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INDONESIA - ACTION PLAN

1987

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USAID/INDONESIA

ACTION PLAN

FY 1987

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Action Plan: FY 1987

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February 1986

PART I: INTRODUCTORY OVERVIEW

A. THE CDSS

The FY 85 CDSS continues to provide direction for USAID's program, and the FY 87 plan of action is consistent with it. In accordance with the CDSS, the Indonesia program focuses on three major development problems. First, the Mission assists programs that aim at diversifying foodcrop production, a particularly important focus at this time given the achievement of surpluses in rice production and evidence of substantial under-employment in agriculture. Within this area, the Mission concentrates on: 1) developing foodcrop research institutes; 2) strengthening policy analysis and planning; 3) testing and expanding small-scale irrigation systems; and 4) assisting the development of food production technologies for upland and dry outer island areas suitable for non-rice crop cultivation. Second, the Mission's program focuses on decreasing infant and pre-school mortality, and reducing fertility. With relatively high levels of IM (around 90/1000) and continuing population pressure on resources, these areas are accorded high priority by the GOI. The Mission's efforts are directed to: 1) strengthening the implementation capacity of the Family Planning Board (BKKBN) and selected health agencies at headquarters and provincial levels; 2) widening the role of the private sector in family planning and health care; and 3) experimenting with improved service delivery programs. Third, USAID supports efforts to expand small and medium-scale private enterprise with a view to creating employment and expanding the role of the private sector in development. The Mission centers attention on: 1) developing self-sustaining rural financial institutions; 2) promoting private sector investment in areas with employment potential; and 3) increasing management capacity.

In each of these three program areas the Mission gives priority to policy analysis, institution building, and trial and adaptation of technologies. To support institution building, the Mission assists

programs that help develop human resources, primarily in areas directly related to agriculture, population-health, and enterprise development. Private sector involvement is steadily growing within the portfolio as initiatives in this area are started in agriculture, population, health and hopefully, in future, in education. Finally, the Mission maintains a PVO program that aims at supporting indigenous Indonesian organizations, often with support from U.S. PVOs.

Because of the continued validity of the CDSS, the Mission has requested AID/W agreement to defer the next CDSS to FY 88 (see Jakarta 01779). In addition to relevance, other reasons underlie the Mission's request: 1) a delay of one year should allow sufficient time to assess oil markets (possibly see some stabilization), the implications of oil price declines, and the GOI response (an important parameter for the CDSS); 2) the proposed timing would be in line with GOI preparations of the next Five Year Plan, and would follow the 1987 elections; 3) another year would permit more time for the GOI to implement and evaluate important restructuring policies introduced in 1984 and 1985--tax reform, banking and customs reforms, and deferment of large capital projects; and 4) USAID projects started or amended under the FY 85 CDSS are in relatively early stages of implementation. They need more time to mature before they can be evaluated against CDSS objectives, and, in turn, affect the preparation of a subsequent CDSS.

The Mission's principal objectives, therefore, during the next two years are implementation and evaluation. With these objectives in view, and given the need to continue to reduce portfolio size, no new starts are planned in FY 87 and only one in FY 88.

B. HIGHLIGHTS IN 1985

The two most significant development highlights were 1) the achievement of rice self-sufficiency, and 2) sizeable reductions in oil prices, government revenues, and the development budget. The Mission is carefully monitoring implications. Agreement has been reached with the

National Planning Agency for USAID to finance a Stanford Research Institute study, beginning in summer 1986, to assess the impact of rice surpluses and falling prices on rice production, secondary crops, farm incomes, and consumption. The steady decline in oil prices is of serious concern, and outcomes are unlikely to be clear for some time. While the Mission's priorities may be seen as even more important during times of diminishing government revenues, there may be counterpart project funding shortfalls, though it is still too early to draw conclusions. The development budget was cut 22 percent and another reduction is possible later in the year if oil prices stabilizes at \$15 - 18 per bbl. Mission staff are in regular consultation with the Ministry of Finance, the National Planning Agency, and the line Ministry staff to review GOI project budgets. They are currently reviewing options on a project by project basis should there be serious further budget cutbacks (options include stretching out LOPs, assuming more local costs, redesigning certain project components, increasing grant funding). This exercise will be completed by the end of March when Indonesia's FY 86/87 budget goes into effect. At this point, given the high priority of the areas in which the Mission is working, it is anticipated that the adjustments required by USAID will be marginal.

In addition to the new projects started in FY 85 and continuing implementation activities, some of last year's highlights for USAID include:

1. Policy changes reflecting USAID support

- GOI agreement to recruit a private sector organization to manage community organizers for irrigation extension activities.
- GOI agreement to engage the private sector for a contraceptive retail sales program.
- GOI agreement not to cut the Family Planning budget in view of the results of a USAID supported study of national budget savings resulting from the Family Planning Program (births averted).
- Negotiations of the Applied Agriculture Research Project increased attention to non-rice production research and resulted in a better definition of research mandates.

2. Improved analysis and evaluation

- Study of impact of community organizers and farmer participation on management and use of irrigation systems (HPSIS) completed.
- Studies of demographic change, institutional development of Family Planning Board, and returns from Family Planning Program completed.
- In-house study of employment problem completed, and seminars held with Finance and Planning Ministries.
- Assessment of impact of Citanduy II project on upland farm technologies, farmer incomes, and erosion control completed.
- Mission occasional policy paper series launched.

3. New inroads

- Successes in gaining government support for crop diversification through uplands farming, increased efforts on the outer islands, and linking research with extension has enabled USAID to support more directly non-rice commodities. As a result, design efforts in aquaculture and secondary food crops are underway for FY 86 and FY 87.
- Agreements related to social marketing of contraceptives appears to have paved the way for expanded assistance, not only in contraceptives, but possibly in other private sector-oriented health and family planning activities. A project is planned for obligation in FY 88.
- Over the last year and a half, the Mission has explored the employment problem, stimulating considerable GOI interest. In addition, the declines in government revenues have provoked more serious interest in policy reforms in trade and industry. USAID has been requested by the National Planning Agency and Ministry of Finance to provide long-term policy advisers to work on selected aspects of employment, trade and industrial policy. The Development Studies Project will be amended in FY 86 to enable the Mission to respond.

PART II: PERFORMANCE AND PLANS

A. PROGRAMMATIC OBJECTIVES, BENCHMARKS, AND ACTIONS

GOAL I: INCREASE FOOD PRODUCTION AND STRENGTHEN RELATED RESOURCE MANAGEMENT. (E)

OBJECTIVE 1: Diversify foodcrop production (increase production of non-rice crops). (E)

Benchmarks: 1) Increase acreage planted with non-rice crops in FY 86 and FY 87, and increase production about 5 percent annually; 2) achieve self sufficiency in major grain legumes and corn by end of the decade; 3) maintain rice production levels to meet growth of domestic demand (estimated at 3 percent per year). (E)

Sub-Objectives, Benchmarks and Key Actions:

1. Improve food crop research and further strengthen food crop research institutes, giving particular attention to second generation institutional development problems--research management, advanced scientific skills, links with universities, and farming systems research. (E)

Benchmarks: 1) Three productive, well-equipped, staffed and managed regional Research Institutes by early 1990s; 2) acceleration in the number of varieties tested and released; 3) research management strengthened at headquarters--more trained staff, national research priorities established, improved process for budget allocations.

Key Actions:

- Complete facilities construction under Applied Agriculture Research Project (AARP) by early FY 87. (IB)

- Continue land development under Sumatra Agriculture Research (SAR) Project and extend SAR PACD until end 1986 to enable SAR to be folded into AARP extension. SAR handles upland rice and farming systems research. (TT)
- Evaluate capacity of SAR in mid 1986 to carry out research during next phase of development. Establish commodity research groups in FY 86, and plan collaborative research program with universities. (IB, TT)
- New TA contract team in place for AARP by late 1986, both for headquarters and three institutes including SAR. (IB, TT)
- Conduct further policy discussions with Applied Agriculture Research Department on redefining research mandates of research institutes to better reflect local needs, rather than preoccupation with single crops. (PD)
- Evaluate Secondary Food Crops Project in FY 86 to assess quality/spread effects of demonstration farms, field trials, extension and post-harvest operations. Discuss policy outcomes with GOI. Amend Project in FY 87. (IB, TT, PD)
- Assess current role of private sector in secondary crops production and marketing, and explore possible USAID support to expand that role as part of FY 87 amendment to Secondary Crops Project. Identify possible policy constraints and discuss with government. (PD, PS)

2. Expand and improve agricultural policy analysis and planning. (E)

Benchmarks: 1) Establishment of food policy agenda in MOA Planning Bureau in early FY 87; 2) increase in trained staff in agencies responsible for agricultural policy/planning and better coordination among agencies; 3) improved quality and dissemination of research.

Key Actions:

- Continue implementation of Agriculture Planning Project: Winrock International TA team in place mid-FY 86; national policy

research agenda proposed; hold provincial meetings to identify major policy constraints and possible actions in FY 86 and FY 87. (IB, PD, TT)

- Contract Stanford Food Research Institute in FY 86 (funds from Secondary Crops Project) under supervision of National Planning Agency to assess implications of rice self-sufficiency and government's crop diversification strategy. Periodic reviews scheduled with National Planning Agency, Ministry of Agriculture and Bulog to discuss policy options. (PD)

- Continue support for National Agroeconomic Survey and in FY 86 extend to outer islands--survey traces production, inputs, price movements for farm families over several year period; review data and food policy implications along with Stanford study in FY 87 for presentation and discussion with GOI. (PD)

3. Test and develop small-scale irrigation systems that will expand acreage for secondary food crop production as well as rice.
(E)

Benchmarks: 1) Bring approximately 20 to 22 thousand hectares of new land under irrigation by 1992; 2) increase cropping intensity by 100 percent in selected areas by end of FY 87; 3) new design and construction strategies tested.

Key Actions:

- Implement Small-Scale Irrigation Management Project in three outer island provinces: socioeconomic and production site profiles completed for priority sites by end of FY 86; contract team in place by early FY 87; community organizer system designed and installed by early FY 87; begin construction of systems in FY 87; test ground water pump systems in FY 87; establish a system to monitor farmer participation and economic returns from irrigation systems in FY 87. (IB, TT)

- Prepare Sederhana Irrigation Assessment report and High Performance Sederhana Irrigation System report for publication and policy discussion with GOI by late FY 86. (PD)

4. Improve production technologies in selected upland areas in Java and coastal zones that require careful management of natural resources. (E/N)

Benchmarks: 1) In pilot upland areas of Java increase yields by 50 percent from FY 85 to end FY 88; 2) make recommendations for erosion control technologies by end FY 87. By early 1990s increase annual growth of production of fish and fish products from 4.2 percent to 5 to 5.5 percent (note that implementation of Mission's efforts will not be underway until summer 1987 at the earliest).

Key Actions:

- Implement Uplands Agriculture and Conservation Project: continue support for soil and water conservation and farming systems research; commercial contract for TA team approved FY 86 and in place by late 1986; develop, in early FY 87, systems to monitor rates of erosion, increases in production, changes in farmer income, and establish system in two districts by end of FY 87. (IB, TT)

- Extend Citanduy II Project in late FY 86 for two years--this will enable continued monitoring and evaluation of production technologies and incomes, impact of erosion control, effectiveness of credit scheme, role and impact of farmer organizations, and extent and nature of spontaneous expansion. (IB, TT, PD)

- Review data recently collected on impact of upland farming technologies on farmer incomes and erosion control in Citanduy, and discuss policy implications with government in late FY 86. Submit preliminary findings to inter-ministerial meetings in watershed management in March 1986. (PD)

- Complete design of Aquaculture Project for obligation in FY 86. TA team in place by end of FY 87. Establish link between Aquaculture Project and PVO Water Harvesting/Aquaculture Project. (IB, TT)

OBJECTIVE 2: Improve institutional capacity at local government levels. (E)

Benchmarks: 1) Capacity for planning, project implementation and monitoring rural development programs strengthened in eight provinces--staff trained, planning and budgetary procedures tested and in place by end FY 86 at province and some sub-provincial levels; 2) evidence of impact of projects planned and implemented by these bodies available in early FY 87; 3) initial operational procedures in place by end of FY 87 for selected provinces and districts to manage road maintenance allocations.

