongoing training and institution building activities to bear fruit and be consolidated. The Socio-Economic Research Unit (USESE) got a late start but is now well organized and staffed and having a positive influence on project decision making. USESE's agenda during the proposed extension focuses on development of local government planning capability and on increasing the quality of social and economic data analysis as it applies to project management throughout the river basin.

The third is the close relationship between Citanduy II and the Upland Agriculture and Conservation Project. With similar field activities underway in three major watersheds on Java, the potential for applying lessons learned from one project to the other is substantial. This process, already underway in the fields of upland agriculture research and social/economic impact evaluation, will be greatly facilitated by an extension of Citanduy II.

II. Proposed Extension

Five years of experience with Citanduy II has shown the need to refocus selected aspects of the project in order to achieve overall project goals. In the original Loan Agreement three main components were addressed:

- upper watershed development
- local government development and planning
- irrigation systems development

In the proposed extension only 2 components would continue since irrigation systems development will be completed. There is general agreement that this element of the project has exceeded original targets and has been successful in achieving irrigated agriculture production increases at feasibility levels.

In the upper watershed, experience continues to reveal the need for more effective coordination of multidisciplinary activities by the dinas teknis (food crops, fisheries, tree crops etc.) and skilled technical planning inputs by the Watershed Mangement Development Center (Sub-BRLKT) if successful implementation of upland agriculture and conservation activities is to be achieved. In the proposed extension, support will be given to achieve an improved level of coordinated and integrated planning and implementation of upper watershed activities. Bappeda Tk. I will coordinate technical aspects of upper watershed programs of Sub-BRLKT/WMDC with the Kabupaten Dinas Teknis and other agencies (BKPD, BKK, PUK, BANDES) through joint operational planning, monitoring and evaluation activities. This will be directed at annual project plans for activities including model farms, nurseries, expansion areas, credit and local conservation activities which would be submitted to central government and USAID for review and approval.

Simplification of Citanduy II during the proposed extension period would be achieved by a reduction in the number of activities and a reduction in the overall number of management units:

	<u>Present project</u>	<u>Extension</u>
- activities	27	7
- departments	4	3
- funding channels	44	2

The following activities would be supported in the proposed extension:

1. Agriculture Technology

Adoption of a package of agriculture technology by upland farmers has been and will continue to an important goal of Citanduy II. Components of the package include: A) rebuilding terraces; B) constructing drainage channels; C) grassing terrace risers and; D) use of improved varieties, cropping patterns, fertilizers, and insecticides. Over the past 5 years this package of recommendations has been applied to 10,000 hectares of critical, steep slopes on model farms and in expansion areas at an average subsidy rate of \$250/hectare (AID share is 50%). Farmers in these steep slope, 2,800 mm rainfall areas have typically grown upland rice, legume crops, cassava, citrus, etc in a variety of cropping patterns and employed most of the recommended erosion control techniques. Although erosion is difficult to measure, agro-physical assessment of the model farms shows that application of these techniques has had a positive effect on topsoil structure, retention of soil moisture, and maintaining soil nutrient levels. Their application therefore has positively affected production.

What has been measured more scientifically, however, is the economic impact this package of technology has had on farmer's income. USESE and Agro-Economic Survey Foundation evaluation results show that model farm/expansion area farmers in different areas of the watershed who adopt these techniques have been able to raise their incomes significantly, some as much as 4 times. Economic impact data from over 200 farmers shows promising results:

<u>Economic Impact Indicator</u>	<u>(After/Before Ratio)</u>			
	<u>Panawangan</u>	<u>Mekarsari</u>	<u>Cibahayu</u>	<u>Sadabumi</u>
Gross returns	4.5	2.5	1.9	1.2
Labor use	2.6	1.85	1.7	1.9
Labor productivity	2.2	1.25	0.98	0.6

Adopting this package of technology to many of the 25,000 remaining hectares of critical steep slopes in the Citanduy watershed, to the Uplands Project watersheds and to other watersheds throughout the country is either underway or seriously being considered by the GOI. What was experimental only 5 years ago may soon become standard. More analysis is needed, however, in the less fertile areas and on the steeper slopes.

In the proposed extension, the Department of Forestry, through its Sub-Balai Rehabilitasi Lahan dan Konservasi Tanah (Sub-BRLKT) office, will continue to apply the technology package in two slightly different ways. The first is through exactly the same technique as is presently underway on the 10 hectare model farm, expansion areas. The second, is through a mini-watershed concept, whereby the 10 hectare model farm is established in one of Citanduy's tributary watersheds. The smaller, approximately 300-hectare mini-watersheds will be treated with the same technologies but will be managed and evaluated as separate units involving farmers in a contiguous watershed area. Decisions regarding selection and treatment of these critical lands will be based on land hazards mapping and soil classification now underway.

Support to farmers who apply the package of technologies in expansion areas around farms will also continue in the extension. The USAID cost per hectare is approximately \$125 or 50% of the total.

Nurseries

Project nurseries have proven to be an integral component of the project supplying farmers in model farm and expansion areas with improved planting stock and seeds. These 5 nurseries have increased their capacity and operations but still have nowhere near the capacity to supply farmers needs for improved planting stock. In 1985, an estimated 1602 hectares of expansion area required 28,000,000 grass cuttings. It was also estimated that 53 hectares of nursery area producing 1,000,000 cuttings/hectare would be required to supply farmers in model farm-expansion areas. Some of this production shortfall has been filled by progressive farmers. A recommendation by project evaluators is to

provide assistance to private enterprise farmers or groups of farmers to set up small nurseries and help fill the production of improved planting stock gap which exists in remote locations.

In addition to continuing support to the 5 established nurseries, approximately 7 private enterprise nurseries will be established with lead farmer groups in more remote locations but which are adjacent to model farms and expansion areas. These nurseries will receive project support in the form of funding for materials and improved stock for one year only. They will then be turned over to the farmer groups for continued operation on their own. Grasses, clove, citrus, Leucaena, glicicidia and coffee will be provided from the central nursery stocks. Extension Agents (PLP's) who have prior experience with the operation and maintenance of nurseries will be responsible for assisting in the establishment and first year operation of these units.

Support to the agriculture technology component during the 2 year extension period would consist of the following:

<u>Activity</u>	<u>No.</u>	<u>\$ Cost/Unit</u>	<u>USAID Share</u>	<u>GOI Share</u>
New Model Farms	23 ea. (16 in 86/87) (7 in 87/88)	2,500/farm/yr.x2	48,700	48,700
Existing Model Farms	36 ea.	625/farm/yr.x2	22,500	22,500
New and Existing Expansion Area	3710 ha.	250/ha.x1	463,800	463,800
Government Nurseries	5 ea.	6,000	30,000	10,000
New Private Sector Nurseries	7 ea.	5,000/yr.	35,000	5,000
	Approximat: Total		<u>600,000</u> =====	<u>550,000</u> =====

Of the above activities only nurseries would receive most of its financing from USAID with the GOI responsible for indirect cost of supervision. The others including model farms and expansion area activities would receive 50 percent. Model farm costs include funding for terrace construction, seed, grassing of terrace risers, improved ditching and drop structures. Costs for nurseries include funding operation, maintenance and materials such as plastic bags, bamboo baskets and improved planting stock.

2. Research

For planning purposes agricultural and Socio-Economic research have been presented together as one component in the extension.

