

A.I.D. EVALUATION SUMMARY - PART I

PD-AAZ-774

- 1. BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS.
- 2. USE LETTER QUALITY TYPE, NOT "DOT MATRIX" TYPE.

IDENTIFICATION DATA

<p>A. Reporting A.I.D. Unit: Mission or AID/W Office <u>USAID/Indonesia</u> (ES# _____)</p>	<p>B. Was Evaluation Scheduled in Current FY Annual Evaluation Plan? Yes <input checked="" type="checkbox"/> Slipped <input type="checkbox"/> Ad Hoc <input type="checkbox"/> Evaluation Plan Submission Date: FY <u>1989</u></p>	<p>C. Evaluation Timing Interim <input checked="" type="checkbox"/> Final <input type="checkbox"/> Ex Post <input type="checkbox"/> Other <input type="checkbox"/></p>
<p>D. Activity or Activities Evaluated (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report.)</p>		

Project No.	Project /Program Title	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)
497-0340	Development Studies Project (Phase I)	1983	June/1991	\$12,000 whole project \$4,000 Phase I cover by this evaluation	\$12,000

ACTIONS

Action Decisions Approved By Mission or AID/W Office Director Action(s) Required	Name of Officer Responsible for Action	Date Action to be Completed
1. Discuss possibility of DSP I amendment with BAPPENAS.	EPSO	June 1989

[Attach extra sheet if necessary]

APPROVALS

F. Date Of Mission Or AID/W Office Review Of Evaluation: _____ (Month) _____ (Day) _____ (Year)

G. Approvals of Evaluation Summary And Action Decisions:

Name (Typed)	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
Signature	Lee Ann Ross	Rustam Didong	Ned Greeley	G. Merrill, DIR
Date	<i>Lee Ann Ross</i> 6/23/89	<i>Rustam Didong</i>	<i>Ned Greeley</i> 7/23/89	<i>G. Merrill</i>

ABSTRACT

H. Evaluation Abstract (Do not exceed the space provided)

The primary purpose of DSP is to strengthen the analysis of selected development issues to support GOI policy formulation. The project is also intended to provide a means of broadening participation in policy discussions and to strengthen the linkages between timely policy analysis and empirically based policy formulation. To achieve these objectives, the project has established a fund to finance studies, seminars, experiments, and publications in support of policy discussions.

Policy makers are encouraged to identify outstanding policy concerns and develop research proposals to be submitted to DSP for funding. The proposals are reviewed and approved by a GOI Steering Committee based upon a pre-established set of selection criteria. A simplified request form has also been developed to reduce the amount of time necessary for proposal preparation. A \$200,000 funding ceiling and a maximum 18 months time duration were established to encourage use of the project funds to address specific policy concerns in a timely fashion.

To date, 130 proposals (referred to also as studies or subprojects) have been received of which 99 have been rejected, 2 are still under consideration and 29 have been approved. Of those approved, 25 have been completed, 4 are on-going.

This Phase I evaluation is timely, because nearly all the funds earmarked for DSP-I activities have been committed, and the Government of Indonesia (GOI) has indicated informally that within the next few months they will decide whether or not to request USAID to consider an additional grant to continue assisting such activities.

Principal findings of this evaluation are that:

- (a) The project successfully completed a large body of useful research.
- (b) Virtually every subproject was successful in significantly advancing the policy process.
- (c) The vetting process seems more important to the evaluation team than even the very impressive tangible outputs of particular subprojects. The process successfully clarified research priorities and policy options; it improved the quality of decisions and broadened the consensus among departments necessary for effective implementation.
- (d) The project generated and sustained for the life of the project a great deal of enthusiasm among the senior officials most closely associated with it.

Lessons learned:

- (a) A program such as DSP I works best when it is supported by ministers responsible for economic policy development.
- (b) Management by enthusiastic senior government officials who can openly exchange ideas is key.

COSTS

I. Evaluation Costs

1. Evaluation Team		Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (U.S. \$)	Source of Funds
Name	Affiliation			
Gregory B. Votaw	Management System International	49	41,175	497-0340
Wimar Witoelar	Inter Matrix Bina Indonesia	45	12,642	497-0340
2. Mission/Office Professional Staff Person-Days (Estimate) <u>15</u>		3. Borrower/Grantee Professional Staff Person-Days (Estimate) <u>20</u>		

A.I.D. EVALUATION SUMMARY - PART II

SUMMARY

J. Summary of Evaluation Findings, Conclusions and Recommendations (Try not to exceed the three (3) pages provided)

Address the following items:

- | | |
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| <ul style="list-style-type: none"> • Purpose of evaluation and methodology used • Purpose of activity(ies) evaluated • Findings and conclusions (relate to questions) | <ul style="list-style-type: none"> • Principal recommendations • Lessons learned |
|--|--|

Mission or Office:	Date This Summary Prepared:	Title And Date Of Full Evaluation Report:
USAID/EPSS/Indonesia	March 20, 1989	Mid-Term Evaluation Report - Development Studies Project - Phase I - 497-0340

1. Purpose of evaluation and Methodology used

The purpose of this mid-term evaluation is to review progress, findings and impact of the Development Studies Project (DSP) Phase I, and to determine the extent to which project objectives are being achieved. This evaluation also will include specific recommendations for follow-up, including how to effectively disseminate and utilize its findings, and whether or not this type of activity should be continued as program assistance under the Agriculture and Rural Sector Support Program (ARSSP), and if it should, how it would fit into the policy formulation and evaluation process.

The evaluation focus was particularly to determine the policy impact of DSP subprojects and their contribution to the achievement of Fourth Five Year Plan (REPELITA IV) targets. Attention was also focused on certain aspects of project management, such as the process of selecting subprojects and administrative measures taken to facilitate as well as to monitor the progress of implementation. The methodology used mainly interview and in depth review of documents. The team also spent many hours in interviews with public officials and private individuals, including a cross-section of (i) participants in subprojects, including principal researchers and consultants, (ii) members of the Steering Committee or Working Group, (iii) officials of ministries that sponsored studies or have subsequently used subproject outputs, (iv) USAID and other development assistance personnel, and (v) some individuals with no apparent direct DSP involvement in order to learn how widely the results of this activity reached beyond the immediate DSP circle.

2. Findings & Conclusions

DSP-I was successful in facilitating more than two dozen studies that were timely and useful in various aspects of Fourth Five Year Plan implementation.

The outputs and other contributions to plan (REPELITA) implementation from DSP were quite varied, as noted earlier, and include;

(a) A physical master plan for the central campus of the Open University, which is still being followed more than four years later as new buildings are constructed.

(b) Identification of social and regional differences in food consumption, so that nutrition support programs are more flexible, less dependent on rice, and more responsive to the needs and preferences of recipients.

(c) Creation of a timely warning system, based on field production, market price and family consumption data, so that local officials can take prompt remedial measures (e.g. rural works, food imports) before serious nutritional shortages develop.

(d) Recognition of the social and economic importance of informal sector employment, so that a topic previously treated as taboo was legitimized to the point where it is mentioned explicitly several times in the latest (1988) official Guidelines governing development policy and REPELITA preparation.

(e) Drafting and dissemination of more than two dozen case studies showing the interaction of private business considerations and governmental regulations, to be used in graduate business studies and to encourage mutually productive dialogue between private entrepreneurs and government officials.

C

3. Principal Recommendations

(a) Some means needs to be found to reactivate the DSP-I Steering Committee (which has not met since January 1988,) and to empower it to consider new grants at a level of \$1.5-2.0 million per year under rules and procedures similar to those applied in 1984-87.