Key Actions:

- Under PDP, continue training local government planning staff in eight provinces and providing TA; complete testing of new systems for budget planning by end FY 86. (IB)
- Complete evaluation of PDP's effects on provincial and sub-provincial institutions, and impact of sub-projects on beneficiaries by early FY 87. On basis of evaluation, consider possibilities of follow-on activities, including support to strengthen provincially managed training programs. Use data for further discussions with National Planning Agency and Ministry of Interior regarding replication and further policies for decentralization. (IB, PD)
- Design of District Roads Maintenance Systems Project completed and approved in FY 86. TA team in place by end FY 87. Major policy issues discussed with GOI during design phase--earmarked funding for maintenance, sources of additional revenues, increased staff requirements, procedures to establish maintenance plans and budget allocation. (IB, PD)
- Local Government Training Project II brought to a close mid FY 86. Review with Ministry of Interior the lessons learned and possible alternative approaches that might be managed at provincial level under PDP. (PD)

GOAL II: IMPROVE COVERAGE AND QUALITY OF HEALTH CARE AND FAMILY PLANNING. (E)

OBJECTIVE 1: Improve rates of infant and child survival. (E)

Benchmark: Reduce infant mortality rate from 90.3/1000 in 1984 to 70/1000 by end of 1989.

Sub-Objectives and Key Actions*

1. Improve and expand epidemiology and other analyses that identify areas where children are at risk, and the nature and determinants of disease. (E)

Key Actions:

- Complete nationwide household mortality/morbidity study by end of calendar 1986. (PD)
- Further studies in CHIPPS provinces, including two cost-benefit studies of specific program interventions in FY 86 and FY 87. (IB, PD)
- Complete KAP studies of diarrheal disease in West Java by end of calendar 1986. (PD, PS)
- Provide field epidemiology training for 44 medical and nursing personnel by end of calendar 1987. (TT, IB)
- Discuss implications of studies with MOH and other donors for possible interventions. (PD)

2. Support increased decentralization of analysis, budget allocation, planning and project implementation to provincial levels. (E)

*--these actions are supported through several current (and when noted, planned) projects, such as CHIPPS, HTR&D, and EPI.

Key Actions:

- Continue coordination of all analytical studies, planning and implementation conducted in the provinces by O/PH projects - EPI, CHIPPS, VFP/MCW, HTR&D, FPH, FPSD I & II. (PD)
- Test PUSKESMAS data management capability in three provinces by end of 1987. (TT, IB)

3. Strengthen health system management. (E)

- Continue management analyses and training at central and provincial levels. (IB)
- Establish MIS within the Ministry of Health by the end of 1987 for manpower planning, personnel utilization and in-service training. (TT, IB)
- Encourage and support establishment of task forces representing MOH, BKKBN and other organizations concerned with child survival, such as Task Force for ORT. (IB)

4. Explore possibilities with government and private sector of extending private sector's role in health care. (N)

Key Actions:

- Examine possible ORT commercial sales program. Possible introduction in FY 87. (PD)
- Examine HMOs and health insurance schemes for possible support in FY 88. (PD, TT, PS)
- Evaluate fee for service health centers in FY 87. (PD)
- Begin design of Private Sector Health and FP Program for FY 88 obligation. (PS, TT, PD)
- PATH exploring local manufacture of vaccines and health diagnostics. (TT)

5. Test and strengthen selected health delivery programs. (E)

Key Actions:

- Increase immunization rate of children 3-14 months of age from 40 percent in 1984 to 65 percent by end of FY 87. Building on CHIPPS experience, expand EPI coverage by using village women's groups for registration and mobilization in 12 provinces by end of calendar 1987. Also complete and evaluate EPI management training for provincial staff in eight provinces by end calendar 1986. (TT, PS, IB)

- Initiate ORT mass media campaign in West Java by end FY 86. Amend HTR&D in FY 86 to enable introduction of ORT program. Continue policy discussions with MOH regarding roles of public and private sectors. (TT, PD)

- Continue and evaluate in FY 87 the experimental Integrated Health and Family Planning Project in villages in East Java. The project involves village mothers' organizations and includes growth monitoring, supplementary feeding, mothers' nutrition-health-FP education, ORT and EPI. (IB, TT, PD)

- Implement and monitor/evaluate five PVO experiments in child survival.

6. Complete assessment of Mission's Population/Health program. (N)

Key Actions:

- With assistance of a team of U.S. and Indonesian consultants, determine progress made toward above objectives. Special attention given to health economics and role of private sector. (PD)

- Propose plans for improved monitoring system within office to track progress towards objectives. (IB, PD)

OBJECTIVE 2: Improve nutritional status of infants and pre-school children. (E)

Benchmarks: 1) Reduce protein-calorie malnutrition for children under 5 years of age from 30% in 1984 to 22% by 1990; 2) reduce incidence of severe Vitamin A deficiency from 1.6 percent in 1984 to 1.2% by 1990.

Key Actions:

- Complete evaluation of Village FP/MCW project by September 86 (including village and household data on program impact). Review results and implications for policy and program modifications with MOH and National Planning Agency in FY 87. (PD, TT)

- Amend VFP/MCW project in FY 86 (based on preliminary findings of evaluation) to strengthen integrated approach to health, nutrition and FP, and support steps for replication. (IB, TT)

- Continue support through DSP for nutrition studies, such as the timely warning system, and development of refined nutrition assessment linked to the National Social and Economic Survey. Results available by early FY 87. (IB, PD)

- Establish Vit. A delivery and fortification demonstration program with HKI in two provinces by end FY 87. (TT, IB, PS)

- Test methodology to assess weaning practices and develop strategy to address weaning problems in two provinces by end 1987. (PD, TT, IB)

OBJECTIVE 3: Increase voluntary participation in the Family Planning Program.

Benchmarks: 1) Reduce CBR from 33.5/1000 in 1984 to 31.1/1000 by 1989; 2) increase number of family planning acceptors from 14.6 million (FY 84) to 16.2 million by end of FY 87.

Key Actions: (Focus of USAID during FY 86 and FY 87 will be on strengthening BKKBN's management and research capabilities, broadening the availability of sterilization services, and expanding the role of the private sector.)

- Building on trials in mid-FY 86, establish contraceptive retail sales program by end FY 87. If condoms successful, explore possibility of adding other items in FY 87 and FY 88. Evaluation planned FY 87. (PS, TT, PD)

- Continue support and TA for BKKBN staff training. Expect that 45 staff will be trained in FY 86 and FY 87. (IB)

- Amend FPDS II project in FY 87 to enable expansion of sterilization services, training and social marketing activities. (TT)

- Continue support to strengthen research capacity at BKKBN and to develop stronger links with other research resources such as university demographic centers. (TT, IB)

GOAL III: INCREASE OFF-FARM EMPLOYMENT THROUGH SMALL-MEDIUM SCALE PRIVATE ENTERPRISE DEVELOPMENT.

OBJECTIVE 1: Develop self-sustaining rural financial institutions which increase the availability of credit and mobilize rural savings. (E)

Benchmarks: 1) Permission granted for units to set interest rates at levels that allow self-sustaining operations and to accept voluntary savings by first quarter FY 87; 2) by end of FY 87 increase the number of village units classified self-sustaining by 20-25 percent; 3) savings program initiated in Central Java, West Java and West Sumatra; 4) number of participants in village systems from 550,000 to about 690,000; 5) total loan portfolio increased from \$11 million to \$13.5 million.

Key Actions: (Primarily linked with implementation of Financial Institutions Development project)

- Place technical advisors in target provinces (2nd quarter FY 86) and at center (1st quarter FY 87) in policy positions. (PD, TT, IB).
- Develop and implement training programs for village unit personnel by end FY 86. (IB, TT)
- Review management information and supervisory systems and provide technical and commodity assistance required for their improvement by end FY 87. (IB, TT)
- Evaluate impact of new approaches to credit on local market including informal credit sources by end FY 87. (PD, TT, IB)
- Prepare FID amendment in FY 86 to support strengthening rural lending program of Bank Rakyat Indonesia. (IB)
- Complete arrangements for Federal Reserve TA support to Bank Indonesia, FY 86. (IB)
- Monitor PRE loan guaranties to two private banks for small enterprise lending. (PS)

OBJECTIVE 2: Increase private sector investment in areas with employment potential. (E)

Benchmarks: 1) Increase number of applications by U.S. companies for new investment by end of FY 87; 2) investment in private hatchery development in Central Java up 50%; 3) investment in handcrafted garment production increased by 30% and investment in metal casting increased by 15% in project areas.

Key Actions:

- Implement Private Sector project: study completed with Investment Coordinating Board of comparative investment climate incentives and promotion programs in Asia by end FY 86; review policy implications with BKPM and National Planning Agency in FY 87; evaluate in FY 86 the potential for self-sustaining Indonesian-US brokering operations to facilitate joint ventures, and decide whether to continue experiment currently underway with two firms; review replication possibilities with BKPM and National Planning Agency in FY 88. (PS, IB, PD, TT)

- Implement CJEDP component: establish model private shrimp hatchery and training facility in Central Java by first quarter FY 87. Test private hatchery's capacity to provide extension services to shrimp farmers; provide design, marketing and management assistance to furniture, garment and metal spare parts manufacturers during FY 86 and FY 87. (PS, TT, IB).

- Amend Private Sector project in FY 86 to provide funding for special studies--tax reform implementation policies, Bank Indonesia, capital markets--and possible continuation of investment promotion activity with Investment Coordinating Board. (PS)

- Amend DSP project in FY 86 to provide policy and planning assistance to BAPPENAS in selected elements of employment, trade and industrial policy. (PS, PD).

- Review in early FY 87 CLUSA small enterprise development program supported by PL 480 proceeds, to assess business development impact, and ways that program's replicability might be institutionalized. (IB, PD)

OBJECTIVE 3: Increase private sector management capacity. (E)

Benchmarks: 1) By end of FY 87 50% of staff at IPPM with advanced degrees compared to 5% in FY 84; 2) increased training in management offered by three management institutions and four NGOs outside Jakarta; 3) 50 mid-level or senior executives received training or internships in the U.S. under Indonesian Executive Development Fund supported by loan from Ministry of Finance; 4) 25% drawdown on Indonesian Executive Development loan fund and initial repayments underway.

Key Actions:

- Implement Private Sector Management Project: provide technical assistance in planning, curriculum development, research and consulting to IPPM; establish an effective outreach program at IPPM, and develop appropriate curriculum for NGOs involved in small business training in FY 86. (IB, TT)

- Evaluate IPPM staff training programs/consultants contracts in FY 86. (IB)

- Promote/implement the Indonesian Executive Development Fund for mid and senior executive training in the United States, supported by the Private Sector project. Organization, mechanism for selection, and Ministry of Finance funding now in place. (IB, TT)

GOAL IV: ACCELERATE DEVELOPMENT OF HUMAN RESOURCES, PARTICULARLY IN FIELDS RELATED TO THE MISSION'S PROGRAM FOCUS. (E)

OBJECTIVE 1: Strengthen policy analysis and formulation, and planning to develop better links between education programs and requirements of the economy. (N)

Benchmarks: 1) Ministry of Education planning unit strengthened with TA and staff training; 2) formulation of policy agenda by planning unit in Ministry of Education in FY 86 in preparation for next Five Year Plan; 3) efficiencies and other measures introduced in FY 87 to lower public education costs and increase private sector contribution in view of budget austerity; 4) evidence that policy and program choices are based on better data and analysis.

Key Actions:

- Complete Education Sector Assessment in FY 86, and review results for policies and programs with GOI. Results will provide a policy agenda for Mission to discuss with GOI, and also suggest later project activities. Particular attention to education finance and job preparation. (PD)

- Implement Education Policy and Planning project: TA in place by spring 1986; research/policies agenda set by late FY 86; develop specifications/organizational requirements for MIS in FY 86, and introduce system in FY 87; initiate staff training: 5 start training in FY 86, 5 in FY 87; computer planning model developed in FY 86, and manpower supply/demand projections completed by late FY 87, early FY 88; begin preparation in FY 86 for FY 87 amendment of

EPP Project to support expanded and intensified policy analysis, and increased provincial involvement in education planning. (IB, TT, PD)

OBJECTIVE 2: Strengthen faculties of agriculture and public health.