2.1 Agriculture (Cropping Systems) Research

The Citanduy applied agriculture research program has produced significant recommendations for food cropping on terraces in upland areas. In the project extension, attention will be focused on research dissemination and extension through more frequent field days with local agriculture staff, extension workers and farmers.

Following recommendations from Citanduy II's applied research program, seed storage facilities (drying, cleaning, storing, treating) will be provided to aid in the selection and multiplication of small quantities of promising seed varieties. The resultant higher quality seeds will be turned over to selected seed growers and farmer groups for multiplication and sales to the expansion program and other farmers.

In addition to addressing steep slope problems and critical infertile soils, farming systems research will be carried out to determine farming patterns which can reliably conserve soil and improve production. Special emphasis will be given to steep slope farmers in the mini-watershed areas. AID support for labor and materials for these efforts is estimated to cost about \$150,000. It is anticipated that the GOI will provide staff, office space and supplies valued at approximately \$150,000.

2.2 USESE Socio-Economic Research

As noted earlier, the institutional progress of USESE has been significant. In its first full year of operation, USESE personnel conducted 5 important workshops, held a two week training session for Bappeda personnel, gathered socio economic data from over 40 model farm areas and have had a significant impact on project decision making. Socio-economic work now underway by USESE will continue in the extension period with particular emphasis on transfer of skills to project implementors in the area of evaluation. USESE's program of work will include evaluation of upland farming technology, credit, conservation activities and the administration of select in-country training, funded directly by USAID. Emphasis will be placed on quality data analysis and application of computer technology.

2.3 USESE Bangda Contract

The present USESE-Bangda Contract completion date is September 1986. Following the extension of the project, the USESE-Bangda Contract will have to be extended to September 1988. A PIL to fund USESE socio-economic research based on a proposed program of work for the Indonesian Fiscal Year will be issued. The USESE program will be DIP-funded and its staff will continue to be administratively responsible to Bangda. A social scientist will be contracted by USAID to provide 24 months of technical assistance for USESE. The necessary PIO/T to fund this technical assistance under the Loan has already been approved by both USAID and the Government of Indonesia and recruitment is underway.

2.4 Micro-computer Techniques

The use of micro-computer techniques in the analysis of model farm and other research data will be emphasized in the extension period. Two micro-computer units have been installed in USESE's Ciamis office and its Director has recently attended a one-month data analysis course at Colorado State University. Key members of the USESE staff will undergo on-the-job training in micro-computer operations during the next three months. This training, to be held in Ciamis, will be administered by a unit from the Institute of Agriculture, Bogor.

2.5 USESE Research Agenda

Much emphasis was placed on the evaluation of the impact of model farm technology during USESE's first year. This research methodology has shown promising results and will continue throughout the extension period in an effort to institutionalize and increase its sustainability within local government institutions. USESE' research agenda for the two-year extension period includes the following components:

1. Model Farm Monitoring Evaluation Training;
2. Model Farm Impact Analysis;
3. Upland Technology Adoption Process Study;
4. An Economic Analysis of Soil Conservation Practices;
5. An Economic Analysis of Resources Allocation on Upland Farming Systems;
6. Model Farm and Expansion Area Group Dynamics Study;
7. Upland Farming Fact Finding Activities;
8. Action Research for Expansion of Upland Model Farm Technologies;
9. Monograph Studies and
10. Evaluation of Production, Distribution and Use of Seeds.

In addition to the above activities, USESE will hold several seminars and workshop to discuss the findings of its research, directly with project implementers. A limited number of graduate students from agriculture universities will cooperate in conducting research under a program which has already been initiated. This research will be administered by the USESE Director, two assistant directors and a staff of 5 experienced officers seconded from Kabupaten Bappedas in the project area.

Additional components of USESE's research agenda will be identified and worked out during the first year of the extension. Special emphasis will also be placed on the integration and analysis of soil classification and use data with the socio-economic data already available from the model farm expansion area farmers.

2.6 Model Farm Monitoring Training Program

The Model Farm Monitoring Training Program is specifically designed to develop and pilot test a training module for use with BAPPEDA Tingkat II level people from both the Citanduy and the Upland Farming Project areas. This training program which has already been defined, will be carried out with the assistance of the Agro-Economic Survey Foundation under the auspices of USESE. Contracting of personnel and implementation of the training program will take place in the next two months. Much of the follow-up work and use of technical skills, however, will take place in conjunction with USESE's program during the extension.

2.7 Implementation Schedule

For the most part implementation of the above activities will be carried out by USESE's own staff. The Agro-Economic Survey Foundation personnel and other individual specialists will be contracted to provide specific services. Planned AID support to USESE based on two years of experience and the current research agenda will be an estimated \$250,000/yr. The total research cost to AID for the extension period is estimated at \$650,000. Scheduled implementation of USESE Research throughout the extension period is shown in the following chart.

3. Credit

The Credit component of the project was originally intended to provide support for later years of improved agricultural activity on farms in the expansion areas around the model farms under the project. This activity began much later and more slowly than planned due to problems in agreeing on operational principals and details of the program. Actual lending began in the second quarter of calendar 1984, approximately two years ago, and over two years after the initiation of the project. After eight quarters of lending activity over 1.4 billion rupiah in new loans have been made, primarily for what are reported as agricultural production purposes, and with a surprisingly low late payment level.

The current structure of the credit activities being supported under the project provides credit at slightly subsidized rates -- 2 percent per month for agriculture and 3 percent per month for other purpose. These compare to rates between 3 and 5 percent per month for other programs providing sustainable, small borrower credit programs. One of the main purposes of continuing support to these credit programs under the Bank Pembangunan Daerah in West and Central Java is to allow for time to more adequately monitor and study the operation and impact of these programs.

USESE Implementation Schedule

ACTIVITY	1986						1987						1988															
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
Model Farm Perform Monitori Program	*****																											
Model Farm Impact Analysis	*****						*****																					
Credit Evaluation	*****						*****																					
Upland Technology Adoption Process Study				*****			*****																					
Economic Analysis of Soil Conservation Practices							*****																		*****			
Economic Analysis of Resource Allocation to Upland Farming Systems							*****																					
Model Farm/Expansion Area Group Dynamics Study				*****			*****																					
Upland Farming Fact. Finding Activities				*****			*****																					
Monograph Studies	*****																											
Evaluation of Production Distribution and Use of Seed			*****				*****																					
Seminars, Workshops																												
Additional Research																												

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The findings of such studies will be used to improve -- if necessary, renegotiate -- the current bases of the programs operating in Central and West Java, and as a pilot basis for consideration of the role of credit in upland agriculture development programs generally on Java. If the program is properly monitored and evaluated, its use of three different delivery mechanisms in the two provinces provides a good range of models for comparative study. In addition to the recently completed evaluation of the credit program, continued evaluation will be undertaken by USESE. At the rate of \$200/group/yr. x 1500 farmer groups, planned AID support to the credit program is approximately \$600,000, or about 50% of the total \$1,400,000 estimated cost during the extension.

4. Local Conservation and Production Activities

A significant focus of the project continues to be to increase the capacity of local government to plan and carry out conservation related programs.

This element of the extension would consolidate support for all small infrastructure activities such as erosion control on roads, stream bank stabilization, check dams or other structures to improve water percolation and slow down run-off, and the previous Local Initiative project activities. Funded through Dana Damping Tk. I "on top" budgets, this activity would be planned through Bappeda Tk. II with technical assistance of Sub-BRLKT and implemented by Kabupaten Dinas Teknis. Activities must meet the following criteria:

- be located in the immediate area of an existing model farm and/or expansion area;
- contribute to reducing erosion;
- contribute to controlling run-off;
- contain an element of farmer/villager contribution.