(b) The DSP-II team certainly has the talent and can perhaps be encouraged to find the time to provide coaching in research design and report presentation in instances where the Steering Committee requests that assistance.

(c) Whether or not the DSP-II contractor is asked to assume a professional coaching responsibility, it would seem appropriate for the unit to provide administrative support (e.g., arranging disbursements against appropriate documentation regarding study progress), provided this is acceptable to the BAPPENAS management for which BIDE/DAI work.

(d) The most urgent requirement seems to be for the GOI Steering Committees to set their priorities for a new batch of subprojects, possibly tied to urgent REPELITA V requirements, and then to begin soliciting proposals, as was done so successfully in 1984-1985 to fill those gaps and to provide whatever assistance is requested or endorsed by the various Divisions and Bureaus of BAPPENAS.

4. Lessons Learned

There were several special qualities or characteristics of the Project which made it particularly valuable and seem to account for the considerable enthusiasm demonstrated by participants. Designers of similar projects might consider including some or all of these characteristics:

- Flexibility to take up problems across a broad range of sectors.
- Strict, low limits on the amount of money and time to be spent on each subproject (\$200,000 and 18 months respectively).
- Close supervision by a small, active Steering Committee.
- A strong preference for Indonesian management of most subprojects; moreover, when these managers sought expatriate technical support they generally invited someone already well known to them and knowledgeable regarding Indonesian development prospects.
- Because of the nature of the funding there was freedom to approve subprojects when they were ready for implementation at any time during the year. DSP grants were not constrained by the annual budgeting cycle or the scheduling of donor approvals.
- A willingness to consider proposals from any source, be it a ministry, USAID, a university, or a private organization resulting in healthy competition among ideas. As a result final choices were made quite selectively. (About 100 requests were rejected; less than 30 were approved).
- Selection criteria clearly favored (i) well-conceived projects with (ii) competent staffing, which offered (iii) immediate and practical results (outputs) that would (iv) affect important problems constructively and in ways (v) consistent with REPELITA priorities (including those of particular concern to USAID, such as equity, growth and the efficient functioning of markets).
- Dissemination of subproject findings varied in ways appropriate to the subproject concerned.

(f) Installation of an approved system for BAPPENAS tracking of aid utilization.

(g) Acceptance of new standards for housing construction and finance, which take into account regional and economic differences; one result of these changes is that REPELITA IV targets for private house construction and finance were exceeded.

(h) The dialogue with Ulama's has opened up the possibility of modernizing the science curriculum of Islamic secondary schools.

Other examples can be cited. Suffice it to say that the impact on development policy and plan implementation has been varied in type and cover a very broad spectrum of sectors.

Given that range of topics, it is not surprising that subprojects involved a broad cross-section of government and private organizations. While senior officers of BAPPENAS, the Ministry of Finance, and the Cabinet Secretariat took the lead in supervising the Project through the Steering Committee and often suggested topics, as did USAID personnel, many other agencies played a role in initiating, managing and/or making use of subproject activities, including at least nine national Ministries (Agriculture, Cooperatives, Education, Environment, Health, Housing, Manpower, Public Works and Trade) as well as municipal government of Jakarta. Among the other participating organizations were universities (Gajah Mada, Indonesia and Terbuka), the Indonesian Institute for Management Development (IPMI), the Indonesian Institute of Sciences (LIPI) and the Indonesian Environmental Forum (WALHI).

Subprojects most often took the form of primary research and analysis; in each case results were discussed in one or more workshops or seminars on the basis of a draft final report and sometimes at quarterly intervals as work was progressing. In addition, some subprojects financed pilot facilities (e.g., for biogas generation and for cold storage) or important conferences to review concepts or policy proposals that had been generated without DSP financing (e.g., urban agriculture and the diversity of employment and business opportunities resulting from active entrepreneurship in rural areas).

In implementing subprojects experts from many sources were employed. More than half the subprojects required a combination of Indonesian professionals and one or two fairly short-term expatriates. A very few subprojects were completed largely by non-Indonesian researchers; several other studies were performed entirely by local professionals.

With rare exceptions subprojects contributed positively to important policy decisions across a broad spectrum of sector programs, generally leaving a permanent mark on the way sector programs are implemented and future policies conceived.

This very positive finding may seem surprising to many observers accustomed to considerably more expensive and time-consuming studies which result in more carefully polished reports (e.g. relatively high quality printing, heavily footnoted and widely disseminated). Frankly, the evaluation team was itself surprised to find fairly universal enthusiasm regarding DSP results among those who had been closely associated with its subprojects.

The success of this project underscores important practical considerations in the policy formulation/implementation process. Rarely does good policy result from blinding intellectual insight; seldom are even the best policy prescriptions converted into effective action by the stroke of a pen (or shovel) -- let alone by the careful drafting of footnotes, desirable though that is. Policy-making is a fairly continuous, often downright tedious process which involves what one World Bank president decades ago called "Illuminating the Choices" and more recent scholars describe as "Speaking Truth to Power." The process includes data-gathering, analysis, discussion, experimentation, reformulation, consensus-building, decisions, planning, action, feedback, frustration, implementation, revision and repeated discussion among people committed to identifying problems correctly, finding viable and cost-effective solutions, and building a supportive consensus among many loci of power.

ATTACHMENTS

K. Attachments (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier; attach studies, surveys, etc. from "on-going" evaluation, if relevant to the evaluation report.)

Gregory B. Votaw and Wimar Witoelar, Mid-Term Evaluation Report Development Studies Project - Phase I (DSP-I) 497-0340, Jakarta, November-December 1988.

COMMENTS

L. Comments By Mission, AID/W Office and Borrower/Grantee On Full Report

USAID and GOI were pleased with this report. The evaluators, in a very short time, identified the strengths and weaknesses of the project and made constructive suggestions for further improvements. We share and agree with most of the recommendations, but we think that future DSP sub-projects should be more focused by using GOI Five Year Plan and the CDSS as a basis for selection of studies.

It is expected that if the project is amended, that the GOI would come with more focused priorities to be used as a basis for future studies/sub-projects to be funded.

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FINAL REPORT
MID-TERM EVALUATION REPORT
DEVELOPMENT STUDIES PROJECT—PHASE I (DSP - I)
497-0340

November - December 1988

Prepared for and submitted to:

USAID/INDONESIA

January 30, 1989



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LIST OF ACRONYMS

- BAPPENAS - National Development Planning Agency of Indonesia
- BPS - Central Bureau of Statistics
- DSP-I - Development Studies Project - Phase I
- GOI - Government of Indonesia
- IGGI - Inter-Governmental Group on Indonesia
- IPMI - Indonesian Institute for Management Development
- REPELITA - National Five-Year Development Plan
- SC - Steering Committee
- USAID - United States Agency for International Development
- WT - Working Team (sometimes referred to as Working Group)

ACKNOWLEDGEMENTS

While carrying out its assignment, the Evaluation Team received generous support from many organizations and individuals. USAID/Jakarta provided valuable data, documents and other inputs. Several Government of Indonesia departments and agencies provided access to their files; and many senior officers of these organizations gave patiently of their time and insight. We especially wish to thank Messrs. David Merrill, Peter Gajewsky and Martin Sirait from USAID/Jakarta and Drs. Mantaris Siagian and Ms. Elly Muljati of the DSP-I Secretariat for their full support throughout the course of our work.