Agriculture Benchmarks: 1) Increase undergraduates enrolled in agriculture faculties in state universities by 10% annually through 1988; 2) improve program quality by increasing the number of teaching staff holding degrees, strengthen basic and agricultural science equipment in six universities by 1987, and improve teaching materials and methods; 3) improve and expand research by introducing a competitive research awards program, establishing research networks of university faculty, and developing collaborative research agreements with the Ministry of Agriculture in commodity and other research programs.

Key Actions:

- Continued implementation of Western Universities Agricultural Education project focusing on: further staff training --27 new starts in FY 86, 27 in FY 87; new University Kentucky TA team in place at three universities by end FY 87; agriculture research awards program started in late FY 87; evaluate WUAE project in FY 87, including a tracer study of graduates. (IB, TT)

- Complete, by end FY 86, construction of new facilities at Faculty of Agriculture, Bogor, close out project, and begin preparation of study of impact of USAID's long-term support to this initiation. (IB)

Health Benchmarks: 1) Establish four regional Faculties of Public Health by 1991; 2) establish the Faculty of Public Health, University of Indonesia as National Public Health Training Center by 1991; 3) establish a public health research network to support development of research capacity in the four regional Faculties of Public Health; and 4) produce 1,120 S graduates and 360 S2 graduates by 1991.

Key Actions:

- Establish by September 1987 an S1 Degree (2 year) "Program of Study" within Public Health Department of Medical Faculties at USU, UNAIR and UNIP, an S1 (4 yr) "Program of Study" at UNAIR. (IB, TT)

- Graduate 2nd class of 30 S1 (2 year) degree students from UNHAS by September 87; expand S2 Degree program to produce 50 graduates annually by September 87; all 4 institutions will produce S1 2 year degree graduates by same date.

- 10 additional full time faculty added by September 87. (IB, TT)

- Establish a public health research program coordinating efforts of the four regional Faculties of Public Health and conduct two national seminars on research methodology and public health curriculum development by September 87; train faculty from each of the 5 institutions in operations research methodology. (IB, TT, PS)

- Short-term Technical Assistance contracted by September 86. (IB)

- PMU fully staffed by January 86; all management and monitoring policies and procedures established by September 1986. (IB, PS, TT)

OBJECTIVE 3 : To expand the base of high-level skilled manpower through participant training. (E)

Benchmarks: 1) Establish an organization within the National Development Planning Agency to plan and manage overseas participant training; 2) increase the number of participants sent for training under external donor funding to the U.S. and third countries by 20% from 1985 to 1987.

Key Actions:

- Under USAID funding send a total of 800 participants for overseas programs in FY 86 and FY 87. (TT, IB)

- Continue implementation of General Participant Training Project (GPT II): establish procedures for incorporating private sector participants (NGOs and private universities) in GPT II project in FY 86; complete staffing of Overseas Training Office and operationalize participant processing procedures by FY 86; establish program and administrative links with training institutions abroad by FY 87. (IB, PS)

GOAL V: STRENGTHEN THE ROLE AND CAPACITIES OF PVOS TO PROVIDE NEEDED TECHNOLOGIES, SERVICES AND ORGANIZATIONAL SUPPORT TO THE POOR OF INDONESIA. (E)

OBJECTIVE 1: Strengthen the capabilities of well established PVOs to promote the growth of local organizations capable of sustaining successful innovations supportive of local development priorities. (N)

Benchmarks: 1) Increase the number of Multi Project Support (MPS) grants to intermediaries from four to seven including a minimum of three Indonesian organizations; 2) increase the proportion of the PVO Co-Fi budget channeled through the MPS format from 25% to 40%.

Key Actions:

- Assess existing MPS grants to improve Mission procedures for reviewing MPS proposals and monitoring MPS projects. (IB, PS))
- Establish with MPS grantees appropriate subproject selection criteria. (IB, PS))
- Identify Indonesian organizations capable of assuming an intermediary role and determine the next steps for enhancing their capacities to perform these services efficiently and effectively. (IB, PS)

OBJECTIVE 2: Increase support for policy-oriented PVOs engaged in experimental action/research programs. (N)

Benchmarks: Increase the number of grants to policy-oriented PVOs from one to three.

Key Actions:

- Work with technical offices to identify PVOs most appropriate for policy-oriented programs. (PD, PS)
- Fund a small number of seminars/workshops to present policy findings resulting from the above efforts. (PD, PS)

OBJECTIVE 3: Increase support for PVOs attempting to address the problems of the poor in urban areas and off-Java locations. (E)

Benchmarks: Support to urban and off-Java programs should increase from the present level of 20% to about 35% of the PVO Co-Fi budget.

Key Actions:

- Support for networking and cooperation between well-established Java-based PVOs and outer island counterparts. (IB, PS)
- Certification of two to three outer island/urban PVOs capable of effectively utilizing Co-Fi funds. (PS)
- Preparation of long term strategy for USAID support to these new organizations. (PS)

B. NARRATIVE

Last year's Action Plan focused primarily on Key Actions and hence does not lend itself to the manner of reporting benchmark progress requested this year. The status of these key actions can be found in Attachment A. As the attachment illustrates, the Mission was able to achieve the majority of the activities anticipated for the past year. The major area where problems arose, and where future problems may still loom, is with contracting. GOI contracting regulations, the drive for local procurement, and host country contracting delayed a number of activities, primarily loan funded contracts for Uplands Agriculture and Financial Institutions Development. The Mission has undertaken a number of measures to alleviate the problems, including standardizing procedures for processing small host country contracts, fully grant funding TA contracts and adding one PSC to increase the Mission's capacity to handle direct AID contracting.

An additional Mission-wide management concern is staff reductions. Recent staff declines have reduced the Mission's capacity to deal with labor intensive institutional and experimental projects. Among other measures to conserve staff, the Mission has increased the share of the budget allocated to infrastructure development and reduced the size of our portfolio.

It is important to note a number of uncertainties within each of the sectors of the Mission's work which could influence the degree to which objectives are attained. The degree to which social marketing of contraceptives can be expanded or the acceptability of health insurance schemes may limit ability to venture further into the private sector area. Decisions concerning the investment and trade climate in Indonesia will play a large role in how easily non-oil exports can be promoted. Policy and program decisions regarding the efficiency and quality of the educational system may be delayed, awaiting a new comprehensive law on education that will provide a legal framework for implementation.

The most crucial variable, however, in achieving the benchmarks indicated above, is the Indonesian economy and turbalance in the oil market. Oil prices, and hence revenues, medium- to long-term implications for the development budget, and counterpart funding, will probably not be clear until late fall and the advent of the next cold season in Japan, the U.S. and Europe.

C. NEW PROJECT DESCRIPTIONS

Concept Paper:
Secondary Foodcrops Development Amendment (497-0304)

The Development Problem

Foodcrops diversification in Indonesia has been proceeding at a relatively slow pace. The lag in adoption of improved technologies in palawija (non-rice food crop) commodities is due to a variety of factors: the GOI's previous preoccupation with rice production, extension methodologies geared toward rice on Java/Bali, an inadequate research base for palawija commodities, and weak linkages between research, production/extension, the universities and the private sector.

As a result, most palawija production areas, and particularly those off-Java, do not have improved and appropriate technologies available to farmers which provide significant yield increases to cover farmers' risks in introducing new cropping patterns and new inputs. Present market information systems and practices also constrain farmers' ability to negotiate favorable prices for their products.

As palawija technologies are developed and tested, better methods of disseminating information to farmers are also needed. Though radio is utilized to a limited extent, the use of other communications approaches, including expanded support to private input dealers to increase their involvement in the technology transfer process, need further testing and evaluation. There is little empirical data available in Indonesia on how farmers respond to various communications techniques. Thus, motivational and social marketing research is necessary to assess the effectiveness of current public and private sector extension programs, as well as to develop new ways of disseminating information to farmers.

Response to these Problems

The government and the private sector recognize these problems, and are focusing on several options for accelerating palawija commodity production. For example, in South Sulawesi, partly as the result of the current USAID assisted Secondary Foodcrops Project, the Maros Research Institute, Hasanuddin University and provincial agricultural service units have developed joint approaches to on-farm research trials and palawija marketing analysis and development. Research scientists and extension agents are now jointly planning and monitoring these demonstration trials. In East Java, a similar model of joint effort between researchers and extension staff is just beginning.

In addition, the Bogor Agricultural Institute (IPB) has recently started a Master's degree program in agricultural communications which prepares government and private sector agricultural workers to plan and implement extension programs through the use of media and integrated research and extension programs.

Proposed Approach

The amended SCDP project will expand the South Sulawesi "model" to additional kabupatens within the three existing project provinces (East Java, South Sulawesi, Lampung) and add 1-2 new provinces in the outer islands, perhaps Nusa Tenggara Barat (NTB) and Nusa Tenggara Timur (NTT). In brief, the effort will be to analyze major extension and marketing constraints to component technologies within cropping systems involving 3-4 major commodities, then assist in the testing and extension of these technologies as appropriate for specific agro-climatic zones. The project will require close cooperation among regional research, extension, university and private sector institutions.

An important reason for amendment at this stage is to increase project emphasis and resources toward more effective extension techniques, farm market price reporting systems, and the use of other forms of mass media in communication systems for extension. In addition, farm trials and marketing studies will be continued. The emphasis will be on increasing the availability of timely information to small producers about 1) more productive technologies, 2) the level of inputs and application techniques, and 3) price and marketing strategies which may result in higher, more stable returns to farmers. To achieve these objectives, the project will draw on the experiences and resources of the S&T Communications for Agricultural Development Project. This S&T project is developing and testing agricultural communications programs in several other developing countries.

A second broad aim will be to increase the role of the private sector in the development and dissemination of information on new technologies and their use. During the past two years of project implementation, informal cooperative arrangements have developed between provincial extension units and private herbicide and seed dealers. The project has utilized both the adaptive research trials and demonstration farms for testing hybrid seed introduced by local representatives of Cargill and Pioneer seed companies. Efforts are being made to expand this cooperation between private input dealers and farmer groups. Preliminary results from the regional marketing assessments have also reinforced the hypothesis that private sector post-harvest and marketing systems should be promoted and strengthened by more enlightened government policies and regulations.

An important complementary activity to be funded under the present Secondary Foodcrops Project will consist of food policy research. This research, scheduled to commence in June, 1986, will assist in linking the project's ongoing field activities to macro level policies of the GOI. The overall study will focus on the impact of price, technology, and macroeconomic policies on rural incomes and employment. To provide the necessary national level of support for this study, the deputy head of the National Planning Agency (BAPPENAS) will chair a national food policy committee with participation from senior level representatives from the Ministries of Agriculture, Finance, Trade and BULOG (the National Logistics Bureau). Senior U.S. policy analysts will assist in developing the research agenda and implementation of this research. For the first time, a national level body of senior officials will collaborate on a study of this scope.

Illustrative End of Project Status

Indicators or benchmarks to be used in evaluating the amended project will include: 1) annual increase in non-rice food crop production of 5 percent annually in project areas, 2) an established national food policy committee with specific policy papers prepared and disseminated, 3) expanded role of private sector involvement in input supply, technology dissemination and post-harvest/marketing activities, and 4) improved capacity of agriculture research and extension systems to deliver improved and appropriate non-rice technologies in a cost-effective manner.

AID Priorities

The project and proposed amendment directly support the three major objectives of the Mission's strategy for agriculture. These objectives include the increase and diversification of food production among small producers; the improvement of national resource management; and the strengthening of institutional capacity to plan and implement development projects which reflect the specific needs of rural communities.

Time Table

A major external evaluation of the project will be undertaken beginning in mid-April, 1986. The major objective of this evaluation will be to provide specific recommendations on an improved management structure for the project and the strategy and recommended geographic scope and activities for strengthening the agriculture extension and communication components of the project. The S&T Communications for Agricultural Development Project will provide the services of consultants to review opportunities for increased support in agricultural communications. A combination of PD&S and project monies will fund this evaluation, scheduled to be completed by June 1, 1986.

Estimate of Costs

A PP Amendment will be prepared for an initial obligation in FY 87.

(US \$000,000)

Current Funding:	\$ 1.0 G	\$ 6.4 L
Proposed Increase:	\$ 2.5	\$ 2.5
Proposed Total Funding:	\$ 3.5 G	\$ 8.9 L
Current LOP	\$ 7.4	
Proposed Extension	\$12.4	

AID/W Action Required

Redelegation of authority to the Mission is requested to amend the Secondary Crop Development project in FY 87.