Acceptable examples would include the following:

- production of grass, legume, tree vegetative cover to be used on sloping land, landslides and roadsides;
- production of agriculture seed, trees, inputs for use in the model farms and expansion areas;
- rehabilitating waterways and culverts on village roads near model farms or expansion areas;
- rehabilitating roadbeds on village roads near the model farm or expansion areas;
- construction of gully plugs, check dams, waterways on communal land near model farms and expansion areas.

Examples of projects which were funded in the past but which will no longer be acceptable would include:

- agriculture production/processing of bean curd, smoked banana, mushroom culture etc.;
 - marketing of agriculture production;
 - small livestock breeding/fattening.
- 11

Loan support to this part of the project would be approximately \$400,000 for material inputs. GOI funds will finance personnel, office space, local transportation and approximately 50% of material inputs for a total estimated at \$450,000

5. Institutional Support and Development

The Citanduy II Project attempted to use and test a complex set of institutional arrangements in its implementation. This complexity was unexpectedly increased when the Ministry of Forestry was created independently from the Ministry of Agriculture. This had the effect of splitting authority and budgeting for major activities of the Watershed Management Development Center in Ciamis -- the major new institution being supported under the project. In spite of these added challenges, and a general lack of success with central level institutional arrangements to direct the project, there have been significant increases in the authority and capabilities of kabupaten level Bappedas in the planning and implementation monitoring of project activities. This has been matched by the increased roles played by the two Provincial level Bappedas in the project.

In view of experience thus far with Bappedas at the kabupaten and provincial levels and their strong potential for continuing as coordinators and mediators of multisectoral development efforts, it is proposed to continue and focus support to these agencies during the extension. This will include AID funds for: planning and coordinating activities, including limited meetings to bring together representatives from participating kabupatens and provinces; selected support to upgrade the operational capabilities of kabupaten Bappedas through acquisition of improved office equipment; training and field monitoring and research support.

Additional support will be provided indirectly through the provision of technical assistance to assist the Bappedas in utilizing and applying the results of Resource Inventory/Master Planning activities in their own planning activities. USESE will continue to provide support and training to kabupaten Bappedas in monitoring and research activities. This will be expanded in the areas of model farm monitoring and impact evaluations.

Modest support will be continued for salaries and office operations during the period of the extension to the Executive Secretariat in Jakarta. This is expected to support and facilitate necessary documentation and processing of project implementation -- both that which has occurred in the past and activity during the period of the extension.

Planned support to the institutional support and development component of the project during the extension is approximately \$300,000 in AID loan funds. The GOI is expected to provide staff, office space and supplies valued at \$200,000.

6. Training

The extension will provide funding to complete the basic training called for in Citanduy II. It is anticipated that 6 masters degrees (in Soil Conservation, Watershed Management, Community Development, Public Administration, and Agronomy) will be obtained in the U.S. Four of these candidates who have attained sufficient English Language capability are scheduled for departure in June 1986. Two others will leave in July or August. Up to 15 persons from project and local government levels, including PEMDA, BAPPEDA, SubBRLKT and Agriculture Service will attend phase two of the Soil Conservation Service training program in the U.S. for 8 weeks. An estimated 52 persons will complete MS degrees in agriculture and soil conservation at Indonesian institutions. Specialized in service training for Sub BRLKT and BAPPEDA staff will also be provided by the TA contractor to improve local capacity to utilize resources inventory data currently being produced by the project.

Estimated total AID support for the extension period would be \$750,000 as follows:

U.S. Masters degrees: 6 @ \$40,000	= \$ 240,000
U.S. SCS program: 15 participants, 8 weeks	= 100,000
Indonesian MS degree: 52 participants, 2 yrs.	= 330,000
In-service training: (100 person-mo @\$800)	= <u>80,000</u>
Total	= \$ 750,000

Proposed in-service training includes the following:

Aerial photographic interpretation	20
Landsat interpretation	5
Topographic field mapping	15
Cartography	20
Soil analysis	10
PC computer operation	30
	<u>100</u> person months

The chart on the following page represents training proposed for the extension period.

Citanduy II Training -- Extension and Current
(Amounts in US\$ 1,000)

Program Name & Description	PERIOD TIME															TOTAL
	10/85	01/86	To Date	04/86	07/86	10/86	01/87	IFY 86/87	04/87	07/87	10/87	01/88	IFY 86/87	4/88	7/88	
<u>Long-term Training</u>																
1. U.S. Masters Degrees																
- Sutadi (accepted)	0	0	0	6	5	5	5	21	5	5	5	5	20	5	0	46
- Afwan (accepted)	0	0	0	5.5	4.5	4.5	4.5	19	4.5	4.5	4.5	4.5	18	5	0	42
- Molly (accepted)	0	0	0	0	5	4	4	13	4	4	4	4	16	4	5	38
- Ella (accepted)	0	5	5	4	4	4	4	16	4	4	4	5	17	0	0	38
- Mulyadi	0	0	0	0	6	4	4	14	4	4	4	4	16	4	6	40
- Doddy	0	0	0	0	6	4	4	14	4	4	4	4	16	4	6	40
(These amounts funded from RMI Contract and Direct AID Payment)	0	5	5	15.5	30.5	25.5	25.5	97	25.5	25.5	25.5	26.5	103	22	17	244
2. Indonesian Degree Programs																
* PIL 77 6 partic., 1 GM, 1 ITB, 4 for IPB (PIL=\$24,000)	2	2	4	2	6	5	5	18	5	5	4	4	18	4	0	44
* PIL 91 1 partic. IPB (\$5,000)	2.5	1.25	3.75	1.25	1.25	1.25	1.25	5	1.25	0	0	0	1.25	0	0	10
* PIL 124 35 partic. at Pajajaran (funding = \$240,000)	0	0	0	50	20	20	20	110	50	20	20	40	130	0	0	240
* PIL 11 partic. (Bappedas) (est.funding = \$110,000)	0	0	0	0	22	11	11	44	11	22	11	11	55	11	0	110
Sub-total	4.5	3.25	7.75	53.25	49.25	37.25	37.25	177	67.25	47	35	55	204.25	15	0	404
<u>Total Long-Term Training</u>	4.5	8.25	12.75	68.75	79.75	62.75	62.75	274	92.75	72.5	60.5	81.5	307.25	37	17	648
<u>Short-Term Training</u>																
PIL(s) Inservice, aerial photog. landsat, soil anal., comp. etc., 100 pm	0	0	0	0	0	15	10	20	15	10	15	10	50	0	0	75
PIO/P Proposed SCS ST Training 15 partic., 3 months	0	0	0	0	0	0	0	0	100	0	0	0	100	0	0	100
PIL Various ST, Forestry, Agr. Pub.Wks, Loc.Gov., Sec.	0	0	0	0	0	15	15	30	15	15	15	15	60	0	0	90
<u>Total Short-Term Training</u>	0	0	0	0	0	30	25	55	130	25	30	25	210	0	0	265
<u>TOTAL ALL TRAINING</u>	4.5	8.25	12.75	68.75	79.75	92.75	87.75	329	222.75	97.5	90.5	106.5	517.25	37	17	913
Estimated Pre-PACD Amount = \$ 161.2																
Estimated Extension Amount = \$ 751.7																

ote: Approximately \$160,000 of these training costs will occur before the current PACD of 9/86.
These are funded under the TA contract (approximately \$50,000) and from non-contract training funds.