This evaluation would not have been possible without the cooperation and responsiveness of the core members of the DSP-I Steering Committee, in particular Dr. Sayuti Hasibuan, Dr. Muchtaruddin Siregar, and Mr. Marzuki Usman.

All errors, however, belong to the authors.

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EXECUTIVE SUMMARY

1. This report (dated January 12, 1989) was prepared in Jakarta in November-December 1988 responding to USAID/Indonesia's call for an evaluation of the Development Studies Project - Phase I (DSP-I) 497-0340. The title "Mid-Term Evaluation of DSP-I" reflects the fact that there is an ongoing Phase II Project with some distinctly different characteristics, which is financed by the same USAID Grant but is not covered by this report.
2. This Phase I evaluation is timely, because nearly all the funds earmarked for DSP-I activities have been committed, and the Government of Indonesia (GOI) has indicated informally that within the next few months they will decide whether or not to request USAID to consider an additional grant to continue assisting such activities. Moreover, nearly all of the subprojects undertaken as part of DSP-I have been completed.
3. The primary purpose of DSP-I is to strengthen the analysis of selected development issues in ways that expedite policy formulation and contribute to efficient program implementation. Closely related subsidiary objectives are to broaden participation in policy discussions and to expedite the process whereby policy analysis is converted into program definition and implementation.
4. DSP-I was designed in 1983 to address a family of problems which can only be summarized here. REPELITA IV (The National Development Plan for Fiscal Years 1984/85-1988/89) contained some sector targets which were unlikely to be achieved until additional research was completed. In other cases raw data were available but required cleaning, processing and analysis to provide an empirical basis for final policy articulation. The central thrust of DSP-I was the financing of discrete pieces of research to fill such gaps over a broad spectrum of sectors.
5. Another dimension of the problem which DSP-I addressed was the tendency to compartmentalize research and analysis, to communicate vertically within departments rather than horizontally across sector lines, and to limit contacts between academic or private sector researchers and government officials responsible for policy actions. DSP-I established a network of mechanisms for interdepartmental consultation in the selection of particular proposals for financing and in the review of reports and other outputs. It called upon government "users" of research to commission work from university personnel; the Project also encouraged private research organizations and non-governmental interest groups to initiate proposals. At the conclusion of each subproject a workshop was convened with broadly representative attendance to review findings and to discuss policy implications and options.
6. This evaluation is intended to review the progress, findings and impact of DSP-I as a whole as well as individual subprojects financed by it. The principal methods used in the evaluation were (i) more than three dozen interviews with officials, researchers, and other participants in

the project as well as a small control group of generally knowledgeable persons who were not directly involved with DSP and (ii) a review of the documents generated by the project (namely, proposals, quarterly progress reports, final reports, minutes of meetings and seminars, and a number of administrative papers).

7. The principal findings of this evaluation are that:
- (a) The project was successful in completing a large body of useful research across a broad range of sectors.
 - (b) The evaluation team found that virtually every subproject was successful in advancing the policy process in significant ways.
 - (c) These policy advances were almost as varied as the sectors concerned. In one case, for instance, the subproject created a Timely Warning and Intervention System (TWIS) whereby district government officials learn of potentially damaging local food shortages in time to take effective remedial measures; without the subproject the specific technology for this system would not exist in terms applicable to Indonesia nor would it have been tested and revised to the point where country-wide replication became a practical possibility. In two other subprojects a framework was provided for rational discussion of pricing policies for major public utilities - a subject previously discussed rather unproductively in terms of "conditions" being proposed (or imposed) by foreign lenders. Many more examples could be given to illustrate the variety of DSP outputs.
 - (d) The process whereby project management vetted particular proposals and subprojects seems more important to the evaluation team than even the very impressive tangible outputs of particular subprojects. The process was successful in clarifying research priorities as well as policy options; it also improved the quality of decisions and broadened the consensus among departments necessary for their effective implementation.
 - (e) The project generated a great deal of enthusiasm among the senior officials most closely associated with it. It may be that the project was successful partly because participants brought enthusiasm to it in the first place; if so, future projects are unlikely to work well unless a similarly committed cadre of managers serve on their Steering Committees and Working Teams. But the point most relevant to this present evaluation is that the initial enthusiasm was sustained over the four most active years of project implementation and resurfaced over and over again during recent interviews. No one thought the project was perfect or answered all of Indonesia's needs for policy analysis; but nearly everyone agreed that it was useful,

in many important ways unique, and worthy of continued financial support.

8. A first-year evaluation was completed in May 1985. That report indicated initial success in ways that this further evaluation three-and-a-half years later has confirmed. In addition the 1985 report emphasized the need for a more effective Secretariat, a more active involvement of Bappenas professionals, a wider dissemination of outputs, and a strict enforcement of the requirement that all reports in English include an Indonesian language translation of at least the executive summary. Subsequent performance in response to these recommendations has been quite satisfactory. Other recommendations of the 1985 evaluation (for example, a narrower focus on a more clearly defined work program, timely availability of professional counsel by engaging long-term resident advisors, on-site training of young Indonesian professionals, and a more consistently high professional quality of outputs) led, over a period of time, to DSP-II, for which a contract was signed with the BIDE/DAI team on June 15, 1987. (Otherwise DSP II is outside the scope of this evaluation).

9. Based on the considerable success of and continued enthusiasm for DSP-I among Indonesian officials and academics, the evaluation team recommends that USAID offer to make additional dollar grants available should Bappenas (or any other suitable arm of the GOI) express an interest in continuing the program. As this evaluation is written, Bappenas is putting finishing touches on REPELITA V, which is to be presented to Parliament in January 1989; therefore, it may be April or even later before the Government can identify precisely which studies are needed to support full and timely implementation of planned policies and programs.

10. All parties understand that DSP-I was not the only source of financial assistance for policy analysis in Indonesia nor even the major source. Many agencies contribute substantial sums to sector and policy studies, and several ongoing USAID projects already contain provisions for Special Studies with a policy emphasis. Nevertheless, there are a number of special qualities about DSP-I which recommend that type of program for continuation, if the GOI is to achieve its development objectives and at the same time to build local capacity for policy analysis. Almost uniquely, DSP-I provided grants of limited amount and duration, under the able management of an Indonesian Steering Committee, using primarily local researchers, encouraging cross-fertilization and active discussion among agencies of government and between officials and the private sector, and stressing results in terms of practical action. Pragmatic, flexible, intersectoral and building local capability, the project has had the effect of beginning to strengthen the local culture of policy-making in a quite positive way.

11. Should the GOI and USAID agree on a new program of Development Studies, the evaluation team recommends that steps be taken to further strengthen the DSP Secretariat, to provide technical coaching in cases where the Steering Committee considers it appropriate, to give the program continuity over a period of at least 3-5 more years, and to simplify disbursement administration from the point of view of USAID/Indonesia

(probably by assigning such chores to a contractor, preferably one already in place and doing similar policy-related work).

12. The report indicates that the evaluation team would recommend a similar flexible, results-oriented, locally-managed program of studies in other countries where a range of plan implementation and policy issues require analysis. One important lesson learned in DSP-I is that such a program works best when it is (i) supported actively by government ministers responsible for development programming and economic policy and (ii) managed by an enthusiastic group of senior officials, who are committed to the success of the program, work harmoniously with each other, and enjoy spirited discussions with professionals on the local USAID team whenever they meet to exchange ideas regarding policy issues or other problems of particular sectors.