Concept Paper:
Education Policy and Planning Amendment (497-0344)

The Development Problem

The Education Policy and Planning Project (EPP) assists the Ministry of Education and Culture in developing an improved policy research and analysis capability to support better planning and more efficient use of scarce resources. One important element is support for the development of institutional capacities at the provincial, as well as national level, and to assist with experimental efforts to decentralize planning and promote local initiatives. Assistance at this level is becoming more critical at a time when the GOI is facing budgetary cuts as a result of the decrease in oil revenues. Only at the local level can planning be made more cost effective and can appropriate experimentation take place to test alternative funding mechanisms.

The objective of the proposed amendment is to provide additional support for strengthened policy research, analysis and long term planning at the provincial levels. This is to lead to a more efficient use of scarce public resources, education programs more responsive to local conditions and policy recommendations on new strategies for greater private sector local contributions to education.

As stated in the Mission's CDSS, Indonesia has enjoyed considerable success with a number of development programs, but now faces a series of second-generation challenges with shrinking public resources. Broad national programs, relying on a standardized approach, are no longer appropriate. More cost-efficient programs are essential if the continuing need for human resource development is to be met at a time of severe budget constraints. Future programs must also be sensitive to local needs and conditions if they are to meet development challenges successfully.

The GOI has recognized that the educational challenges of the future will require a more decentralized approach to achieve greater efficiencies and greater involvement of the private sector, particularly with regard to secondary, vocational, technical and higher education. The recent AID financed Education Sector Assessment has also stressed both the need for greater efficiencies and the importance of private, local contributions in meeting educational costs. However, the present planning system is highly centralized. Key officials at both the top and mid-levels will have to be convinced that a more decentralized system is both possible and desirable, resulting in significantly more cost-effective programs.

Donor agency funding is a critical catalyst in this process, providing support on an experimental basis. Merely urging greater decentralization, but not providing the resources to try to experiment with different planning modes and new programs cannot be expected to yield practical and demonstrated efficiencies and improvements in the educational system.

The Proposed Solution

There are two requirements in making a convincing argument for a more decentralized system. The first is a model of how provincial and district planning capacities can effectively be strengthened. At present, provincial offices have relatively little capacity to undertake this kind of planning. Previously, planning at the provincial level has meant operationalizing policies and targets which were formulated at the national level. The EPP pilot efforts should go some way toward meeting this need, although it did not contemplate the development of district planning and analysis capacities.

The second pre-requisite is proven experience that a decentralized planning model can be efficient and effective. The national development budget provides no opportunity for provincial or district offices to experiment with programs designed to achieve greater efficiencies and to meet local needs and conditions. Although some funds have been set aside within EPP to conduct studies related to local planning and programming issues, the project provides no funds for provinces to implement any innovative initiatives growing out of such studies. Therefore, there is no opportunity to test a decentralized model, nor to show how innovations at the provincial level can achieve educational targets both more efficiently and more effectively. The EPP amendment intends to provide resources to support such efforts.

Project support would consist of funds for province-specific projects which are designed to increase the efficiency and effectiveness of the education system, a necessary condition to meet the present anticipated budgetary shortfalls. It is expected that project support would particularly focus on skills-related training and other efforts tailored to ensure that the education system is meeting the demands of the local economy and helping prepare students to take advantage of employment opportunities. In addition, this support would be designed to generate local public or private contributions for education programs, encouraging the mobilization of local resources.

Additional technical assistance will be required, particularly educational policy researchers and planners, who would work with provincial and district offices in the 3 EPP provinces. In addition, the amendment would provide additional resources for short-term technical assistance to be used at the national, provincial or district levels. In-country training would consist of a specially designed program for provincial and district planners. Some limited opportunities for overseas studies would also be provided.

Finally, the amendment would support the procurement of a limited number of micro computers and other data processing equipment for use at the provincial and district levels. This would follow the establishment of a master plan for the Ministry's information system (supported presently under EPP), and would be consistent with that plan.

AID Priorities

The proposed amendment is consistent with agency policies emphasizing policy dialogue, greater private sector involvement, and institution building, and with the Mission CDSS which cites human resource development as a theme cutting across all Mission activities. Furthermore, the education sector assessment repeatedly concluded that policy review and reform, more than large additional resources or new program, are required to improve the efficiency and quality of the educational system.

Estimate of Costs and LOP

Additional funding totaling \$7.5 million is proposed as follows: technical assistance (\$3 million); training (\$1 million); support for innovative programs (\$3 million); and commodity procurement (\$0.5 million). The project would be extended by two years, until 1992.

Proposed Design Strategy

Current plans call for a mid-term evaluation by mid-FY 87 when the EPP project will have completed its initial round of training for local officials, a micro-computer based planning model will have been developed and applied on an experimental basis at the provincial level, and the policy research activities at the national level will have been initiated. Work on the national education information system is expected to result in the formulation of a master plan and initial steps will have been taken to implement this.

In collaboration with Mission staff, it is anticipated that approximately two person/months of technical assistance will be required to undertake an evaluation of these activities. Following this evaluation, Mission staff will review the results and formulate plans for the project amendment. No outside technical assistance will be required.

Assessment of Progress and Impact

Project monitoring will focus both on project inputs and results. Monitoring inputs will include tracking the progress of training programs and technical assistance to ensure that the appropriate officials are receiving training and participating in planning, policy research and pilot activities. Assessment of project impact will include an evaluation of annual provincial plans to examine the extent to which they are based upon better data and improved analysis, as well as evaluating the impact of pilot programs to see if greater efficiencies are achieved or improved quality of results is obtained. Particular attention will be given to the involvement of the private sector and efforts to generate local revenues.

AID/W Action Required

Based on the above, the Mission requests approval to proceed with design of the EEP amendment, scheduled for funding in early FY 88.

Private Sector Health and Family Planning Project
(A Preliminary Idea)

The Development Problem

Major reductions in GOI revenues have severely reduced health budgets for FY 86/87 and curtailed the growth of the family planning budget. Projections of future GOI revenues suggest a continuation of this trend. The problem faced by BKKBN and the MOH is how to achieve fertility and mortality reduction targets with shrinking public resources.

Response to these Problems

Two strategies are being considered by both agencies to face this challenge: (1) mobilization of more private sector resources for health and family planning, and (2) diverting a portion of private and public resources from curative and rehabilitative care to prevention and promotion. The private sector currently accounts for approximately 64% of total expenditures for health, nearly all of which is spent on curative and rehabilitative care. Health economists estimate that only 30% of government health expenditures (and 11% of total health expenditures) are for primary health care.

Proposed Approach

The purpose this FY 88 project would be to support efforts to operationalize the two strategies mentioned above, that is to 1) mobilize private sector resources to support the Government of Indonesia's health and family planning objectives, and 2) restructure public sector allocations to favor preventive care. Two assumptions underlie the proposed project:

- greater private sector involvement would help free government funds which now support hospitals and clinics, allowing more funds for promotion and prevention.
- coordination of the planning and delivery of private sector services with government health and family planning objectives would lead to a significant portion of private sector expenditures being diverted from curative and rehabilitative care to preventive care aimed at reducing fertility and improving infant and child survival.

Possible Project Outputs

An expanded social marketing program which could include for example, oral contraceptives, injectables and other contraceptive methods, oral rehydration, immunization, and possibly other health commodities which have impact on infant and child morbidity/mortality. Recent progress with BKKBN's contraceptive retail sales program has encouraged the Ministry of Health to consider similar initiative.

Appropriate, indigenous health care financing and insurance schemes within both public and private organizations, adapting for example, the health maintenance organization concept developed in the U.S., various fee for service systems, and successful private third party payment schemes. The Mission has already provided advice and study tours related to health insurance for a few private sector firms and MOH officials, and discussions are now under way regarding possible pilot efforts.

A permanent coordinating secretariat attached to the Government's National Planning Agency composed of both private and public sector representatives to coordinate policy formulation for the Integrated Health and Family Planning Program. A recent Task Force, established on USAID's recommendation, composed of representatives of MOH, BKKBN, universities and private organizations, was set up to coordinate a diarrheal disease control program. Consideration is being given now to enlarging the role of this group and to include in its mandate policies and measures to increase private sector participation in health care.

An improved capacity for in-country research, as well as production of health technologies by the private sector.

Possible Project Inputs

Technical assistance would support institutional development, the design and trial of health financing mechanisms, and the identification of possible sources of private sector financing.

Training and manpower development focused on long and short term training in management, health business systems, and administration would be provided to selected public and private institutions and firms involved in health care, production, marketing and finance.

Research and feasibility assessments studies which would examine, for example, marketing potential, product feasibility, and alternative private financing schemes.

Start up support and local costs of developing research institutions, health maintenance organizations, health insurance agencies, and selected non-government organizations.

Private sector financing for seed capital and co-financing; loan guarantees might be made available to selected private sector organizations for production, marketing, and distribution of goods and services.

The principal GOI implementing agencies for the project would be the MOH and BKKBN. Links would also be developed with the Ministry of Population and Environment and the National Planning Agency. Private organizations would include, for example, health provider groups, insurance companies, firms with health schemes, public and private HMOs, and commercial sector firms interested in developing health and family planning services/products.

Relationship to Mission Priorities

The project embodies three of AID's four pillars. Policies must be amended or developed to permit the Government to restructure its resource allocations, to involve the private sector in the Government's Integrated Health and Family Planning Program, HMO/health insurance scheme development, and for expanding social marketing programs. Institution building will be supported through analytical studies aimed at providing the information base for policy dialogue and formulation, and training; and finally, a theme pervading the main elements of the project is a greater reliance on the private sector.

Estimates of Costs (FY 88 - FY 93)

1. Technical Assistance	\$ 8,000,000
2. Private Sector Financing	\$ 2,000,000
3. Local Cost	\$ 5,000,000
4. Commodities	\$ 5,000,000
5. Training Manpower Development	\$ 5,000,000
6. Research and Development	\$ 5,000,000
Total:	\$30,000,000

Time Table

The estimated time frame for project design would be:

Research and feasibility studies	Winter - Spring 1987
PID Approval	March 1988
Project Paper Approval	July 1988

Estimated PD&S funds needed for PID and PP design would be \$140,000, as follows:

Research and feasibility studies	\$75,000
Technical assistance (4 man months)	\$65,000

In next year's Action Plan, the Mission will have more information about this FY 88 initiative, and will request AID/W to delegate PID approval to the Mission at that time.

PART III: SPECIAL CONSIDERATIONS

A. FINANCIAL ISSUES AND ANTICIPATED ACTIONS

Project Portfolio: During FY 86, 6 projects will be closed, reducing the portfolio to 28 projects. To continue reducing the portfolio size, no new projects are planned for FY 87 (however, there will be a few amendments), and the Mission expects to bring to a close 3 projects during that fiscal year. By the end of FY 87, therefore, the project portfolio should drop to 25. This compares to 45 at the beginning of FY 83.

Pipeline: Difficulties with new GOI procedures for loan funded procurement led to delays in contracts for projects obligated in 1984 and 1985, and consequently a slowdown in disbursements. These problems are now resolved, and no further large loan funded contracts are envisaged (future contracts will be grant funded). Therefore, expenditure levels are expected to be \$55 to \$70 million for DA in FY 86 and FY 87, the Mission's target. The pipeline at the end of FY 85 was \$260 million or 60 percent of total obligations, in line with levels projected last year. This is equal to about 3.5 times the average obligation level over the past four years and is expected to remain constant in FY 86 and FY 87.

Mortgage: The anticipated mortgage for FY 87 is \$66 million. Although the Mission's policy has been to keep mortgages relatively low to provide outyear budget flexibility, the reduction of FY 86 and 87 budgets has increased it more than anticipated. The present level has been aided by nearly \$25 million in FY 85 and FY 86 from reobligations, and efforts to reduce portfolio size.

Loan/Grant Split: During FY 85 the percentage of grant financing to Indonesia increased significantly, moving from 27% in FY 84 to 51% in FY 85. This reflected the Mission's response to a modification in Indonesian contracting regulations which made loan-financed

technical assistance extremely difficult to undertake. The loan/grant split is expected to stabilize at its present level for the next two years. The grant portion of the program, including reobligations, is presently budgeted at 51% for FY 86 and FY 87.