7. Technical Assistance

The principle reason to extend Citanduy II for two years is to continue testing steep slope technology and fine-tune the process by which land management recommendations are arrived at and carried out. The technical assistance team will be responsible for carrying out a program of work with their GOI counterparts in the Sub-BRLKT and BAPPEDA's to ensure that steep slope technology testing is done in a scientific manner and that results are analyzed and communicated to other GOI project implementers throughout the Basin. Among other things it will be the responsibility of the T.A. team to ensure that:

- agro-climatic assessment/resources inventory information and land hazards maps now being put together, are used in the project planning and implementation process;
- a system to coordinate the gathering and dissemination of upland farming research is in place;
- the model farm and other socio-economic data now being compiled by USESE is analyzed and used in project decision-making;
- local governments are assisted in the development of a comprehensive annual work plan for the activities in the two year extension and in the effective utilization of GOI-AID provided resources.

The technical assistance team will be composed of individuals with prior experience in Indonesia. An attempt will be made to find qualified persons with Indonesian language capability. Six positions through an extension of the existing TA contract and one by direct personal services contract are recommended.

The anticipated total cost of additional TA for the extension will be \$1,400,000. AID funds will finance salaries, housing, transportation and support costs for a total contribution of approximately \$900,000. The GOI will provide office space, staff, and support valued at \$500,000. Draft scopes of work for each position and an illustrative schedule are provided in Annex 1.

III. Financial Plan

A Revised Project Financial Plan is attached showing anticipated financial requirement for the life of the project. The page following the plan details the financial requirements, by activity, for the extension alone.

The major portion of technical assistance will be via AID-direct contract, with direct reimbursement to suppliers by the USAID. The major long-term contract will be extended, and this contractor was recently subject to an extensive AID audit. Some training will be via PIO/P, however the major portion of local costs will be committed via PILs, and will be subject to periodic reviews via the USAID Controller's Office Voucher Verification procedures.

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Citanduy II Revised Project Financial Plan
(US\$ 000)

<u>Component</u>	<u>AID</u>		<u>GOI</u>	<u>Total</u>
	<u>Loan</u>	<u>Grant</u>		
<u>Through September 30, 1986</u>				
Upper Watershed Development	6,250	0	7,500	13,750
Development of Irrigation Systems	2,800	0	2,500	5,300
Local Development Planning	1,200	780	460	2,440
Technical Assistance	<u>0</u>	<u>3,470</u>	<u>0</u>	<u>3,470</u>
Sub-total	10,250	4,250	10,460	24,960
<u>September 30, 1986 - September 30, 1988</u>				
Upper Watershed Development	2,850	0	2,030	5,050
Local Development Planning	500	0	300	950
Technical Assistance	900	0	0	900
Contingency	<u>100</u>	<u>0</u>	<u>0</u>	<u>100</u>
Sub-total	4,350	0	2,330	7,000
PROJECT TOTAL	<u>14,600</u>	<u>4,250</u>	<u>12,790</u>	<u>31,960</u>

Citanduy II Project Extension Financial Plan
(US\$ 000)

<u>Component</u>	<u>Upper Watershed Dev.</u>		<u>Local Dev. Plan</u>		<u>Total</u>
	AID	GOI	AID	GOI	
<u>Agriculture Technology</u>	650	600	0	0	1,250
Model Farms	200	200	0	0	400
Expansion Area	380	400	0	0	780
Nurseries	70	0	0	0	70
<u>Research</u>	150	200	500	80	930
Socio-Economic	0	0	500	80	580
Agronomic	150	200	0	0	350
<u>Credit</u>	600	800	0	0	1,400
<u>Local Cons. & Product</u>	400	400	0	0	800
<u>Inst. Supp. & Dev.</u>	0	0	300	200	500
<u>Training</u>	550	30	200	20	800
<u>Technical Assistance (AID)</u>	500	0	400	0	900
<u>Contingency (AID)</u>	<u>50</u>	<u>0</u>	<u>50</u>	<u>0</u>	<u>100</u>
TOTAL	2,900	2,030	1,450	300	6,680
TOTAL (AID)	<u>4,350</u>		TOTAL (GOI)	<u>2,330</u>	
	=====			=====	

CITANDUY II PROJECT EXTENSION
TECHNICAL ASSISTANCE

A. Regional/Watershed Development Planner (21 PM) (October 1986-June 1988)

Summary Description:

Overall managerial and supervisory responsibility for project technical assistance team including 1 expatriate consultant, 3 host country consultants, and administrative support staff. Responsible for advising and assisting sub-BRLKT/WMDC and BAPPEDA Tk. II in operational watershed management planning, implementing, monitoring and evaluating, utilizing the Basin Resource Inventory as a basis for annual operational joint planning and programming.

Responsibilities:

As Chief of Party:

- a. Liason with and reporting to GOI participating agencies USAID, and RMI Jakarta;
- b. Individual consultants support, supervision, and direction;
- c. Professional and support staffing and
- d. Administrative, financial, and logistical support policies.

As Regional/Watershed Development Planner:

- a. Utilizing the Basin Resources Inventory, advise and assist sub-BRLKT/WMDC to produce a basin-wide operational (technical) plan for submission to Kabupaten BAPPEDA Tk. II in preparation for annual Kabupaten operational planning with Dinas (service) agencies;
- b. Advise and assist sub-BRLKT and BAPPEDA Tk II develop workable mechanisms for joint operational planning and programming to produce a single, unified annual plan including agriculture technology package research, local conservation activities and training, for submission to the Coordinating committees and USAID;
- c. Advise and assist sub-BRLKT/WMDC and BAPPEDA Tk. II in developing relevant non-academic training programs (overseas, in-country) in watershed management, community development, upland agriculture, agro-forestry, project management, including planning, monitoring, evaluation; and
- d. Advise and assist BAPPEDA Tk. I West and Central Java, reactivate the Basin Coordinating Committee into a viable, active forum for problem solving, policy and coordination of project activities.

B. Farming System Research Expert (21 PM) (October 86-June 1988)

Summary Description:

Advise and assist the Citanduy representative of the Upland Farming Research project, working closely together with Agriculture Research and Development Agency official seconded to sub-BRLKT/WMDC to plan, implement, monitor and evaluate, applied farming systems research relevant to upland agriculture and conservation in the Citanduy Basin, and develop systems of dissemination through the local extension service to upland farmers.

Responsibilities:

- a. Advise and assist the development of annual farming systems research plans, their implementation monitoring, and evaluation, focusing on the integration of livestock, tree crops, horticulture, fisheries into the existing food crop technology;
- b. Advise and assist in the development of an improved seed program, including germplasm collection, multiplication, cleaning, drying, storage, which will be integrated into existing seed grower groups in the Basin; and
- c. Advise and assist in the development of dissemination systems through existing extension programs, demonstration, field days, etc. which will extend to upland farmers improved upland agriculture and conservation methods and techniques and varieties which can be used.

C. Social Scientist (personal services contract)

The Agriculture Economist/Sociologist will be responsible to USAID for administrative and contractual matters and will work under the Director of the Socio-Economic Study and Evaluation Unit (USESE) an autonomous body of the Citanduy II project in Ciamis, West Java. The contractor will serve as a senior research advisor to USESE. He/she will be required to live in Ciamis and travel throughout the Citanduy River Basin.