I. INTRODUCTION

1.01 This Report contains the findings and recommendations of a two-person evaluation team that reviewed the studies and other activities financed by DSP-I. Work was done mainly in Jakarta over a period of several weeks in November-December 1988. The team was particularly concerned to determine the policy impact of DSP subprojects and their contribution to the achievement of REPELITA IV targets. Attention was also focused on certain aspects of project management, such as the process of selecting subprojects and administrative measures taken to facilitate as well as to monitor the progress of implementation.

1.02 The evaluation is based on two principal sources of information:

- (a) The team examined a considerable quantity and variety of documents, including (i) final reports (often containing more than one volume), (ii) quarterly progress reports, (iii) initial proposals, (iv) minutes of Steering Committee and Working Group meetings, (v) complementary reports of organizations such as the UNDP and the World Bank, and (vi) general information on the Indonesian economy, its policy concerns, and the particular subset of issues taken up in studies financed by the grant. A partial list of documents consulted is provided as Attachment A.
- (b) The team also spent many hours in interviews with public officials and private individuals, including a cross-section of (i) participants in subprojects, including principal researchers and consultants, (ii) members of the Steering Committee or Working Group, (iii) officials of ministries that sponsored studies or have subsequently used subproject outputs, (iv) USAID and other development assistance personnel, and (v) some individuals with no apparent direct DSP involvement in order to learn how widely the results of this activity reached beyond the immediate DSP circle. (A partial list of interviews is included as Attachment B.)

1.03 The remaining chapters of this report review the history of the project and the present evaluation exercise (Chapter II), summarize the major findings of the evaluation team (Chapter III), and offer conclusions and recommendations regarding future projects of this type (Chapter IV), emphasizing short-term opportunities in Indonesia but also intended to be applicable to USAID programs in other countries. Attachment C provides an extract from the statement of work assigned to the Evaluation Team.

1.04 While the authors of this report owe much to frank and full discussions with many knowledgeable people during more than three dozen interviews as well as to a great deal of reading, their judgments are inevitably subjective. Moreover, the recommendations in the report are in no sense a blueprint; rather they are intended mainly as a basis for further discussion within the Steering Committee and between the Government of Indonesia (GOI) and USAID. The authors are conscious that there are many more files to read and that there were several very active DSP participants with whom meetings could not be scheduled during their

five week assignment in Jakarta. Despite these and other possible gaps, it is hoped that the pages which follow will contribute not merely to the record of DSP-I but more importantly to the successful and efficient pursuit of such other research and experimentation as may be required by Indonesia to accelerate the progress of its already highly successful modernization and poverty redressal programs.

2. BACKGROUND

2.01 USAID authorized the Development Studies Project on June 8, 1983. The Grant Agreement, signed later that month (June 29), provided \$3 million of USAID financing with an additional \$1 million in counterpart support from the Government of Indonesia (GOI). The authorization was amended on May 28, 1985, to add another \$1 million grant from USAID; complementary GOI support equivalent to \$350,000 was provided at the same time.¹ Attachment D lists some key dates in the history of DSP.

2.02 Actual implementation of DSP-I began in February 1984 after the organization of a Working Team to review subproject proposals and a smaller, more senior Steering Committee (representing the Ministry of Finance, Bappenas and the Cabinet Secretariat) to approve (or reject) subprojects and their outputs. (See paras. 2.07-2.08 below for more information on these committees.) In four years of operation the Steering Committee approved 26 proposals (plus two small preparatory studies that are best considered part of the larger subprojects for which they helped prepare terms of reference). One subproject is just getting underway (No. 28) and three others are nearing completion (Nos. 25-27). All other subprojects are substantially completed. There are five cases where a revised final report is reported to be still in process, including three cases where the policy dialogue has not been held as yet. However, draft reports reviewed by the evaluation team appear quite complete and unlikely to be substantially altered when they appear in "final" form. It remains for the Steering Committee to decide which of these cases would benefit from the type of "policy dialogue" generally used to complete the consideration of DSP subprojects. Attachment E lists subprojects financed by DSP-I. Attachment F provides a summary statement of the overall purposes and modus operandi of the project, including the standard form for requesting funds.

Purposes And Design

2.03 The **primary purpose** of the DSP is to strengthen the **analysis of development issues** selected by the Steering Committee and thus to facilitate policy formulation within (and among) government ministries. Complementary objectives were envisaged as (i) providing a means to **broaden participation in policy discussions** and (ii) tightening the linkages between cogent policy analysis and timely **program implementation**. Attachment G reproduces the Log Frame summarizing purposes and outputs envisaged in the Project Paper of June 1983.

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The authorization was again amended on June 6, 1986, to increase the USAID obligation to up to \$12 million in grant funds. This second amendment financed additional policy analysis and program formulation support, mainly in the form of long-term technical assistance to the National Development Planning Agency and the Central Bureau of Statistics (BPS). This work came to be known as DSP-II. Although the general purposes of DSP-II are similar to those of DSP-I, its method of operation and work program are quite different, constituting an activity distinct from DSP-I and therefore referred to only peripherally in this evaluation.

2.04 The project was considered especially appropriate in 1983-84, because:

- (a) Government planners wanted to accelerate structural changes (for example, from agriculture to industry, toward higher-income activities generally, from petroleum to more employment-intensive sectors, etc.).
- (b) The precipitous decline in oil revenues required prompt revision of all investment and government spending plans.
- (c) REPELITA IV (1983/4-88/9) was just getting underway requiring further fleshing out of some newer programs before they could be fully implemented.

2.05 It was understood that DSP-I would finance mainly original research (for example, field surveys, analysis, and other studies), but that experimentation (pilot projects), seminars or conferences, publications or translations, and a limited amount of survey- or training-related travel would also be eligible. Flexibility was emphasized, both with respect to the type of activity funded (although it was agreed that the term "studies" would be applied generally for the sake of simplicity) and the subjects or sectors covered.

2.06 From the start a double benefit was expected -- first, from the research itself and its results; second, from the discussion of research findings as one step in "working through" issues to the point where a consensus would form regarding specific action plans. All studies were aimed toward policy recommendations in a form which could lead promptly to action; that is to say, an analysis and formulation of options in order to facilitate a clarification of possibilities, followed by choice, experimentation, feedback, fine-tuning and full implementation.

2.07 Middle-level development problems were the target, partly because macro issues were judged to be well managed and in any case to require a different (for example, more confidential) style of research and discussion. Subjects to be considered for DSP financing were to be of a type where discussions within and between line-ministries would be appropriate, particularly discussions at the Director General and Bureau Chief levels. It was understood that such discussions involve an evolutionary, iterative, often time-consuming process. Attitudes must be changed, consensus built, and political considerations weighed along with technical and economic feasibilities. Although costly in terms of time, such processes yield benefits both because resulting policies are substantially more workable (having taken more considerations into account) and also because they are more broadly understood and therefore

² In recent writings Daniel Yankelovich has drawn attention to a "working through" process whereby mere "opinion" is transformed into "judgement." Yankelovich argues that the process is the same in the corporate board room as with the public at large. "Opinion" is offhand and volatile; judgement is solid and far more durable.

given support by complementary players in addition to their principal sponsors.