Deobligation: Deobligations for FY 86 will be considerably less than in FY 84 and FY 85, mainly because projects with excess funds or troubled projects were cleaned up during FY 84 and FY 85. The tables on the following pages indicate the projects for which deobligations are anticipated, and FY 86 and FY 87 projected obligations.

Operating Expenses: The Mission will attempt to negotiate a Trust Fund commitment with the GOI for IFY 87/88. Although the Mission successfully negotiated a commitment for IFY 86/87, it cannot be taken as a certainty that the Fund will continue beyond that time, given sharply declining government revenues and austere national budgets. A possible indication of whether continuation is possible should be available in January, 1987. It is recognized that OE funding is tight, but the Mission urges AID/W to maintain some OE flexibility to provide support if the Trust Fund is abolished or seriously curtailed. At the same time the Mission will review in mid FY 86 items in the FY 87 FAAS budget to see if there are further ways to effect savings.

BUDGETARY PROJECTIONS FOR FY 86 - 87 (\$'000)

PLANNED OBLIGATIONS FOR FY's 86 and 87

FY 87 ACTION PLAN

Title	FY 86 Grant	FY 86 Loan	FY 86 Grant Reob	FY 86 Loan Reob	Planned Month Oblig.	FY 87 Grant	FY 87 Loan	FY 87 Grant Reob	FY 87 Loan Reob	Planned Month Oblig.	Mortgage Grant	Loan
ARDN												
Western Universities(0297)	1,500				Feb.							
PVO CO-FI II (0336)	1,550				Jan-Jun	750		225		Dec-Jun	2,425	
Secondary Crops (0304)	230		560		Dec-Jan	2,500	1,500			Dec		1,000
FID (0341)	1,000	1,000			June	3,000	5,000			Dec		
Private Sector Dev.(0329)	1,000	1,000			July							
GPT II (0328)	810	2,000	115		April							
Small Scale Irrig.(0347)	3,450	3,820	50	11,125	March		4,525		450	Dec		7,155
Applied Ag. Research(0302)	4,600				Feb							
Aquatic Resources Dev.(0352)	2,400	2,000			July	3,000	3,600			Dec		8,000
Dis.Roads Maint.Sys.Dev.(0353)	3,190	6,000			Sept.	3,000	2,000			Dec	8,810	27,000
Sub-total	19,730	15,820	725	11,125		12,250	16,625	225	450		11,235	43,965
POPULATION												
FPDS II (0327)						4,000	2,000			Dec		
Sub-total	0	0	0	0		4,000	2,000				0	0
HEALTH												
EPI (0253)						3,000	2,000			Dec		
HTRD (0273)	3,000				June	2,000	1,000			Dec		
VFP/MCW (0305)	3,000	3,000			July							
PVO CO-FI II (0336)	400				Feb-Jun	400				Dec-Jun	1,800	
Fac./Public Health(0348)	2,000				Feb							
Sub-total	8,400	3,000	0	0		5,400	3,000				1,800	0
EHR												
GPT II (0328)			75	2,375	April	1,000	3,000		300	Dec		1,205
PVO CO-FI II (0336)	300				Feb-Jun	500				Dec-Jun	1,500	
Private Sector Mgt.(0345)	2,000				Feb							
Sub-total	2,300	0	75	2,375		1,500	3,000		300		1,500	1,205
SDA												
PVO CO-FI II (0336)	1,150				Feb-Jun	1,225				Dec-Jun	3,075	
Private Sector Dev.(0329)						1,000	2,000			Dec		
Development Studies(0340)	2,000				June	3,000				Dec	3,000	
Sub-total	3,150	0	0	0		5,225	2,000	0	0		6,075	0
Totals	33,580	18,820	800	13,500		28,375	26,625	225	750		20,610	45,170
Yearly Totals	52,400		14,300			55,000		975			65,780	
OYB	52,400					55,000						
PL480 Title I		30,000							15,000			
PL480 Title II	3,988					4,348						

*Additional \$200,000 might be available for reob.

PLANNED DEOBLIGATIONS FOR FY 86:

<u>Acct. Project</u>	<u>Planned Deob ('000)</u>		<u>When Deob</u>
	<u>Loan</u>	<u>Grant</u>	
<u>103</u>			
ARDN Rural Elect. (0267)	50	45	March-June
ARDN Ag. Planning (0265)	40		February
ARDN Sederhana (0252)	300	227	February
ARDN Grad. Agr. School (0290)	100		August
SUBTOTAL ARDN:	490	272	
<u>105</u>			
EH LGT II (0308)*	250		April
EH In-Country Mgt. (0317)	50		September
SUBTOTAL EH:	300		
<u>106</u>			
SD Science/Tech. (0266)	75	28	March-June
SD Energy Plng. (0318)	90		June
SUBTOTAL:	165	28	
TOTAL ALL ACCOUNTS	955	300	

* Additional \$200,000 might be available between 4/86-9/86.

SUMMARY BUDGET TABLES

	<u>FY 1986</u>	(\$ Million)	<u>FY 1987</u>
Development Assistance	52.4		55.0
PL 480			
- Title I	30.0		15.0
- Title II	4.0		4.4
Total	86.4		74.4
Anticipated Reobligations	4.3		1.2

B. EVALUATION PLAN

FY 85 evaluation plans called for 12 project evaluations and the development of a Mission Monitoring and Evaluation Strategy. A table indicating the status of the 12 project evaluations and a schedule for the remainder of FY 86 and for FY 87 are in Attachment B. The Mission Monitoring and Evaluation Strategy was drafted and provided to AID/W as part of last year's program week documentation.

The Mission Monitoring and Evaluation Strategy outlined the need for a program orientation in evaluation efforts and gave special emphasis to the development of performance monitoring systems. In late FY 85, the Mission identified five program areas for initial experimentation with the new strategy. The selected program areas are supportive of three of the sub-objectives in the agricultural sector, one in off-farm employment and the entire objective of improving primary health care and family planning. These are: Rural Credit (Project 0341), Upland Agriculture and Conservation (Projects 0281/0311), Population/Health (all projects), Local Government (Projects 0264/0276), and Small Scale Irrigation Management (Project 0347).

Prescribed steps for implementing this new strategy have been identified and include: 1) developing a concise statement of the program objectives and information needed to track progress toward those objectives; 2) testing a performance monitoring system which routinely generates data measuring the progress made towards these objectives; 3) incorporating the performance monitoring system as part of regular program management; and 4) utilizing the monitoring data to assess key policy and program issues. Within the five program areas, various stages of implementation have been achieved.

Rural credit activities are furthest along: the performance monitoring system has been designed and initial discussions with the counterpart organizations responsible for implementing the system have been successfully concluded. During the remainder of FY 86, the Mission

will assist these organizations with initial implementation of the system and help determine the appropriateness of this system for other rural credit initiatives.

Upland agriculture activities are also moving rapidly ahead. A prototype performance monitoring system has been designed and is being tested with counterpart organizations. When the test is completed, a phased strategy for incorporating the system into program management will be outlined and initial phases begun. Preliminary plans for modifying this same system for use in the Secondary Food Crops Project (0304) are also underway.

The population and health area is the most ambitious of the programs selected for involvement in the Mission's evaluation strategy. During February 1986, a review of the population and health sector was undertaken. The Mission is now in the process of utilizing this information to design a data system to track progress towards the objectives identified in that statement. Initial testing of this data system will begin in late FY 86.

Much of the evaluation work done in FY 85 for the preparation of the new irrigation project provides an initial framework for implementing the monitoring and evaluation strategy for the small scale irrigation management program area. More concrete plans for moving ahead are pending completion of the pre-project implementation activities now underway.

On-going activities in the local government program area revolve around the evaluation of the two PDP projects (0264/0276) currently underway. The outcome of this evaluation is expected to refine the existing local government efforts and lead to a revised strategy for this program area.

C. PL 480: TITLE I

Relationship to CDSS: PL 480 programs over the past four years have primarily supported the CDSS goal of strengthening food production. Rice, initially used to support Indonesia's efforts to achieve self-sufficiency in food production, is no longer required now that this objective has been achieved. Other commodities are now more appropriate. More important, however, is the assistance which local currency proceeds make to the Mission's CDSS objectives. Over the past years special efforts have been made to increase the relevancy of the self-help activities; in FY 83 16% of these were for Mission supported activities. This increased to 87% in FY 85.

The Country Food Situation: The general outlook of the food situation in Indonesia for the present and the foreseeable future is favorable. The steady increase of rice production from 1980 to the present is a promising indicator that rice self-sufficiency will be maintained. Until the present time the GOI has been capable of importing required commodities at commercial rates. Economic difficulties, however, created by sharply declining petroleum prices, could easily change that, even by FY 87. Statistical data on local production and import requirements for main food crops are as follows:

Local Production: (in 000 MT)

<u>Commodity</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Rice (milled)	23,961	25,825	26,300
Corn	5,095	5,359	4,550
Cassava (Fresh)	11,651	14,205	15,403
Soybean	850	625	743
Wheat	0	0	0

Import Requirements: (in 000 MT)

<u>Commodity</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Rice (milled)	1,170	387	34
Corn	51	59	49
Cassava (Fresh)	1	0	0
Soybean	391	401	400
Wheat	1,713	1,436	1,318

New Program Support: With a present national rice stock of 3.5 million tons and the favorable rice production which is expected to be maintained, the GOI is launching a program for diversification of food crop production. Secondary crops such as maize, grain legumes, and cassava are now being encouraged in addition to rice.

In the effort to strengthen and diversify food production, USAID, through its development assistance program, is supporting the expansion of agricultural research networks, the development of stronger agricultural planning systems, the strengthening of water resource management and improvements in farming systems in the upland areas. PL 480 local currency proceeds are and will be used to supplement these activities.

Proposed Self-Help Measures: Although discussions for the FY 86 self-help measures are still underway, we anticipate that local currency generations will be used for continued support of activities begun in FY 85. These include assistance to agricultural research, science and technology, outreach programs for universities in the outer islands, expansion of cooperatives, and support for rural infrastructure development.

During FY 87 and FY 88, we expect to continue support to programs of the type indicated above, especially those which support food diversification. Local currency generations from Title I will become increasingly more important as USAID development assistance levels decrease and the capacity of the GOI to provide counterpart funds diminishes as a result of decreased oil prices.

Use of Proposed Commodities: In FY86 Indonesia will import approximately 1,550 thousand tons of wheat. About 350 thousand tons of this amount are requested to be provided from the PL 480 Title I program. The commodity will be processed into wheat flour for local consumption in three Indonesian flour mills. The local price of flour is being coordinated with other main foodgrain prices, such as rice and corn, in order to assure market price stabilization. Eighty percent of

the Title I proceeds is to be used for a package of self-help projects as specified in the agreement.

Storage and Distribution Facilities: All three Indonesian flour mills, located in 3 main ports of Indonesia (Jakarta, Surabaya and Ujung Pandang), have adequate storage and loading facilities to accommodate both incoming wheat as well as the produced wheat flour. The three mills are located in different areas to assure balanced distribution.

Disincentives to Local Production: Indonesia does not produce wheat; therefore, the importation of PL 480 Title I wheat will not result in any disincentives or interference in domestic production. The trend toward local consumption of wheat flour is decreasing and has no negative effect on the production of locally grown food crops such as rice and corn. The daily staple food of Indonesians is still predominantly rice.

PL 480: TITLE II

Relationship to CDSS: The PL 480 Title II program assists with two objectives of the Mission strategy: improving primary health care and expanding productive off-farm employment. The MCH/FNP, operated by the Catholic Relief Service (CRS) and Church World Services (CWS), are programs in support of the government's efforts to improve family welfare, particularly with respect to nutrition and health. The Food for Work program is designed to provide additional employment to underemployed farmers as well as to help build simple village infrastructures to enhance rural development. The CLUSA monetized Title II program is developing and establishing systems and models for cooperative activities in production and marketing services for farmers and in the development of various agri-business enterprises.

Cooperating Agency Capacity: CRS has operated in Indonesia since 1969 under the blanket authorization of an agreement with the Ministry of Foreign Affairs, with the objectives of contributing to social welfare, community development, relief and education. In carrying out these objectives CRS works with the technical ministries and indigenous PVOs in

collaboration with local counterpart organizations. Based on the results of an evaluation in FY 84, the FY 85 CRS program was redesigned with a greater development focus. This new program is now being implemented from its central office in Jakarta and staffing levels have been increased in order to manage and monitor its revised programs. CRS manages about 74% of the total PVO PL 480 Title II programs in Indonesia.