Specific Responsibilities:

Specific responsibilities of the research advisor include providing assistance to the USESE Director in order to:

1. develop and carry out USESE's yearly program of work;
2. assure the conceptual and methodological soundness of research undertaken;
3. develop field research design, including sampling techniques, survey instrument development, data collection and descriptive data analysis;
4. analyze program oriented survey data;
5. present and publish USESE studies;

6. assure the complementarity between its own research in Citanduy and that being implemented by others and;
7. develop necessary reports and reporting formats.

D. Local Government Coordinator/Facilitator for Programming (18PM)
(October 1986 - March 1988)

Summary Description:

To assist Kabupatens Tasikmalaya, Ciamis, Kuningan, Majalengka and Cilacap (BAPPEDA as well and Dinas agencies) in project programming, particularly development of policy guidelines as well as project monitoring and evaluation to facilitate local Kabupaten government involvement in the Upper Watershed Development Component of the project (Model Farms, Nurseries, Expansion, Credit, Conservation activities, and Research).

Responsibilities:

- a. To advise and assist BAPPEDA Tk. I West Java, and Central Java, and BAPPEDA Tk. II Tasikmalaya, Ciamis, Kuningan, Majalengka, and Cilacap, develop and update policy and guidelines for programming and planning the components of the project in such a way as to facilitate farmer/villager involvement in the planning, monitoring, and evaluation process;
- b. To advise and assist BAPPEDA Tk. I and Tk. II develop and implement reliable monitoring and evaluation systems for project implementation, which can be adaptable to all Kabupaten and Provincial development programs;
- c. To develop in-country, non-academic training programs for project participants, including farmers, village informal leaders, schools, in the fields of soil and water conservation, dryland agriculture, and community development;
- d. To assist BAPPEDA Tk. I West and Central Java, reactivate the Basin Coordinating Committee, under the auspices of the Provincial BAPPEDA's into a viable project authority, giving guidance, facilitating coordination, problem solving, evaluation, for integrated planning of the project.

E. Local Government Coordinator/Facilitator for Programming (18PM)
(October 1986 - March 1988)

Summary Description:

To assist Kabupatens Tasikmalaya, Ciamis, Kuningan, Majalengka, Cilacap and their dinas agencies in the preparation of project plans and reports in accordance with GOI and USAID regulations and project

guidelines, to expedite USAID PIL's and reimbursement of activities. Considerable travel basin-wide as well as Jakarta.

Responsibilities:

- a. Advise and assist BAPPEDA Tk. II and Dinas agencies prepare DUPDA's (plans) in accordance with GOI and USAID regulations and guidelines;
- b. Advise and assist BANGDA and USAID in clarification, technical questions, and communication with local government concerning project plans, to facilitate issuance of PIL's;
- c. Advise and assist BANGDA and Department of Finance to prepare the annual "pre-financing" budget for Citanduy II;
- d. Advise and assist BAPPEDA Tk. I, tk. II and dinas agencies in the preparation of implementation reports;
- e. Assist the executive secretariat to the National Steering Committee in preparing reimbursement invoices for BANGDA, Forestry, Agriculture, to be submitted to Finance and USAID; and
- f. Administrative Assistant to the Chief of Party for RMI Consultant team financial reporting monthly petty cash, office expenses, travel reports to RMI Jakarta and USAID.

F. Micro-Computer Training Expert (12PM) (October 1986 - Sep. 1987)

Summary Description:

To carry out on a completion basis, on-the-job-training for operation of PC Computers for staff of sub-BRLKT/WMDC, BAPPEDA Tk. II Tasikmalaya, Ciamis, Kuningan, Majalengka, Cilacap, covering project reporting, monitoring, and administration.

Responsibilities:

- a. To train Citanduy II project staff in the use of Wordstar, Lotus 1-2-3, Sidekick, Sideways, Symphony, dBase III, Spreadsheet, and the relevant software; and
- b. To develop programs for preparation and frequent modification of DUPDA's, DIPDA's including lembaran kerja petunjuk operational, laporan fisik dan keuangan, and other documents frequently used in Citanduy II.

The following chart shows technical assistance during the extension.

Citanduy II Extension Technical Assistance

POSITION	1986						1987												1988									
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SE	
<u>Expatriate</u>																												
Watershed Planning Specialist	*****																											
Research Agronomist																												
USESE Social Scientist																												
<u>Indonesian</u>																												
Project Facilitator	*****																											
Administrator	*****																											
Computer Specialist																												

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Clearance:

ARD/RRM:WDouglass, WD

PRO:SHadley, SH 7/2/86

PRO:DZvinakis, on the back slip

RLA:GBisson, GB 7/3/86

FIN:RMcClure, RM *add pg 19 additional language* | Done 7/8/86

ARD:NTumavick, NT (over)

A/DD:JSperling, JS

JAH
ARD/RRM:JAHu;table:se/joy:7/1/86
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VZCZCJAI *
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 DE RUEHJA #5581/01 298 **
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 UNCLAS SECTION 01 OF * JAKARTA 05581.



CLASS: UNCLASSIFIED
 CHRG: AID 04/03/86
 APPRV: ARD:WFULLER
 DRFTD: ARD:JHUXTABLE
 CLEAR: 1.ARD:RCCBB
 DISTR: AID-S DCM ADM
 CHRCN

AIDAC ACTION ANE

E. C. 12356: N/A

SUBJECT: CITANDUY II PROJECT 497-0281

REFERENCE: A) 83 STATE 199371, B) 83 JAKARTA 11217, C) 85
 STATE 162401

1. SUMMARY: PURSUANT TO PROCEDURES ESTABLISHED IN REF. A. AND IN ACCORDANCE WITH DELEGATION OF AUTHORITY IN REF. C. AS WELL AS THE ASIA BUREAU EXPERIMENT, THE MISSION IS EXTENDING THE SUBJECT PROJECT IN FY 1986 AND SIMPLIFYING IMPLEMENTATION TO REFLECT A MORE FOCUSED APPROACH. A TWO YEAR FACD EXTENSION IS PROGRAMMED. NO ADDITION OR DECREASE IN FUNDS BEYOND THOSE DEBLIGATED IN FY 1985 IS REQUIRED. THE ONLY NOTABLE MODIFICATION TO PROJECT SCOPE WILL BE TO DISCONTINUE IRRIGATION REHABILITATION, AN ACTIVITY WHICH HAS ACHIEVED ITS ORIGINAL TARGETS. PARAGRAPHS 1-5 BELOW DISCUSS ACCOMPLISHMENTS AND REASONS FOR CONTINUATION AND REFOCUSING OF PROJECT. PARAGRAPH 6 OUTLINES THE GENERAL CONTENT OF A PP SUPPLEMENT WHICH WILL FORM THE BASIS OF THE REVISED AMPLIFIED PROJECT DESCRIPTION. NO CHANGE IN THE PROJECT'S GOAL OR PURPOSE IS ANTICIPATED AND NO AGENCY OR BUREAU POLICY ISSUES ARE INVOLVED. THE PURPOSE OF THIS CABLE IS TO KEEP AID/W INFORMED OF MISSION ACTIVITIES IN THIS IMPORTANT WATERSHED AREA. COMMENTS ON THE PROPOSED, MORE FOCUSED ACTIVITIES WILL BE WELCOMED.