Administrative Arrangements

2.08 The project is managed by a **Steering Committee (SC)**, originally five, more recently eight members representing the Ministry of Finance (a majority of members), Bappenas (serving as SC Coordinator) and the Cabinet Secretariat. The SC decides which proposals (and reports) are accepted, revised or rejected. Its decisions are assisted by recommendations from a **Working Team (WT)**, originally eight, more recently fifteen members representing Finance (whose most senior WT representative is the only person common to SC and WT and serves the WT as its Chairman), Bappenas (with a clear plurality and including Bureau Chiefs responsible for many different sectors), the Cabinet Secretariat, and USAID (2-3 members). In accordance with standard GOI procedures civil servants assigned to the SC and WT were paid a modest monthly honorarium (Rp. 40-75,000) from government funds as long as they served on these committees. Attachment H summarizes the record of a selection of more than a dozen SC meetings that took place between May 1985 and January 1988, in order to illustrate the broad range of subjects covered and the conscientiousness with which some proposals were reviewed several times before being accepted for financing or rejected.

2.09 In accordance with SC decisions USAID issues **Project Implementation Letters (PIL)** to approved subproject study teams and arranges periodic (generally quarterly) disbursements as work progresses. Since the SC Secretary (serving also as WT Chairperson) was from the Ministry of Finance, a small **Secretariat** office was established in that ministry to keep files of proposals and reports, to record minutes of meetings, and to handle correspondence.

2.10 At the conclusion of each subproject (and sometimes in connection with quarterly or other progress reports) a **seminar or workshop** (alias "**policy dialogue**") is held under SC sponsorship but primarily organized by the particular subproject study team. The purposes of the "policy dialogue" are (i) to review the Team's Draft Final Report critically, (ii) to debate and clarify policy options, and (iii) to expose practical action proposals (particularly those which are innovative) to a diversity of responses, representing different agencies and interests likely to be affected if the proposals are implemented.

First Evaluation

2.11 In 1985 Dr. Manasse Malo of the University of Indonesia was hired to conduct a First Year Evaluation of DSP operations, with special focus on its management procedures. Dr. Malo's detailed and very thoughtful report³ carefully reviews major aspects of the project with particular emphasis on (i) the dissemination of information (for instance, about the availability of DSP funds and subproject findings),

³ Malo, Dr. Manasse, **Development Studies Project (DSP) : First Year Evaluation**, Jakarta: May 1985, 38 typewritten pages.

(ii) flexibility (as to subject matter but also in connection with the timing of these grants outside the more rigid government budget processes or the far more time-consuming and donor-driven procedures of multilateral agencies and philanthropic foundations), (iii) speed (in deciding on proposals, issuing funds and completing subprojects), and (iv) quality (in terms of research design, committee decision-taking and subproject outputs). Professor Malo's description of DSP deserves to be quoted fairly fully:

"DSP funds (are) ... US Government grants donated to the Government of Indonesia ... (They are) primarily intended for funding research proposals relating to concrete societal problems ... for the purpose of timely and empirically based policy formulation. Prominent policy makers from (the) public and private sector(s) as well (as) ... policy analysts are encouraged to identify policy problems to be developed into research proposals for ... funding ... from DSP."

2.12 It is unfair to summarize here a report which is so rich in useful suggestions and written so clearly and concisely. Suffice to say that Professor Malo gives DSP generally high marks for its first year performance and makes a number of practical recommendations on the administration of the program, many of which have since been implemented. Among his concluding recommendations the current evaluation team draws attention to the following:

- (a) Dr. Malo recommends that the GOI apply Steering Committee (SC) review and other DSP procedures to all research (or at least a wide range of policy-related research) financed from the GOI budget, formalizing the Steering Committee as part of the Bappenas oversight of other research and development in Indonesia. He also recommends adding members to the SC from universities and other agencies or institutions that are not represented now.
- (b) The staffing of the DSP secretariat could be strengthened, specifically to handle its information-disseminating, subproject-monitoring and seminar-organizing functions more actively.
- (c) Additional opportunities could be created for dialogue between researchers and users of research; plans for such dialogue need to be more explicit at the subproject proposal stage and should include discussion during the course of research as well as at the draft final report stage. The Steering Committee could sponsor seminars at the proposal stage to encourage officials and other decision-makers to exchange ideas with researchers.
- (d) The Steering Committee could be more active in defining subjects on which it would welcome research proposals, periodically preparing and publishing a list of priority problems. To develop relevant research designs, seminars

could be organized to discuss these priority problems, if convincing proposals are not readily forthcoming.

- (e) While flexibility is one great strength of the DSP program, criteria for sub-project selection and for the evaluation of quarterly and final reports can be more clearly and publicly specified without unduly limiting flexibility.
- (f) To attract top-flight local researchers and to enable them (or persuade them) to commit adequate time to DSP subproject work, the daily rates authorized by the GOI need to be raised, especially in cases where they remain a small fraction of the rates paid to expatriate consultants for their contributions to the same subproject.
- (g) In the early months of DSP-I many subproject proposals were initiated or at least strongly endorsed by USAID personnel, and expatriate sector specialists were often active in assisting subject ministries or Bappenas staff in drafting requests for financing. From USAID's point of view the DSP mechanism provided a convenient -- indeed, a quite streamlined -- mechanism for providing short-term technical assistance in a timely manner. In other instances USAID was strongly opposed to subproject proposals, either because the issue to be studied did not seem to USAID to be of high priority or because the study was poorly conceived in terms of methodology or staffing. Since USAID is a single administrative unit with a relatively small staff, it often formed its judgments on proposals before the SC could meet; these initiatives and objections appeared to preempt and thus threaten SC responsibility for subproject selection. Prof. Malo recommended that USAID be formally represented on the SC. In the end it was decided not to add USAID formally to the SC but simply to ensure that someone able to express USAID concerns would attend all SC meetings. Moreover, USAID was active in WT discussions, where it was often represented by two or three professionals; thus, the USAID point of view could be taken into account in the WT recommendations that preceded SC consideration of specific proposals. Subprojects implemented dealt with issues that both GOI and USAID considered important; in cases where there was no convergence of views, other sources of financing could be found to pay for policy research. While there was often lively discussion between GOI and USAID officials, the evaluation team found no instances of acrimonious confrontation.

2.13 If the GOI decides to continue a DSP-I type activity in the REPELITA V period, the current evaluation team recommends that members appointed to any Steering Committee for this renewed effort be encouraged to read Professor Malo's report, to which the secretariat might add a brief updating note regarding more recent experience with subproject

approval and review processes as well as changes in procedures already adopted during the three-and-a-half-years since the 1985 evaluation.

Current Status

2.14 The evaluation team has been informed that the Steering Committee has not met since January 1988, even though a few proposals are still said to be under active consideration and a few studies were substantially completed in the interim. The inactivity of the Steering Committee partly reflects an urgent and understandable preoccupation with final preparation of the documents for REPELITA V; it is also influenced by the fact that several former Steering Committee and Working Group members have been given new assignments in government, partly as a result of the major change in Cabinet portfolios announced on March 21, 1988 (a once-in-five-years event inevitably also causing substantial changes at the Directorate General, Deputy and Bureau Chief levels). There remains a relatively small amount (\$200,000-\$300,000 of the USAID Grant plus GOI matching contributions) still to be committed to new subprojects as far as the DSP-I is concerned.⁴ In short, since there are very limited funds to commit to new subprojects, the incentive for the Steering Committee to meet was not great enough to compete successfully with other priorities that claimed the time of its members during 1988.

⁴ The Team does not have accurate information regarding the additional amount which might be available for locally commissioned "research" from the DSP-II budget but believes it to be not more than US\$900,000 as of December 1988. The amount is not too important at this stage, since no decision has been taken to use any part of the DSP-II budget for DSP-I type subprojects; moreover, if GOI and USAID decide to open a DSP-I-type "window" within the administrative framework of DSP-II, the Evaluation Team presumes that additional financing would be made available for that purpose.