CWS has also operated in Indonesia since 1969 under the blanket authorization of an agreement with the Ministry of Foreign Affairs, with the same basic objectives as CRS. At the national level it has a working agreement with the technical ministries and the Indonesian Council of Churches. In the regions it serves, CWS has a number of branch offices through which its programs are carried out. In Jakarta it has an office attached to the Indonesian Council of Churches. CWS manages about 3% of the PVO portion of PL 480 Title II programs.

CLUSA has worked in Indonesia since 1976 and is attached to the GOI Ministry of Cooperatives. CLUSA assists Indonesian cooperatives in promoting and developing viable cooperative activities in agricultural production, processing and marketing systems. It has offices in Klaten, Central Java, and in Jakarta with adequate staff members to carry out and monitor its programs. At present it has activities in Central Java, East Java and South Sulawesi.

Complementary Inputs: In view of the needs of the outer island areas of Indonesia, where development efforts are still inadequate, both the Mission and PVOs agree that the programs should now be expanded in these areas. However, due to the high operational costs for transportation and handling facilities, the PVOs have until now not been able to start viable programs in these remote areas (such as Maluku and Irian Jaya). In order to respond to the outer island needs, it would be appropriate if Title II outreach grants could be allocated for the Indonesia program.

D. WORK FORCE ISSUES

Planned staff reductions will bring USDH staff down to a level of 40 by the end of FY 86 compared to 56 at the beginning of FY 83. Steps have

been taken to accommodate to these reductions. For USDH levels, actual reductions will take place with the departure/transfer of affected employees. For FSNDH levels, most reductions were accomplished as of November 30, 1985; the remaining will occur through normal attrition. In addition to further reducing the size of the project portfolio and consolidating offices, the Mission is exploring possibilities of using program funds to recruit JCCs and contracting for certain staff-intensive activities. PSCs will be added in FY 86 to two key parts of the Mission's operation--contracts management and evaluation--to expedite work in these areas. With the exception of consolidation of two divisions within the Agriculture and Rural Development Office in summer 1986 (reflecting staff reductions), no further organizational changes are envisaged in FY 86.

AID/INDONESIA MISSION: NUMBER OF PERSONNEL

<u>OFFICE</u>	<u>ACTUAL YEAR</u> <u>FY86</u>	<u>OPERATIONAL YEAR</u> <u>FY 87</u>
<u>DIRECTOR</u>		
USDH	4	4
FSN-DH	2	2
FSN PSC (OE)	1	1
<u>EXECUTIVE OFFICE</u>		
USDH	1	1
US-PSC	1	1
FSN-DH	19	19
FSN-PSC (OE)	33	33
<u>CONTRACTING MANAGEMENT</u>		
USDH	1	1
FSN-DH	2	2
<u>EED</u>		
USDH	2	2
FSN-DH	1	1
FSN-PSC (OE)	2	2
<u>FINANCE</u>		
USDH	4	3
FSN-DH	11	11
FSN-PSC (OE)	11	11
<u>PROGRAM OFFICE</u>		
USDH	8	7
FSN-DH	6	6
FSN-PSC (OE)	3	3
<u>VHP</u>		
USDH	2	2
FSN-DH	5	5
PASAs	1	1

<u>OFFICE</u>	<u>ACTUAL YEAR</u> <u>FY86</u>	<u>OPERATIONAL YEAR</u> <u>FY 87</u>
<u>ARD</u>		
USDH	13	11
FSN-DH	12	11
FSN-PSC (OE)	17	17
PASAs	1	3
IDIs	2	0
<u>POP/H</u>		
USDH	5	6
USDH PART TIME	1	0
FSN-DH	4	4
FSN-PSC (OE)	3	3
PASAs	1	1
IDIs	1	1
<u>EHR</u>		
USDH	3	3
FSN-DH	9	9
FSN-PSC (OE)	6	6
<u>TOTAL</u>		
	<u>FY 86</u>	<u>FY 87</u>
USDH	43	40
USDH PART TIME	1	0
FSN-DH	71	70
FSN-PSC	76	76
PASAs	3	5
IDIs	3	1

E. GRAY AMENDMENT

During FY 85 approximately \$1.5 million of contracts were executed which qualify for inclusion under the Gray Amendment. Details of these contracts as well as FY 86 contracts executed as of 12/31/85 are in Attachment C.

In addition to those already contracted for FY 86, we are currently reviewing 8(a) firms for the majority of the technical assistance which will be provided under the Faculties of Public Health Project (estimated value \$700,000). We also anticipate a contract for approximately \$60,000 with the 8(a) American Overseas Book Company in the same project.

Other projects which will be contracted for TA (with estimated amounts) include: Uplands Farming Systems (\$4.5 million); Small Scale Irrigation Management (\$6.0 million); Financial Institutions Development (\$3.2 million); Private Sector Development (\$1.2 million); General Participant Training II (\$1.5 million); PVO Co-Fi (\$.6 million); and PD&S (\$.8 million).

The total estimated TA for these projects is about \$18.0 million. Although none of the above TA to date has been specifically identified for Gray Amendment organizations, the Mission will make every attempt to maximize their participation.

In FY 87 the Mission anticipates contracting for TA at a total estimated cost of \$24.5 million for the following projects: Development Studies Program (\$4.0 million); District Roads Maintenance (\$7.5 million); Village Family Planning/Mother-Child Welfare (\$2.0 million); Secondary Food Crops (\$3.0 million); Aquatic Resources (\$5.0 million); Financial Institution Development (\$2.0 million); and PD&S (\$1.0 million).

Given the present early design phase of these activities, it is difficult to ascertain which are likely Gray Amendment candidates. In accordance with the early alert system, full consideration will be given

to Gray Amendment organizations during the earliest project design stages. Project design documentation will include a discussion of procurement plans and specific steps which will be utilized to further the involvement of such organizations.

Attachment A

STATUS OF
OPERATIONAL PLAN FOR FY 85-87

STATUS

Strengthen Food Production and Related
Resource Management

1. Project Design

Complete design of the Small-Scale Irrigation Management project for obligation in FY 85, and begin implementation in FY 86.

Project obligated. PSC recruitment in process. Provincial implementation workshops completed. RFP drafted.

Amend the Applied Agriculture Research project, extending construction, commodity procurement, training and TA and incorporating new activities. Design and obligation should be completed by July 1985.

Completed.

Using analysis from the Fisheries Sector feasibility study, complete a PID (by late 1985) and PP design (by third quarter FY 1986) for the Aquatic Resources Development Project, and determine possible actions needed to meld appropriate elements of ongoing fisheries project with the new project, including a possible limited PACD extension.

PID approved by Mission in second quarter FY 86. PP design underway. Ongoing fisheries project extended by one year to bridge gap with new project.

Complete feasibility work and PID for Ag Extension Support project by second quarter FY 86 and PP by first quarter FY 87.

Project to be folded into Secondary Food Crops. PP Amendment expected 2nd quarter FY 87.

2. Implementation

Based on a recently completed review of performance of the Citanduy II project, determine whether a portion of the project should be extended, reevaluate goals/purposes of original project, and complete a restructuring of major project elements where appropriate. Decisions should be taken in mid 1985.

Complete contracting and begin implementation of the Agricultural Planning project.

Using methodologies and data from the Sederhana work, analyze the impact of 11 HPSIS and 10 Citanduy II irrigation sites.

Accelerate field implementation of the Upland Agriculture project activities and complete major contracting.

Based on review, \$4 million deobligated, which reflects eliminating and restructuring certain elements. Redesign and 2 year extension now being discussed with the GOI, will be made final during 2nd quarter FY 86.

Contract signed. TA due 2nd quarter FY 86. 5 in-country training programs developed and 260 Indonesians trained. \$400,000 computer package being negotiated, training of 15 participants in TC in computer applications to occur in 2nd quarter.

21 HPSIS sites analyzed and report completed. Decision made not to proceed with analysis of 10 Citanduy sites due to lack of staff/PD&S funds.

PASA Agreement signed. TA due 2nd quarter FY 86. Bids for 2nd contract being reviewed. Anticipate TA on board 8/86. Some implementation delayed until TA in place but GOI organizations staffed, field trials of cropping systems and erosion control now underway.

3. Policy and Program Analysis

Initiate a series of policy studies over a two year period, focused on agricultural diversification, managed by the GOI Food Policy Committee and carried out by the Stanford Research Institute. The study will examine production, demand and marketing of secondary food crops.

Complete, by the end of year, a strategy review of the USAID Agriculture and Rural Development program portfolio as a guide for allocation of financial and personnel resources, and development of FY 88 projects.

Secondary Food Crops project amended to provide grant funds for these activities. GOI Food Policy Committee is reviewing unsolicited Stanford proposal. Anticipate team in field by 3rd quarter FY 86.

Review will be scheduled to coincide with preparation of next Mission CDSS. (Because of continuing relevancy of CDSS, Mission has requested postponement of CDSS to FY 88.) AID/W consultancy helped establish priority issues and scopes for the ARD review.

4. Evaluation

Conduct a joint GOI/USAID impact assessment of PDP I and II--its impact on decentralized planning/management and sub-projects, with a view to improving effectiveness of provincial and sub-provincial planning and project implementation. Results by end of year.

Study underway of institutional development and beneficiary impact. Expect results by end of FY 86.

5. Project Close-outs

Phase out the Local Government Training II project by March 31, 1986 and develop a scenario for possible further support in this area.

PACD shortened by 17 months to 3/31/86 and \$1.0 million deobligated. Design underway to incorporate activities under possible PDP extension/amendment by FY 88 or early FY 89.

Phase out Sederhana/HPSIS in 12/85.

Completed.

Increasing Off-Farm Employment

1. Project Design

Amendment of FID to include Bank Rakyat Indonesia activities by 1st quarter FY 86 for FY 86 obligation.

Mission has received authority to approve PP amendment. Anticipate amendment/obligation 3rd quarter FY 86.

Complete design of Outer Island Development project by mid FY 86.

Project renamed District Roads Maintenance System. PID approved. Anticipate obligation 4th quarter FY 86.

Complete design of Rural Enterprise Development project by mid-FY 87.

Decision made not to proceed with activity. Alternative ideas being developed.

2. Implementation

Pre-implementation activities (shrimp, garments, furniture) in Central Java under Central Java Enterprise Development component of Private Sector Development will continue until 9/85, at which time full contract team will be in place for two years of implementation to assist shrimp production, improving design and quality control and marketing for garments.

Contract team now working in shrimp, rattan and furniture making; export of these items already underway. Demonstration shrimp hatchery under construction; training of shrimp farmers to begin June 1986.

Pre-implementation activities for Financial Institutions Development: 4th quarter FY 85 contract for major technical assistance signed.

Short-term contract for training under the Private Sector Management Development project executed by end of 3rd quarter FY 85. Long-term TA contract executed 1st quarter FY 86.

Contract for Management Training Loan Fund Component of Private Sector Development executed by end of 3rd quarter FY 85.

Evaluation of consultant activities related to investment promotion under the Private Sector project in 2nd quarter FY 86.

Contract signed second quarter FY 86. Baseline evaluation completed.

Short and long-term contracts finalized. Training under S.T. contract underway; 15 faculty members in training.

Contract signed June 1985. MOF and contractor in process of "marketing" management loan fund to private firms.

In-house evaluation underway. Formal outside evaluation still scheduled for 2nd quarter FY 86.

Improving Primary Health Care including Family Planning

1. Project Design

Complete PP for Faculties of Public Health project--3rd quarter FY 85.

Based on evaluation of VFP/MCW project (497-0305) and progress in combined activity with MOH, redesign and amend this project.

Prepare Amendment for Diarrheal Disease Mortality/Morbidity Reduction and ORT component of HTR&D project (497-0273) by 6/86.

Prepare Amendment for CHIPPS project by 3/85.

Completed. Initial CPs met. LT TA contracted and in position.

\$6 million PP amendment, to reflect extensive evaluation presently underway, scheduled for 3rd quarter with 4th quarter obligation.

PID-like cable requesting authority to expand amendment to include MIS and training components in addition to ORT will be submitted second quarter FY 86. Amendment to proceed as planned.

Completed. PACD extended to 9/30/88.