2. THE CITANDUY II PROJECT IS ONE OF TWO MISSION PROJECTS THAT ASSIST THE GOI TO SIGNIFICANTLY STRENGTHEN ITS AGRICULTURE DEVELOPMENT AND CONSERVATION EFFORTS FOR SUBSISTENCE LEVEL FARMERS IN SEVERELY ERODED UPLANDS. THE PROJECT IS DESIGNED TO ESTABLISH LOCAL AND NATIONAL CAPACITY TO PLAN AND CARRY OUT A WATERSHED MANAGEMENT PROGRAM IN ADDITION TO IMPROVING SMALL FARMER PRODUCTIVITY IN THE CITANDUY BASIN. PROJECT AREA IS LOCATED IN 5 DISTRICTS OF CENTRAL AND WEST JAVA WITH A POPULATION OF ABOUT 3 MILLION. IMPLEMENTING AGENCIES INCLUDE MINISTRIES OF AGRICULTURE, PUBLIC WORKS, HOME AFFAIRS AND FORESTRY.

3. THE CITANDUY II PROJECT WAS INITIATED IN 1981 WITH TCTAI IOP FUNDING OF DOLLARS 22.8 MILLION OF WHICH 4.2 MILLION WAS GRANT AND 18.6 MILLION LOAN. FOLLOWING MAJOR FLCCI CONTROL WORKS OF A PREVIOUS AID-FUNDED CITANDUY PROJECT, CITANDUY II IS A PILOT EFFORT WHICH INTRODUCES A

USAID ROUTING	
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PACKAGE OF EROSION CONTROL TECHNIQUES AND IMPROVED AGRICULTURAL PRACTICES TO FARMERS IN THE TERRACED UPLANDS. IMPLEMENTATION SITES REPRESENT A VARIETY OF ECONOMIC AND SOCIO-ECONOMIC CONDITIONS IN THE BASIN AND ELSEWHERE ON JAVA. MAJOR COMPONENTS OF THE PROJECT INCLUDE: A) UPPER WATERSHED DEVELOPMENT WITH EROSION CONTROL ACTIVITIES, FARM-TO-MARKET ACCESS ROADS, CREDIT, EXTENSION, TRAINING AND RESEARCH; B) DEVELOPMENT OF IRRIGATION SYSTEMS WHICH REHABILITATE 10 EXISTING SYSTEMS AND INTRODUCE MODEL BLOCK WATER MANAGEMENT SCHEMES AND C) LOCAL DEVELOPMENT PLANNING AND MANAGEMENT WHICH INCLUDES SOCIO-ECONOMIC RESEARCH, WATERSHED PLANNING AND LOCAL INITIATIVE PROJECTS. TECHNICAL ASSISTANCE IN THE FIELDS OF AGRICULTURE, SOCIOLOGY, AND ENGINEERING HAS BEEN SUPPLIED THROUGHOUT THE LOP VIA A MAIN AID DIRECT CONTRACTOR (RMI), HOST COUNTRY CONTRACTS AND SEVERAL PERSONAL SERVICE CONTRACTS.

4. IN ITS FIFTH YEAR OF IMPLEMENTATION, PRINCIPAL PROJECT ACCOMPLISHMENTS INCLUDE; A) AN OPERATIONAL WATERSHED MANAGEMENT DEVELOPMENT CENTER; B) COMPLETION OF 50 MODEL FARMS; C) APPROXIMATELY 10,000 HECTARES OF UPLAND AGRICULTURAL LAND (MODEL FARMS, SUBSIDIZED AND UNSUBSIDIZED EXPANSION AREA) TREATED WITH EROSION CONTROL TECHNIQUES; D) THE ESTABLISHMENT OF 5 SUB BASIN NURSERIES; E) A FUNCTIONING SOCIO-ECONOMIC EVALUATION UNIT (USESE) AND F) THE REHABILITATION OF 10 IRRIGATION SYSTEMS WITH A TOTAL COMMAND AREA OF 4900 HECTARES. EVALUATION RESULTS FROM 4 DIFFERENT PILOT AREAS SHOW THAT MODEL FARM/EXPANSION AREA FARMERS WHO ADOPT IMPROVED TERRACING, OTHER EROSION CONTROL MEASURES, AND RECOMMENDED AGRICULTURE PRACTICES, HAVE BEEN ABLE TO RAISE THEIR INCOMES SIGNIFICANTLY, SOME AS MUCH AS 4 TIMES. ALTHOUGH PROGRESS IN EROSION CONTROL IS DIFFICULT TO QUANTIFY, DISCHARGE DATA GATHERED BY GOI PUBLIC WORKS AND THE PROJECT'S WATER BUDGET STUDY SHOW DECREASED SEDIMENTATION RATES AND LESS WATER-LEVEL FLUCTUATION AT KEY POINTS ALONG THE CITANDUY SYSTEM. EXCESS OF FUNDS CAUSED BY ORIGINAL OVER BUDGETTING AND BY A RUPIAH-DOLLAR DEVALUATION IN FIRST YEAR OF PROJECT'S IMPLEMENTATION WAS RESCIVED BY DOLS 4 MILLION DEOBLIGATION IN SEPTEMBER LAST YEAR.

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5. DESPITE SUCCESSES IN MEETING MOST PLANNED IMPLEMENTATION TARGETS THERE IS BROAD AGREEMENT ON THE NEED TO EXTEND CITANDUY II FOR TWO YEARS. THIS AGREEMENT IS BASED ON THREE IMPORTANT FACTORS: THE FIRST REASON TO EXTEND CITANDUY II IS TO ALLOW MORE TIME TO CONTINUE TESTING APPROPRIATE TECHNOLOGIES ON STEEP SLOPES AND SHALLOW SOILS. BECAUSE OF THE EXISTENCE OF A WIDE VARIETY OF SOIL CONDITIONS AND NUMEROUS APPLICABLE CROPPING SYSTEMS IN THE CITANDUY BASIN, THERE SIMPLY HAS NOT BEEN SUFFICIENT TIME FOR TESTING AND FORMULATING APPROPRIATE RECOMMENDATIONS FOR A LARGE PORTION OF THE CRITICAL STEEP SLOPE AREAS. LAND HAZARDS MAPPING NOW UNDERWAY AND UPLAND AGRICULTURE RESEARCH BY EXPERIENCED PERSONNEL DURING A TWO YEAR EXTENSION WILL ADD GREATLY TO THE BODY OF KNOWLEDGE UPON WHICH TO BASE APPROPRIATE CROPPING AND LAND MANAGEMENT RECOMMENDATIONS.

THE SECOND MAJOR REASON TO EXTEND CITANDUY II IS TO ALLOW ONGOING TRAINING AND INSTITUTION BUILDING ACTIVITIES TO BEAR FRUIT AND BE CONSOLIDATED OR COMPLETED. SOCIO-ECONOMIC MONITORING AND EVALUATION ACTIVITIES (USESE) GOT A LATE START BUT ARE NOW WELL ORGANIZED AND STAFFED AND HAVING A POSITIVE INFLUENCE ON PROJECT DECISION MAKING. USESE'S AGENDA DURING THE PROPOSED EXTENSION FOCUSES ON DEVELOPMENT OF LOCAL GOVERNMENT PLANNING CAPABILITY AND ON INCREASING THE QUALITY OF SOCIAL AND ECONOMIC DATA ANALYSIS AS IT APPLIES TO PROJECT MANAGEMENT THROUGHOUT THE RIVER BASIN.