3. PRINCIPAL FINDINGS AND CONCLUSIONS

3.01 DSP-I was successful in facilitating more than two dozen studies that were timely and useful in various aspects of REPELITA-IV implementation.

3.02 Subprojects covered a very wide range of subjects, including (in more or less chronological order):

- environmental pressures;
- "distance education" through the Open University;
- diversification and monitoring of nutritional standards;
- employment potential of upland agriculture in Java;
- income/employment implications of the Green Revolution;
- arrangements at Bappenas for monitoring external resource utilization;
- use of data from Patanas (panels of farmers) to establish a system of regular monitoring of price, employment, production and wage levels in selected rural areas;
- pricing policies for four major public utilities (providing electric power, telephone, railway, and airline services);
- pilot schemes for gasification and cold storage in rural areas;
- production, consumption and export prospects for coconut, palm and other vegetable oils to the year 2000;
- establishing and maintaining competitive export industries;
- the world view of Muslim educators and their approach to modernization;
- river basin development and watershed management;
- prospects for Indonesian labor in Saudi Arabia and other overseas markets;
- opportunities in urban agriculture;
- setting standards for financing affordable housing with reference to different family income levels and regional circumstances;
- how local cooperatives attempt to accomplish both their social and their economic objectives;

- regional and other reasons for variations in rural health service costs;
- case studies illustrating the impact of government regulations and controls on private business; and
- a feasibility study to evaluate the prospects of an international merchandise mart in Jakarta and its potential contribution to export promotion.

3.03 Given that range of topics, it is not surprising that subprojects involved a broad cross-section of government and private organizations. While senior officers of Bappenas, the Ministry of Finance, and the Cabinet Secretariat took the lead in supervising the Project through the Steering Committee and often suggested topics, as did USAID personnel, many other agencies played a role in initiating, managing and/or making use of subproject activities, including at least nine national Ministries (Agriculture, Cooperatives, Education, Environment, Health, Housing, Manpower, Public Works and Trade) as well as the municipal government of Jakarta. Among the other participating organizations were universities (Gajah Mada, Indonesia and Terbuka), the Indonesian Institute for Management Development (IPMI), the Indonesian Institute of Sciences (LIPI) and the Indonesian Environmental Forum (WALHI).

3.04 Subprojects most often took the form of primary research and analysis; in each case results were discussed in one or more workshops or seminars on the basis of a draft final report and sometimes at quarterly intervals as work was progressing. In addition, some subprojects financed pilot facilities (e.g., for biogas generation and for cold storage) or important conferences to review concepts or policy proposals that had been generated without DSP financing (e.g., urban agriculture and the diversity of employment and business opportunities resulting from active entrepreneurship in rural areas).

3.05 In implementing subprojects experts from many sources were employed. More than half the subprojects required a combination of Indonesian professionals and one or two fairly short-term expatriates. A very few subprojects were completed largely by non-Indonesian researchers; several other studies were performed entirely by local professionals.

3.06 With rare exceptions respondents told the evaluation team that subprojects contributed positively to important policy decisions across a broad spectrum of sector programs, generally leaving a permanent mark on the way sector programs are implemented and future policies conceived.

3.07 This very positive finding may seem surprising to many observers accustomed to considerably more expensive and time-consuming studies which result in more carefully polished reports (e.g. relatively high quality printing, heavily footnoted and widely disseminated). Frankly, the evaluation team was itself surprised to find fairly universal enthusiasm regarding DSP results among those who had been closely associated with its subprojects.

3.08 The success of this project underscores important practical considerations in the **policy formulation/implementation process**. Rarely does good policy result from blinding intellectual insight; seldom are even the best policy prescriptions converted into effective action by the stroke of a pen (or shovel) -- let alone by the careful drafting of footnotes, desirable though that is. Policy-making is a fairly continuous, often downright tedious process which involves what one World Bank president decades ago called "Illuminating the Choices" and more recent scholars describe as "Speaking Truth to Power." The process includes data-gathering, analysis, discussion, experimentation, reformulation, consensus-building, decisions, planning, action, feedback, frustration, implementation, revision and repeated discussion among people committed to identifying problems correctly, finding viable and cost-effective solutions, and building a supportive consensus among many loci of power.

3.09 The outputs and other contributions to plan (REPELITA) implementation from DSP were quite varied, as noted earlier, and include:

- (a) A physical master plan for the central campus of the Open University, which is still being followed more than four years later as new buildings are constructed.
- (b) Identification of social and regional differences in food consumption, so that nutrition support programs are more flexible, less dependent on rice, and more responsive to the needs and preferences of recipients.
- (c) Creation of a timely warning system, based on field production, market price and family consumption data, so that local officials can take prompt remedial measures (e.g. rural works, food imports) before serious nutritional shortages develop.
- (d) Recognition of the social and economic importance of informal sector employment, so that a topic previously treated as taboo was legitimized to the point where it is mentioned explicitly several times in the latest (1988) official Guidelines governing development policy and REPELITA preparation.
- (e) Drafting and dissemination of more than two dozen case studies, showing the interaction of private business considerations and governmental regulations, to be used in graduate business studies and to encourage mutually productive dialogue between private entrepreneurs and government officials.
- (f) Installation of an approved system for Bappenas tracking of aid utilization.

- (g) Acceptance of new standards for housing construction and finance, which take into account regional and economic differences; one result of these changes is that REPELITA IV targets for private house construction and finance were exceeded.
- (h) The dialogue with Ulama has opened up the possibility of modernizing the science curriculum of Islamic secondary schools.

Other examples can be cited. Suffice it to say that the impact on development policy and plan implementation has been varied in type and covers a very broad spectrum of sectors.

3.10 Some of the Evaluation Sheets used in this analysis are reproduced in Attachment I. Readers will note that the Team rated more than half of the studies which were available for evaluation as "very good" in terms of overall quality (i.e., research output, report presentation, etc.); more than half of the studies are also seen to have had a substantial and constructive policy impact. Most studies stand alone in the sense that they produce an output which is complete in and of itself while contributing to the long-term modernization process; other studies are seen as part of a process which requires that further steps be taken before a practical policy impact can be expected. The mere initiation of a subproject is often seen to have contributed to cross-fertilization of ideas among different departments of government and therefore as a significant part of the process of building an effective consensus in support of new policies. Readers of this report, especially members of the SC, are encouraged to provide their own evaluations of subprojects to supplement ratings contained in Attachment I. A blank evaluation form is provided on page 11 of Attachment I to facilitate participation in this process and to encourage periodic evaluation of batches of future DSP studies.

3.11 It is not entirely clear to the evaluation team that the original architects of DSP-I realized exactly what they were creating. But the record is clear that the modest process they set in motion was extremely effective in its time and place and assisted significantly in the clarification of important development programs.

3.12 DSP-I was by no means the only source of financing for policy-oriented research in its most active period (1984-87). It is well-known that in addition to USAID many other members of IGGI as well as foundations and above all the GOI budget itself contributed abundantly to studies and seminars of great value. The UNDP documents much of this type of activity (or at least that portion of it which attracts external support) in an annual report.⁵ Many World Bank loans now include allocations for policy-related studies of all types, and several other development financing agencies (including USAID) follow a similar practice in their specific project and sector loans.