2. Implementation

Meet second year annual plan conditions precedent on FPD&S II project by 4/85 and undertake activities. Evaluate performance under new system.

CPs met by 9/85. Two of four CPs met for 2 year time period. Evaluation of performance will be undertaken in FY 87.

Consider 2 year extension of Timor Malaria project 12/85 - 12/87, with no additional funding to be provided.

3. Policy and Program Analysis

Continue implementing nutrition-related policy studies under DSP and CHIPPS.

Review and amend, if necessary, Mission's population and health strategy by end of 1985.

4. Evaluation

Evaluate progress on CHIPPS project 4/85 - 5/85.

Evaluate Diarrheal Disease component of HTR&D project, 4/86. Formative evaluation HTR&D training and manpower development component, 6/85.

Final evaluation of FPDS project (497-0270) and Oral Contraceptive project (497-0271) to be completed by 7/85.

Implement comprehensive evaluation research component for VFP/MCW project (497-0305). Preliminary results 2/86, final results 4/86.

Based on evaluation recommendations, project extended to 12/87.

Three nutrition-related studies underway with DSP; one with CHIPPS; and one with HTRD.

Initial analysis of population/health program being undertaken 2nd quarter of FY 86. Expect revised strategy by 3rd quarter.

Completed. Progress noted in increased understanding by central level with province-led, epidemiological based planning.

Diarrheal component evaluation to be undertaken in FY 87. Evaluation of training component to occur first quarter FY 86.

Completed. Results on impact on population growth and expenditures widely distributed.

Evaluation underway. Schedule still valid. Monitoring and evaluation component of amendment to be based on preliminary results.

Accelerating Human Resources Development

1. Project Design

Extension phase of Western Universities Agricultural Education project developed and approved by 7/85.

General Participant Training II PP amendment completed in FY 86 incorporating programming innovations and incentives designed to facilitate participation in overseas programs.

Completed. Second phase selection of participants and contract for TA signed.

Mission given authority to approve PP amendment. Amendment includes in-depth look at ELT and academic testing, increased numbers of women participants and institutionalizing management of participant training within GOI.

2. Implementation

Contract actions for TA under Education Policy & Planning to be completed by 5/85. Education sector review/assessment completed, paving way for start of Phase II by 9/86. Data processing equipment specifications developed and hardware in place by 6/87.

Technical assistance contract for Graduate Agriculture School project completed in 6/85. Environmental Studies Center and Information Resources Center constructed and completely equipped by 2/86. Project brought to completion by 7/86.

OTO established within GOI and MUCIA-HIID contract concluded 6/87 under GPT II.

Contract actions completed. First L.T. TA arrived 1/86. Education Sector Review completed. GOI initiated actions underway based on recommendations of the assessment.

TA contract completed. Construction completed in 1/86, with installation of equipment starting in 2/86.

OTO established within GOI. GPT II amendment will fund efforts to further institutionalize participant processing and support within OTO. Extension of MUCIA-HIID contract possible.

3. Policy and Program Analysis

Two experimental studies in education policy issues conducted by 9/87 under Education Policy/Planning project.

Studies being developed based on Education Sector Review.

4. Evaluation

Review of In-Country Management Development activities at Department of Public Works conducted during 4/85 - 5/85.

Review completed.

GPT II Evaluation - 12/86.

Evaluation still scheduled for 12/86.

5. Project Close-outs

In-Country Management Development project brought to completion in 8/86.

\$810,000 deobligated in FY 85 as excess to project needs. Anticipate completion as scheduled.

Graduate Ag School completed 7/86.

Anticipate completion as scheduled.

Other Benchmarks1. Project Design

Amend Development Studies Project
- 3/85.

Project amended to add \$1 million.
Project management reorganization
undertaken as part of amendment.

2. Implementation

Review effectiveness of NAS/NAE,
addition to PUSPIPTEK project in
mid FY 87.

Still planned.

Initiate redesigned CRS program
Title II using \$1.5 million grant
provided in FY 85 for this purpose.

Redesign completed and implementation
fully underway. Staff strengthened.

Implement CLUSA Cooperative
Development project using
monetized Title II or Section 416
resources (assuming that
monetization is possible).

\$2.0 million in monetized funds
available. Transfer authorization
completed. Commodities arrived end CY
1985. Planning phase complete;
implementation to begin as soon as
funds available from sale of
commodities.

Redesign, amend, and extend East
Timor Agricultural Development
project, in late FY 85 with likely
obligation in FY 86.

Project amended and extended for 18
months. Additional \$1 million
obligated to this activity under PVO
Co-Fi in first quarter FY 86.

3. Policy and Program Analysis

Prior to next Program Week,
reconsider negative decision
regarding involvement in housing
sector resulting from assessment.
Prepare general overview of
conditions, problems and
possibilities in urban sector as
indicated in CDSS.

Study to review private sector housing
being jointly financed under DSP and
Regional Housing Office. Urban sector
will be assessed prior to new CDSS
preparation.

4. Project Close-outs

Phase out Energy Planning II
project - 12/85.

Completed.

Management

Continue to provide management
training opportunities, primarily
by hosting AID supported
management training course in
Jakarta in 1986.

3 people attended Management Training
Course in Bangkok. 7 scheduled to
attend course in FY 86. No plans now
to host course in Jakarta in 1986.

Review staff requirements, among other reasons, in view of OE levels, and prepare for large staff turnover in mid FY 86.

Clarify roles of project development office and technical offices in project design.

Strengthen analysis, monitoring and evaluation by introducing new evaluation strategy, committing more USAID staff time, and using local institutions.

Undertake efforts to improve Mission's Indonesian language training program.

Reorganization of USAID offices will be completed in mid 1986. New FTE levels of USDH-40 and FSNDH-70 have been set for 30 September 1986. For USDH levels, actual reductions will be realized upon departure/transfer of affected employees. For FSNDH levels, most reductions have been accomplished as of 30 November 1985. The remaining reductions will be realized through normal attrition.

In process.

Mission evaluation strategy and workplan developed for FY 86. Workplan utilizes 1/2 assistant program officer's time and 1/2 time of FSN. Contracted with full-time PSC to assist in these activities.

Mission program improved. All language training now takes place at Mission following agreement with FSI. Language resource center established and operative.

Attachment B

STATUS OF PROJECT EVALUATIONS PLANNED FOR FY 85

<u>Project</u>	<u>Status</u>
1. Timor Malaria Control (497-0326)	Completed 11/84
2. In-Country Management Development (497-0317)	Completed 12/84
3. Development Studies Project (497-0340)	Completed 3/85
4. PVO Co-Fi II Training Activities (497-0336)	Completed 3/85
5. Citanduy II (497-0281)	Completed 5/85
6. Sederhana Irrigation (497-0252)	Completed 5/85
7. Family Planning/Dev. Services I (497-0270)	Completed 5/85
8. CHIPPS (497-0325)	Completed 5/85
9. Sumatra Agriculture Research (497-0263)	On-going - est. completion date 2/86
10. Village Family Planning/Mother Child Welfare (497-0305)	On-going - est. completion date 3/86
11. Provincial Development Program I and II (497-0264/0276)	On-going - est. completion date 11/86
12. Private Sector Development (497-0345)	Revised to 5/86

Attachment C

FY 85 GRAY AMENDMENT CONTRACTS

No.	Project Number	Contractor's Name	Signing Date	Value (\$000)
1.	497-0327	American Overseas Book Company	06/12/85	40
2.	497-0286	Franklin Export Trading Company	05/07/85	35
3.	497-0317	Creative Associates - AID/W Contract	Unknown	12
4.	497-0317	WUPI - AID/W Contract	Unknown	21
5.	497-0329	PRAGMA	07/10/85	417
6.	497-0273	Harriet R. Lynton	10/03/84	5
7.	497-0249	Suzanne Siskel	03/21/85	26
8.	497-0325	Karen H. Smith	10/01/84	58
9.	497-0328	M. Deborah Barrau	12/01/84	11
10.	497-0342	M. Deborah Barrau	02/04/85	9
11.	497-0327	Jeniffer L. Miller	07/01/85	45
12.	497-0273	A. Kubler-Merrill	07/01/85	6
13.	497-0305	Virginia C. Rahardjo	08/05/85	110
14.	497-0273	James L. Gant	01/01/85	26
15.	498-0249	Wynne Cougill	07/08/85	3
16.	498-0249	Ulrike Wood	08/08/85	3
17.	498-0249	Lalit Kraushaar	08/29/85	39
18.	497-0344	Howard University (HBCU)		300 (See note)
19.	497-0344	Institute for International Research (8A)		300 (See note)
20.	497-0304	Asra Mamoor	01/25/85	42
		Total		1,469

NOTE: This contract includes four parties of which Howard University and IIR represent two. These amounts are based on the assumption that HU and IIR efforts will represent a total of one-half of the contract total of \$1.2 million.

FY 86 Gray Amendment Contracts as of 12/31/85

Project Number	Contractor's Name	Signing Date	Value (\$000)
497-0325	Karen H. Smith	10/01/85	200
497-0342	RONCO (Sub-contract)	11/18/85	471
497-0305	Alma Kern	12/85	18
	Total		689

ARDN

Western
Universities
Agriculture
Education
(497-0297)

4/84

3

4

PACID: 08/31/90
The project will strengthen the
Faculties of Agriculture and
related disciplines of the
11 member institutions of the
Association of Western
Universities (AKS-B).

Phase I of 9 year-project will
be complete, as well as second
year of Phase II, necessitating
need for examination of
achievements to date and re-
quired corrections, particularly
regarding use of participant
training inputs, participant
"after-care" support and ability
of project to meet agricultural
research related objectives.

30

20

Contractor - 30 days
AID/W - 30 days

Project

8-9

3/18/84

10/11/1984

LIST OF PLANNED EVALUATIONS
 FY 86-97
 COUNTRY/OFFICE INDONESIA

Attachment 0

Project List (Project No. & Title)	Last Eval Completed Start To (Mo./Yr.) (Qtr) AID/M (Qtr) AID/M (Qtr)	FY 1986	FY 1987	Reasons/Issues	Funding Source (\$000) Person Date	USAID Collateral Assistance
<u>ARUN</u> Financial Institutions Development (497-0341)	1	2		<p>PACD: 05/31/91 The project aims to encourage enterprise development, increase productivity and generate employment opportunities in rural areas.</p> <p>Baseline data will be established by early 1986. This first evaluation will compare the baseline data with first year program results.</p>	Project 20	20 18 months local hire consultants to do baseline data collection and evaluation.
Agricultural Planning II (497-0342)	3	4		<p>PACD: 06/30/89 The project will assist the Ministry of Agriculture to institutionalize, at the national and provincial levels, an improved capacity for agricultural policy analysis and planning and to link their capacity more closely with the formulation of agricultural programs and projects.</p> <p>The evaluation will assess progress to date in order to allow adjustments in the implementation of project components.</p>	Project 45	30 Contractor - 72 days

LIST OF PLAINED EVALUATIONS
 FY 86-87
 COUNTRY/OFFICE INDONESIA

Attachment 2

Project List
 (Project No. & Title)
 Last Eval. FY 1986
 Completed Start To Start To
 (Mo./Yr.) (Qtr) AID/W (Qtr) AID/W (Qtr)

Funding Source (1000) Person Days
 Collateral Assistance

Project No. & Title	Last Eval. (Mo./Yr.)	FY 1986 (Qtr)	Start To (Qtr)	Start To (Qtr)	Funding Source (1000)	Person Days	Collateral Assistance
ABDN Provincial Area Development Program I & II (497-0264/0276)	9/81	1	4		PDS Projec 90 202	30	1. Peabody - PSC (PDS funded) \$90,000 for 115 days. 2. SRI - Indonesian firm \$180,000 project funded for beneficiary impact study. 3. 3 - 4 PSCs (Indonesian/foreign mix) for institutional assessment. Project funded.

PACD: 04/12/88
 TACD: 12/01/89

Both projects aim to improve the capabilities of local governments to undertake rural development activities, to improve the capabilities of the central government to support these activities and further decentralization, and to increase the incomes of the rural poor through the implementation of small sub-project activities.

This assessment will evaluate how effectively PDP has achieved its objectives so far in order to allow further implementation to be improved and provide data for discussion with the GOI on possible future decentralization projects.