THIRDLY, THERE IS A CLOSE RELATIONSHIP BETWEEN CITANDUY II AND THE UPLAND AGRICULTURE AND CONSERVATION PROJECT. WITH SIMILAR FIELD ACTIVITIES NOW UNDERWAY IN THREE MAJOR WATERSHEDS ON JAVA, UNDER BOTH PROJECTS, THE POTENTIAL FOR APPLYING LESSONS LEARNED FROM ONE PROJECT TO THE OTHER IS SUBSTANTIAL. THIS PROCESS, ALREADY UNDERWAY IN THE FIELDS OF UPLAND AGRICULTURE RESEARCH AND SOCIAL/ECONOMIC IMPACT EVALUATION, WILL BE GREATLY FACILITATED BY AN EXTENSION OF CITANDUY, II.

6. PROPOSED EXTENSION CONTINUES TWO OF THE THREE MAJOR ELEMENTS OF CITANDUY II: A) UPPER WATERSHED DEVELOPMENT AND B) LOCAL DEVELOPMENT PLANNING AND MANAGEMENT. THE THIRD MAJOR ELEMENT, IRRIGATION SYSTEMS DEVELOPMENT, WOULD NOT BE CONTINUED IN PROJECT EXTENSION AS ITS ORIGINAL PROJECT TARGETS HAVE BEEN MET.

PROPOSED SUPPORT TO UPPER WATERSHED DEVELOPMENT ELEMENT ABOVE INCLUDES CONTINUED AID FUNDING FOR ADDITIONAL MODEL FARMS, A NEW PROTOTYPE MODEL FARM WHICH GCI WANTS TO APPLY TO ITS OWN REGREENING PROGRAM AND REFINEMENT OF TECHNOLOGY PACKAGE TO ADDRESS STEEP SLOPE PROBLEMS. AS MENTIONED EARLIER, SIGNIFICANT PROGRESS HAS BEEN ACHIEVED ON OVER 10,000 HECTARES OF IMPROVED, SUBSIDIZED AND UNSUBSIDIZED TERRACES. BECAUSE OF THE VARIETY OF SOILS AND AGRO-CLIMATIC CONDITIONS IN THE BASIN, HOWEVER, ADDITIONAL APPLICATION AND STUDIES OF THE UPLAND TECHNOLOGY PACKAGE IS NEEDED. IN ADDITION TO WORK ON

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MODEL FARMS AND EXPANSION AREAS, THIS "TECHNOLOGY" SECTION OF PROPOSED EXTENSION INCLUDES SUPPORT TO GOVERNMENT, AS WELL AS SOME PRIVATE SECTOR, AGRO-FORESTRY NURSERIES.

SUPPORT TO LOCAL DEVELOPMENT PLANNING AND MANAGEMENT IN EXTENSION WILL EMPHASIZE CONTINUED STRENGTHENING OF LOCAL PLANNING BODIES AND INSTITUTIONAL DEVELOPMENT OF USESE. SOCIO-ECONOMIC WORK NOW UNDERWAY BY USESE WILL CONTINUE WITH PARTICULAR FOCUS ON TRANSFER OF SKILLS TO LOCAL GOVERNMENT PROJECT IMPLEMENTORS IN THE AREA OF EVALUATION AS WELL AS TESTING OF METHODOLOGIES WITH POTENTIAL FOR APPLICATION TO THE UPLAND AGRICULTURE AND CONSERVATION PROJECT. USESE'S PROGRAM OF WORK WILL INCLUDE EVALUATION OF UPLAND FARMING TECHNOLOGY, CREDIT, CONSERVATION ACTIVITIES AND THE ADMINISTRATION OF SELECT IN-COUNTRY TRAINING. EMPHASIS WILL BE PLACED ON QUALITY OF DATA ANALYSIS INCLUDING APPLICATION OF MICROC COMPUTERS ALREADY BEGUN. OTHER COMPONENTS OF PROPOSED EXTENSION INCLUDE APPLIED AGRONOMIC RESEARCH, CREDIT, LOCAL CONSERVATION ACTIVITIES, TRAINING AND TECHNICAL ASSISTANCE.

PROPOSED EXTENSION WILL REQUIRE AN ESTIMATED DOLS 4.25 MILLION OF EXISTING LOAN FUNDS AS FOLLOWS:

AGRO-TECHNOLOGY - 650,000

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RESEARCH	-	650,000
CREDIT	-	600,000
LOCAL CONSERVATION ACTIVITIES	-	500,000
INSTITUTIONAL SUPPORT & DEVELOPMENT	-	300,000
TRAINING	-	650,000
TECHNICAL ASSISTANCE	-	900,000
-	-	
TOTAL		4,250,000

THE LIFE OF PROJECT FUNDING LEVEL OF CITANDUY WILL REMAIN AT DOLS 18.8 MILLION. OF THIS TOTAL, THE DOLS 4.25 IN GRANT PORTION IS EXPECTED TO BE USED UP BY THE CURRENT PACE.

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03-Jun-86

CITANDUY II PROJECT EXTENSION BUDGET

03-Jun-86

Activity/Program	Original Obligation PIL No.6	Thru PACD	Plus Extension	Total AID Contribution	Original GOI Contribution	Plus Extension	Total GOI Contribution	Grand Total GOI+AID
Loan Total	18600000	10250000	4350000	14600000	15912000	3335000	19247000	33847000
MINISTRY OF FORESTRY	3312900	1958600	700000	2658600	2348000	875000	3223000	5881600
Model Farms	551400	300000	300000	600000	551000	200000	751000	1351000
Nurseries	576000	120000	0	120000	576000	0	576000	696000
Other Conservation Measures	349000	50000	0	50000	349000	0	349000	399000
Aerial Photo Mapping	660000	660000	0	660000	0	0	0	660000
Scient Equip (Forestry)	114000	114000	0	114000	0	0	0	114000
MMDC Equipment	151800	95000	0	95000	822000	250000	1072000	1167000
Vehicles	558700	337600	0	337600	50000	25000	75000	412600
Apiculture Expert	6000	2000	0	2000	0	0	0	2000
PASA Soil Conservationist	346000	280000	0	280000	0	0	0	280000
Local Conservation	0	0	400000	400000	0	400000	400000	800000
MINISTRY OF AGRICULTURE	2210800	1159000	900000	2059000	3549000	670000	4219000	6278000
Upland Research	182400	154000	150000	304000	78000	520000	598000	902000
Watershed Dev Planning	126400	122000	0	122000	1535000	50000	1585000	1707000
Watershed Plan Preparation	64000	0	0	0	0	0	0	0
Training Non RMI	1455000	500000	750000	1250000	1600000	100000	1700000	2950000
Model Blocks Ext Teams	383000	383000	0	383000	336000	0	336000	719000
MINISTRY OF PUBLIC WORKS	3716100	1771200	0	1771200	3366000	0	3366000	5137200
Irrigation Rehabilitation	3226100	1300000	0	1300000	3226000	0	3226000	4526000
Hydrological Equipment	110000	110000	0	110000	40000	0	40000	150000
Pataruman Shop Equip	120000	120000	0	120000	0	0	0	120000
District O&M Equipment	123200	123200	0	123200	40000	0	40000	163200
Vehicles	136800	118000	0	118000	60000	0	60000	178000
MINISTRY OF HOME AFFAIRS	5301100	2609700	1750000	4359700	5479000	1390000	6869000	11228700
Access Roads	1032400	316900	0	316900	1032000	0	1032000	1348900
Erosion Control on Roads	240900	68800	0	68800	349000	0	349000	417800
Upland Expansion	662600	662600	350000	1012600	663000	400000	1063000	2075600
Coordinating Committee	172000	172000	0	172000	180000	90000	270000	442000
Credit	2453500	900000	600000	1500000	2453000	600000	3053000	4553000
Local Initiative Proj	504000	300000	0	300000	252000	0	252000	552000
Socio-Econ Res Unit	5700	0	0	0	110000	0	110000	110000
Watershed Assessment	53000	47400	0	47400	200000	0	200000	247400
Vehicles	177000	142000	0	142000	70000	20000	90000	232000
USESE	0	0	500000	500000	170000	80000	250000	750000
Institution Support & Dev	0	0	300000	300000	0	200000	200000	500000
MIXED COMPONENTS	4059100	2751500	1000000	3751500	1170000	400000	1570000	5321500
Contract Training (RMI)	600000	600000	0	600000	20000	50000	70000	670000
Contract TA (RMI)	1910000	1910000	900000	2810000	1150000	350000	1500000	4310000
Contingency	1549100	241500	100000	341500	0	0	0	341500