⁵ See, for example, **Development Cooperation: Indonesia, 1987 Report**, released in Jakarta in June 1988 and covering approximately 400 pages.

3.13 While DSP-I was by no means a unique source of financing for policy-related studies, there were nevertheless several special qualities or characteristics of the Project which made it particularly valuable and seem to account for the considerable enthusiasm demonstrated by participants. Primary among these characteristics are several which were emphasized in the initial project documentation and confirmed by interviews and a review of project files.

- Flexibility to take up problems across a broad range of sectors.
- Additional **flexibility** to subject these topics to whatever process promised to forward the action (be that new field survey work, computer analysis, pilot project experimentation, or a special colloquium among experts and officials).
- **Strict, low limits on the amount of money and time** to be spent on each subproject (\$200,000 and 18 months respectively, well below what many other such projects were costing in Indonesia at this time) and management which kept averages far below those limits.
- Close supervision by a **small, active Steering Committee**, representing Finance, Bappenas and the Cabinet Secretariat, which met frequently (i.e., more or less monthly during the first 2-3 years).
- A **strong preference for Indonesian management** of most subprojects; moreover, when these managers sought expatriate technical support they generally invited someone already well known to them and knowledgeable regarding Indonesian development prospects.
- Because of the nature of the funding there was **freedom to approve subprojects when they were ready for implementation at any time during the year**. Unlike many other allocations for research and development the DSP grants were not constrained by the annual budgeting cycle or the scheduling of donor approvals.
- A **willingness to consider proposals from any source**, be it a ministry, USAID, a university, or a private organization. In fact, there seems to have been a quite active encouragement of such proposals by several Steering Committee Members, Bappenas Deputies and USAID personnel, resulting in healthy competition among ideas. As a result final choices were made quite selectively. (About 100 requests were rejected; less than 30 were approved). And still there was an opening for totally unexpected, unsolicited proposals from sponsors who learned about DSP by grapevine or through the project's modest advertising (for example, in Prisma or by circular to all development ministries).
- **Selection criteria** clearly favored (i) well-conceived projects with (ii) competent staffing, which offered (iii) immediate and practical results (outputs) that would (iv) affect important

problems constructively and in ways (v) consistent with REPELITA priorities (including those of particular concern to USAID, such as equity, growth and the efficient functioning of markets).

Dissemination of subproject findings was judged to be adequate in almost every case and varied in ways appropriate to the subproject concerned. For example, studies on the pricing of public utility services were reprinted (1,000 copies of each study) for wide distribution to encourage broad discussion of issues raised. In other cases the appropriate dissemination of subproject results was implementation of the study's recommendations with adequate explanation to all persons involved in that implementation. All studies, as noted earlier, conclude with a "policy dialogue" seminar or workshop, at which major findings and recommendations are summarized and subjected to questioning and clarification by other participants in the workshop, generally representing a cross-section of ministries, agencies and organizations concerned with the subject. While final reports are initially available from the Secretariat or USAID, a more efficient "library check-out" system will be needed in future.

3.14 To compare actual experience with preparatory documents may be inherently unfair. In this Project the evaluation team observes many of the general objectives and administrative arrangements were realized as planned. However, this is not true of specific subprojects, since only four out of the 14 specific Preliminary Requests (four-to-five pages each, submitted with AID/Jakarta's Project Paper of June 1983) became actual subprojects under DSP-I, and three of these were in radically revised form.

3.15 It was in connection with its general principles and plans that DSP-I experience tested and confirmed what had been foreseen. In one respect, however, originators of the Project appear to have underrated its value and the nature of the dialogue it would provoke. The project was proposed as a means of obtaining information or analysis to serve as the basis for discussion and decisions regarding policies or program implementation. In actual practice valuable discussion began even before possibilities were formulated into specific proposals, and much useful exchanging of views occurred when the Working Team and/or Steering Committee first considered these proposals. Therefore, policy issues were considered throughout the process and not merely after the drafting of reports.

3.16 Lively discussions occurred when proposals were first reviewed, again as the progress of particular subprojects was monitored, and finally on the basis of draft final reports. DSP discussions were said to be particularly valuable, because they represented a rare (and in some instances a unique) opportunity for senior level professionals to consider policy issues across sectoral or ministerial lines. Without any explicit a priori intention to do so, DSP-I provided the occasion to consider issues that concerned more than one ministry or agency at a responsible professional but less than ministerial rank. These discussions led to a clarification of issues, better understanding of areas of agreement,

highlighting of questions where consensus was missing and identification of additional research needed to narrow the areas of disagreement. Many participants told the evaluation team that this proved to be a particularly valuable element in the way DSP-I worked and a major reason for their enthusiastic support of the project and the widespread consensus regarding its success.

3.17 Inevitably, some few aspects of DSP-I drew criticism. Happily these were more in the nature of administrative complaints than weaknesses in the overall concept.

- (a) Perhaps the most frequently heard complaint is that DSP-I resources ran out before the culture of policy research and horizontal communication across sector/departmental lines could take firm root.⁶ The concern is that 10-15 years of external financial assistance may be required before the GOI will be in a position to support all the policy research it needs entirely from its own resources. The complaint would have no immediate relevance if USAID, possibly in cooperation with other members of IGGI, decides to replenish funds available for DSP-I purposes.
- (b) The evaluation team found a few reports that were not as well focused on policy options as they could have been. Even these "weak" subprojects are described as having served the essential purpose of stimulating discussion, which in turn led to effective and in some instances quite courageous and far-reaching action. There is no reason to believe that such action would not have been taken place even if a professionally first class report had been submitted as the basis for discussion. But an important finding of this evaluation is that report quality is not directly correlated to the effectiveness of the action which follows. Even some reports which the mission found "weak" helped bring about significant and constructive policy reform. There even seem to have been one or two cases in which reports were left vague deliberately, to encourage a more lively dialogue in the concluding seminar. Meanwhile, the need to tighten up study designs and to tidy up research reports and/or seminar presentations could be remedied fairly easily by equipping the DSP Secretariat with resources to provide professional coaching in research

⁶ Readers will note from Attachment E that roughly \$3.5 has been committed to 29 subprojects. Additional amounts from the \$4.0 million USAID grant were needed for project monitoring and evaluation. It is estimated that \$200-300,000 is still available for commitment to subprojects; the SC has been reluctant to obligate this final balance until the future of DSP, if any, is clarified. The evaluation team notes that counterpart support from GOI and other Indonesian sources was generally provided in kind and never seems to have been a bottleneck delaying subproject implementation.

design, report structure and similar skills in all cases where the Steering Committee decides that such coaching is necessary.

- (c) In a few instances study managers found administrative procedures cumbersome or time-consuming (but this is reported only in cases where subproject managers failed to brief themselves fully on USAID's particular way of doing things).⁷ Moreover, AID/Jakarta found DSP-I staff-intensive relative to the technical assistance or professional guidance provided by those particular staff resources. It would seem possible to remedy these problems by assigning administrative and subproject-by-subproject disbursement chores to a coordinating contractor working with a strengthened Secretariat.
- (d) Open discussion and the dissemination of subproject findings and recommendations are hallmarks of the DSP process. Nevertheless, in selected cases an active program is needed to make final reports more readily available to interested outsiders, to make files of subproject reports more accessible, and to invite a broad enough cross-section of interested parties to the seminars which generally conclude the work of each subproject.
- (e) Another form of follow-up deserves the attention of the SC and Secretariat. Several subprojects are steps in a process that must continue long after the subproject itself is completed (as opposed to other subprojects which have a stand-alone quality, ending with a nutrition monitoring system (for example) in place and incorporated into routine census or other data-gathering programs). An example would be the excellent studies of pricing policies for major utilities; while the subproject produced three admirable reports, each of which was printed in 1,000 copies for convenient distribution, they require follow-up to ensure that appropriate actions are actually taken within the framework set out by the report. The evaluation team suggests that some mechanism be found for longer-term follow up of those few subprojects where continued monitoring would be appropriate even after the SC has accepted the researcher's final report. If the SC itself cannot provide administrative follow up in these cases, it should, perhaps as part of the concluding policy-dialogue, endeavor to obtain a commitment to do so from the ministry which originally sponsored the subproject. This is not a question of financing, in most cases, but rather a matter of clear definition of administrative responsibility for follow through and policy implementation. The SC, having provided funds for the subproject, has a special interest in seeing that its recommendations are implemented.