A-2

1/83

LIST OF PLANNED EVALUATIONS

FY 86-87

Attachment B

COUNTRY/OFFICE INDONESIA

Project List (Project No. & Title) Last Eval FY 1986 Completed Start To (No./Yr.) (Qtr) AID/W (Qtr) AID/W (Qtr) FY 1987 Start To (Qtr) AID/W (Qtr) AID/W (Qtr) FundIng Source (1000) Person Data USAID Collateral Appearance

ARW/SDA
Private Sector
Development
(497-0329)

2

3

PACD 06/01/88

The project's aim is to test methods of increasing the private sector's contribution to development by facilitating foreign investment to areas with high employment potential, studying links between high capital investment and local industry, identifying and addressing constraints on small and medium-sized enterprises, and examining and addressing constraints on enterprise activity resulting from policy formulation and implementation.

Evaluation to determine capability and performance of contractors before signing new contracts and to evaluate feasibility of current implementation plans.

Project 30

22

Contractor - 48 days

Project Title	Project No. & Title	Last Eval. Completed (Mo./Yr.)	FY 1986 Start (Qtr)	FY 1987 Start (Qtr)	Reasons/Issues	Funding Source (\$000)	USAID Person	Collateral Attendance	
ARIN	Sumatra Agricultural Research (497-0263)	2	3		<p>PACB: 04/12/86 The project is designed to expand and improve agricultural research facilities which address production constraints characteristic of Sumatra in order to increase agricultural production, rural employment and incomes.</p> <p>To measure project impact in terms of the institution's internal development and in terms of generation of appropriate technology.</p>	Project	45	10	Contractor - 72 days
Graduate Agriculture School (497-0290)		1	2		<p>PACB: 07/31/86 The project is designed to assist the Agricultural University of Bogor (IPB) in the development of a graduate education program in the agricultural sciences, and to strengthen research and outreach activities related to these areas.</p> <p>Evaluation will involve examination of strengths of project assisted graduate programs and research, assessment of institutional capacities and future needs, and a tracer study of recent graduates.</p>	D&S	20	10	Contractor - 24 days AID/W - 20 days

LIST OF PLANNED EVALUATIONS
 BY 86-87
 COUNTRY/OFFICE INDONESIA

Attachment 2

Project List
 (Project No. & Title)

Last Eval. FY 1986 - FY 1997
 Completed Start To Start To
 (No./Qtr.) (Qtr) AID/M (Qtr) AID/M (Qtr)

Funding Source (1000) Person Days
 Collateral Assistance

Project No. & Title	Last Eval. FY 1986 - FY 1997 Completed Start To Start To (No./Qtr.) (Qtr) AID/M (Qtr) AID/M (Qtr)	Reasons/Issues	Funding Source (1000) Person Days	Collateral Assistance
ARIN Applied Agricultural Research (497-0302)	1 2	PACD: 09/30/92 The project is designed to improve agricultural research capabilities in Kalimantan, Sulawesi, Maluku, NTT, Bali and West Java, focusing on food crops, livestock, fisheries, industrial crops and forestry in order to increase agricultural production, rural employment and incomes. To review the status of activities and the contribution of technical assistance and training in meeting original project objectives. The evaluation will assess AARD's utilization of the infrastructure developed and manpower trained under AARP.	Project 45 15	Contractor - 72 days
Secondary Food Crops Development (497-0304)	3 4	PACD: 04/15/88 The project is designed to strengthen the contribution of secondary crops to increase farmer income, employment and enhanced nutritional status of the rural population in 3 pilot project areas; and provide an empirical basis for policy and technology recommendations for future expansion of secondary crops in Indonesia. Mid-project evaluation to determine if technologies have been found which warrant expansion of the project.	Project 40 21	Contractor - 116 days

Project No. & Title	Last Eval Completed (Mo./Yr.)	Start To (Qtr) AID/W (Qtr)	Start To (Qtr) AID/W (Qtr)	Reasons/Issues	Funding Source (\$000)	USAID Person	Colleteral Assistance
<p><u>EIR/ARDN</u> General Participant Training II (497-0328)</p>			2	<p>PACD: 04/30/90 The project is designed to assist the Government of Indonesia to increase the effectiveness of Indonesian programs in realizing national development objectives by expanding the manpower capabilities of Government ministries, public and private universities, and private non-profit organizations, by creating a capability within the Government to plan and administer overseas training programs for Indonesians.</p> <p>The evaluation will assess the effectiveness of project activities in achieving originally defined goals and objectives, and provide information which will help USAID determine future project direction, e.g., support to private non-profit organizations and revision of selection criteria.</p>	Project 186	10	Contractor - 60 days

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LIST OF PLANNED EVALUATIONS

EX. No. 47

Attachment 2

COUNTRY/OFFICE INDONESIA

Project List
(Project No. & Title)

Last Eval. FY 1986
Completed Start To Start To
(No./Yr.) (Qtr) AID/M (Qtr) AID/M (Qtr)

Reasons/Issues

Funding Source (\$000) USAID Person

Collateral Assistance

Project No. & Title	Last Eval. FY 1986 Completed Start To Start To (No./Yr.) (Qtr) AID/M (Qtr) AID/M (Qtr)	Reasons/Issues	Funding Source (\$000)	USAID Person	Collateral Assistance
<p>HR</p> <p>Education Policy & Planning (497-0344)</p>	<p>2</p>	<p>PACD: 09/30/90</p> <p>The project's purpose is to improve the institutional capacity of the Ministry of Education to undertake policy research and analysis and to formulate better long-term plans and policies based upon better information and analysis.</p> <p>Assess effectiveness of pilot efforts at provincial level, and working relationships established among information systems, policy analysis and decision making units of the Ministry. Results will be used to formulate the work plan for Phase 2 of the project.</p>	<p>Project 30</p>	<p>15</p>	<p>Contractor - 48 days</p>

LIST OF PLANNED EVALUATIONS
 FY 86-87
 COUNTRY/OFFICE: INDONESIA

Attachment 2

Project List (Project No. & Title)	Last Eval. Completed (No./Yr.)	FY 1986 Start To AID/M (Qtr)	FY 1987 Start To AID/M (Qtr)	Reasons/Issues	Funding Source (\$000)	USAID Person Date	Collateral Assistance
POPULATION Family Planning Development and Services II (497-0327)	2	3		<p>PRGD: 12/31/89</p> <p>The project is designed to help decrease the crude birth rate by 50%, to 22 births per 1,000 in 1990 and to promote greater participation of local governments in the planning, implementation and funding of population activities.</p> <p>The purpose of the evaluation is to examine the training component of USAID support to BKKBN.</p>	Pro. 10	5	Contractor - 30 days

Project List (Project No. & Title)	FY 1986		FY 1987		Reasons/Issues	Funding Source (\$000)	USAD Person Date	Collateral Assistance
	Test Eval Completed	Start To (Mo./Yr.) (Qtr)	Start To (Mo./Yr.) (Qtr)	Start To (Mo./Yr.) (Qtr)				
<u>HEALTH</u> Health Training, Research & Development (497-0273)	3/83	2	3		PACD: 09/30/87 The project is designed to strengthen the Ministry of Health's capability to plan, implement and evaluate the recruitment, training and management of public health personnel; conduct applied research; develop Management Information System (MIS) for services and personnel; and develop a Bacterial Disease Control (BDC) Program. The evaluation will determine appropriateness of follow-on activities under training component.	Project 15	10	Contractor - 15 days
Expanded Program in Immunization (497-0253)	1/84	4		1	PACD: 09/30/87 The project is designed to accelerate the national immunization program. Objectives are immunizing 50-60% of the infant population against BPT, measles and polio; vaccinating up to 50% of pregnant women with IT; improving "coldchain" performance; and strengthening epidemiological surveillance capacity. An impact evaluation will be undertaken to assess performance of the project to date.	Project 50	30	Contractor - 50 days

LIST OF PLACED EVALUATIONS

FY 86-87
COUNTRY/OFFICE INDONESIA

Attachment 2

Project List
(Project No. & Title)

Last Eval - FY 1986
Completed Start To Start To
(No./Yr.) (Qtr) AID/M (Qtr) AID/M (Qtr)

FY 1987

Reasons/Issues

Funding Source (\$000) Person

Collateral Assistance

Project No. & Title	Last Eval - FY 1986 Completed Start To Start To (No./Yr.) (Qtr) AID/M (Qtr) AID/M (Qtr)	FY 1987	Reasons/Issues	Funding Source (\$000) Person	Collateral Assistance
HEALTH Village Family Planning/Mother-Child Welfare (497-0305)	3/83	1 4	<p>PACD: 09/30/86 The project integrates simple health, nutrition and income generating activities into the well-established village family planning network. The project aims to decrease the prevalence of malnutrition and complications of diarrheal disease among children under 5, increase contraceptive use and stimulate community initiatives towards self-reliance.</p> <p>The research evaluation component will be the first time a quality evaluation is done on the process and impact of the integrated family planning/nutrition program. The evaluation will compare the project impact with baseline data. An MIS will be developed for future monitoring of the project and used in the expanded KB-KES Terpadu program in 4 provinces.</p>	Project 1,300	<p>Short-term TA: 37.5 months Long-term Research Advisor: 24 months Local Universities in East Java and Bali: 24 months</p>
		2 3	<p>PACD: 09/30/86 Impact evaluation of income generating activities which looks at viability of program, beneficiaries and linkage with family planning goals.</p>	Project 60 30	Contractor - 75 days

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LIST OF PLANNED EVALUATIONS
 BY No. 97
 COUNTRY/OFFICE INDONESIA

Attachment 2

Project list (Project No. & Title)	Last Eval. ... FY 1986		FY 1987		Reasons/Issues	Funding Source (\$000)	USAID Person Date	Collateral Assistance
	Completed (No./Yr.)	Start (Qtr)	To (Qtr)	Start (Qtr)				
EIR Private Sector Management Development (497-0345)		3	4		PACD: 06/06/90 The project's purpose is to strengthen the strategic planning process, provide overseas and in-country training to staff, provide consulting services and strengthen the research capacity of the Institute Pendidikan dan Pembinaan Manajemen (IPM). The evaluation will review staff training plans and additional progress under consultant contracts.	Project 20	20	Contractor - 30 days

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LIST OF PLANNED EVALUATIONS

FY 86-87

COUNTRY/OFFICE INDONESIA

Attachment 2

Project List
 (Project No. & Title)

Last Eval. Completed Start To (No./Yr.) (Qtr) AID/W (Qtr)

FY 1986 Start To (No./Yr.) (Qtr) AID/W (Qtr)

FY 1987 Start To (No./Yr.) (Qtr) AID/W (Qtr)

Reasons/Issues

Funding Source (\$000) Person

Collateral Assistance

Project No. & Title	Last Eval. Completed Start To (No./Yr.) (Qtr) AID/W (Qtr)	FY 1986 Start To (No./Yr.) (Qtr) AID/W (Qtr)	FY 1987 Start To (No./Yr.) (Qtr) AID/W (Qtr)	Reasons/Issues	Funding Source (\$000) Person	Collateral Assistance	
CLUSA (Title II)	05/84	3	4	<p>PACD: 12/31/90</p> <p>The purpose of the project is to improve rural food systems and incomes by encouraging farm leaders to develop existing cooperatives into growth oriented agri-businesses.</p> <p>The purpose of the evaluation is to examine CLUSA activities in KlATEN which have fostered the development of agri-business and other small enterprise activities.</p> <p>Indicators to be used in the assessment are production, productivity, employment and financial viability.</p>	30	10	Contractor - 45 days

LIST OF PLANNED EVALUATIONS
 FY 86-97
 COUNTRY/OFFICE INDONESIA

Attachment 2

Project Title (Project No. & Title)	Last Eval Completed Start To (Mo./Yr.) (Qtr) AID/W (Qtr) AID/W (Qtr)	FY 1986 FY 1987 Start To End To (Qtr) AID/W (Qtr) AID/W (Qtr)	Reasons/Issues	Funding Source (\$000) Person DATE	Collateral Assistance
ARDN/EHR/POP/ HEALTH/SDA PVO Co-Financing (497-0336)			<p>PACD: 09/30/91</p> <p>The purpose of the project is to multiply and improve local development efforts in Indonesia within the priority sectors of AID assistance.</p> <p>The evaluation will review major accomplishments of the project to date with primary focus on these areas which are highlighted in the recent amendment to the project.</p>	30	20 Contractor - 30 days AID/W - 30 days