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HR

UNITED STATES GOVERNMENT

memorandum

DATE: January 11, 1983

TO: Jonathan L. Sperling, FRO

SUBJECT: International Travel Costs of Participants Under Citanduy II Project 497-0281

FROM: Mr. William P. Fuller, DIR

Problem: A waiver is required to authorize AID funding of international travel costs for participants under the Citanduy II loan, Project 497-0281,

Background: The PP on page 10 describes the project training element, but no mention is made of international travel costs. The Loan Agreement itself does not cover international travel of participants per se, although international training budgets in Annex 3 show all costs in the AID column.

AID Handbook 10 requires that international travel costs of participants shall be borne by the host country, unless a waiver is issued by the Mission Director.

In light of the fact that neither the PP, nor the Loan Agreement make any specific mention of international travel of participants, the Program Office recommends that you waive the requirement that the host country should bear the international travel costs of participants, until such time as the project officer has discussed this matter with the GOI; to hold up the departure of participants under this project because of a Mission management problem would unfairly prejudice the success of the project and penalize the GOI. The estimated GOI contribution to the project remains at 50% well above the required 25%.

Recommendation: That you signify your concurrence by signing on the line below.

Approved: W. P. Fuller

Date: 1/12/83

Disapproved: _____

Date: _____

ACTION MEMORANDUM FOR THE DIRECTOR

Date : July 1, 1986

Reply to
Attn of : John A. Huxtable, ARD/RRM *JAH*

Subject : Extension of the Project Assistance Completion Date (PACD)
for the Citanduy II Project, No. 497-0281

Reference : A) BAPPENAS letter No. 1487/DI/5/1986 dated May 10, 1986
B) Bangda letter No. 050/1127 Dated April 22, 1986
C) Jakarta 05581, Citanduy II PID-like cable
D) Project Paper Supplement

Problem

The Project Assistance Completion Date for the Citanduy II Project is September 30, 1986. By the referenced letter BAPPENAS has requested a two year extension to September 30, 1988 to permit continued testing in two key components of the project.

Background

The Citanduy II Project was authorized on August 21, 1980 with life of project funding of \$22,850,000 (\$4,250,000 Grant and \$18,600,000, Loan). In September 1985, as a result of devaluation and over-funding, \$4,000,000 was de-obligated from the Loan. The original purpose of the project was to develop and increase agriculture production through support for activities in: 1) Upper Watershed Development; 2) Local Government Development Planning and 3) Irrigation Systems Development. The project was designed to be integrated with on-going GOI efforts in agriculture and conservation development and to test new strategies in the Citanduy River Basin. The area of implementation includes 5 kabupatens (districts) of Central and West Java. Grant funds are provided for technical assistance and the operation of USESE, the Socio-Economic Evaluation Unit. To date, of the \$4.2 million Grant funds obligated, \$4.0 million has been earmarked and \$3.7 million disbursed. Of the \$14.6 million loan funds obligated \$8.4 million has been earmarked and \$3.7 million disbursed. No PACD extension has been executed for this project to date.

Case/Justification

A mid-project evaluation completed in 1984 highlighted a number of project areas in need of improvement both managerially and technically. As a result of this evaluation and subsequent reviews by local government it was decided to focus any future efforts on key activities of two major components of the project: 1) Upper Watershed Development, and 2) Local

Government Planning. It was anticipated that activities of the third component, Irrigation Development, would be complete by September 30, 1986 and that no additional activities under Irrigation Development would be funded in an extension.

The government of Indonesia has requested a two year extension of the project based on the need for: 1) increasing the sustainability of steep slope, upper watershed technologies, 2) more time to institutionalize USESE and Local Government Planning efforts, and 3) continued efforts to apply lessons learned from the Citanduy experience to the Upland Conservation Project. In the area of testing agriculture technologies, the two year extension will permit the completion and utilization of on-going land hazards mapping and allow project implementers to fine-tune methodologies regarding the selection of critical areas for additional watershed development work. Activities to be completed under the Upper Watershed Development component of the project include model farms, agriculture research, nurseries, local conservation projects and credit assistance. Under the Local Development Planning element of the project USESE would have additional time to institutionalize its largely successful efforts to evaluate socio-economic progress. Data analysis and project monitoring skills will be transferred to appropriate local government officials through USESE's project monitoring training program. Activities under the Lower Watershed element will be complete by September 30, 1986 with the exception of residual work, underway, to complete model blocks and levees. This is now expected to be completed by November 1, 1986. No additional commitments of funds will be made for Lower Watershed activities.

Support will be continued in the extension for the Central Executive Secretariate in an effort to improve monitoring aspects of the project and already programmed training (US and local) will be completed. The following components will be supported by all loan funding in the extension period. No additional funds are required.

<u>Component</u>	<u>AID Loan Funds</u> (\$000 approximate)
Agriculture Technology	650
Research (Agronomic + Socio-Economic)	650
Credit	600
Local Conservation and Production	400
Institutional Support and Development	300
Training	750
Technical Assistance	900
Contingency	100
TOTAL	<u>4,350</u>

A determination has been made to extend the present technical assistance contract adding 24 months services each of: 1) a watershed development planner, 2) a research agronomist, and 3) three local consultants. A social scientist for USESE will be contracted separately.

It is necessary to extend the PACD now, to permit; 1) contracting for the USESE social scientist, 2) funding long term training, and 3) extending of the present TA contract.

You have the authority, under Redelegation of Authority No. AA/ANE DOA 112.1 dated 5/24/85 to extend projects for up to two years as long as the total life of the project does not exceed ten years.

Recommendation

It is recommended that you sign the attached Project Data Sheet to approve the Project Paper Supplement and that you then sign the Project Implementation Letter extending the project.

Approved William P. Fuller
William P. Fuller

Date July 14, 1986

Disapproved _____

Date _____

Clearance:

ARD/RRM:WDouglass WWD

PRO:SHadley (in draft)

PRO:DZvinakis [Signature] 7/3/86

LA:GBisson

FIN:RMcClure [Signature]

ARD:RCobb [Signature]

A/DD:JSperling [Signature]

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