⁷ It should also be noted that in a majority of cases participants remarked on how exceptionally easy ("streamlined") DSP-I procedures turned out to be.

4. FUTURE PROSPECTS

4.01 Given the success of DSP-I and the widespread enthusiasm for the work it contributed to Indonesia's recent development, questions arise inevitably regarding its continuation. The evaluation team is instructed specifically to consider "whether or not this type of activity should be continued as program assistance" from USAID. This chapter recommends an approach to those questions.

4.02 Clearly, the first step in the process will be for the Government of Indonesia to decide whether or not to continue a program with the basic features of DSP-I:

- (a) Grants limited in amount. (The Team sees no need to change the current ceiling of US\$200,000 or the practice of generally authorizing studies costing well below that ceiling).
- (b) "Studies" broadly defined to include pilot projects, experimentation, publications and seminars as well as original surveys and analytical research.
- (c) An emphasis on relevance to timely policy formulation and efficient program implementation.
- (d) Management mainly by Indonesians in terms of both the selection and the supervision of subprojects as well as the evaluation of their outputs.
- (e) Topics suited to active discussion between official decision-makers on the one hand and private organizations or academic "experts" on the other as well as horizontally across departmental lines within government.

4.03 The question here is **not to replace other arrangements for studies** (such as research and development allocations in departmental budgets, technical assistance financed by external official or foundation sources, etc.) but whether the DSP approach should be one additional or complementary stream of financing, broadening the range of choices available to Bappenas (and other) decision-makers, who seek background research and analysis to assist them in policy choices and implementation. Moreover, the DSP-I approach seems to be an important step in developing Indonesia's "comparative advantage" in policy-oriented research. It will be essential increasingly to substitute indigenous research capability for imported studies and analysis; the Development Studies Project has been one way to do this with an appropriate but in no way excessive measure of affirmative action favoring import substitution and a modicum of "infant industry" protection.

4.04 The evaluation team notes that the Steering Committee voted in favor of continuing the DSP-I in January of 1988. It remains for ministers appointed last March to review that recommendation in the light of new plan priorities once REPELITA V has been adopted by Parliament.

The evaluation team understands that such a review may be expected soon after REPELITA V is initiated in April 1989. An even earlier decision may be possible and would have advantages, since it would be desirable to have administrative arrangements for financing new studies in place as soon as the REPELITA as a whole is launched.

4.05 If GOI decides to continue a DSP-I type program and USAID responds supportively to such a request, several subordinate questions will remain to be decided.

- (a) Should the present Steering Committee/Working Team structure remain, with Bappenas playing a very active role both in the coordination of Steering Committee decisions and in the initiation and supervision of individual subprojects? The evaluation team would favor this but notes that there are alternatives to be considered (rather than abandoning the program) should Bappenas elect to shed the DSP work load. For instance, it was suggested to the evaluation team that a DSP-type program in future might be housed with the Coordinating Minister for Economy, Finances, Industry and Development Supervision or even with the Cabinet Secretariat. Alternatively, some of those interviewed thought that DSP might eventually be administered under contract by the Center for Project Implementation Studies (CPIS), an independent organization that has grown out of the Ministry of Finance; since CPIS is in the process of strengthening its management structure and professional staff, this possibility seems more appropriate for consideration in the 1990s than at present.⁸ Because Bappenas is the natural and traditional home of DSP, the evaluation team believes that it is premature to consider alternatives, especially since Finance already plays an active role through its plurality on the Steering Committee (which it also serves as Secretary), its role as Chairperson of the Working Team, and its provision of secretariat services (albeit on a scale that has been criticized as too modest and unnecessarily passive). The evaluation team recommends strongly that Bappenas be given "first refusal" in defining the role it will play in the management of any continuation of a program of DSP-I-type policy studies.
- (b) Now that several members of the 1987 Steering Committee have new assignments in government, it is probable that some replacements will be appointed if the project is extended. In making these appointments government will want to keep in mind both the value of continuity (i.e., the desirability of having some of the existing SC continue

⁸ Another alternative to be considered may be the Center for Financial and Monetary Development Policy at the Ministry of Finance, which is said to be adding to its staff in order to handle additional responsibilities in the policy-studies arena.

to serve) and the importance of members' enthusiasm to the success of the program. The evaluation team was impressed by the personal commitment which former SC and WT members brought to DSP and notes that a similar sense of "ownership" of the program will be critical to its success in future.

- (c) It would be desirable to ensure continuity of a renewed DSP program, looking at least 3-5 years into the future at a level of spending estimated at \$1.5-2.0 million of USAID funds per annum along with an appropriate level of matching in kind from GOI. What is at stake here is creating a "culture" of indigenous policy analysis and dialogue. That cannot be done quickly or even with the first few dozen "studies."
- (d) Some reports in the DSP-I series are not as strong as they could be. To assist in ensuring continued improvement in the quality of analysis and presentation, it will be useful for the Steering Committee to be able to provide prompt coaching to subproject proposers in those cases where the Steering Committee requires improvement in study design or report-writing. In the past some small grants were approved to assist in drafting terms of reference; but this is a cumbersome procedure. It would be desirable to have a small consulting team available for such coaching tasks; since the need is expected to be occasional rather than continuous, it is likely to be most economical if these tasks are added to an existing consultancy rather than provided exclusively for a renewed DSP-I program.
- (e) It has been said that the administration of DSP-I places too great a burden on AID/Indonesia staff (for example, the issuance of one or more Project Implementation Letters for each subproject and the handling of periodic disbursements). This seems to be another weakness of DSP-I which could be corrected easily by reassigning those chores to a contractor; and again, the evaluation team would recommend that this be added to the responsibilities of a contractor already involved in similar work if that can be negotiated.
- (f) Some observers express concern that DSP-I is too open-ended and that future financing should be focused on a narrow range of studies. While the Evaluation Team sees no objection to a clarification of priorities by the Steering Committee, it would warn against stating too narrow a focus a priori. Some of the best work done with DSP-I funds came from totally unforeseen initiatives (for example, the study of Ulama's attitudes toward the modernization process and the case studies of the business environment prepared for IPMI). Whatever steps are taken to clarify priorities and to direct the bulk of financing to particular priority sectors, the evaluation team strongly urges that these should not preclude a positive response to

worthwhile proposals from outside the primary target arena. While much research in support of REPELITA V is expected to be concerned with the promotion of employment and trade, the evaluation team recommends that the DSP-I window be kept open for continued research in other important areas (for example, watershed management and the improvement of rural health and education services), at least for some limited portion of its financing (say, up to 20-30 percent of the grant assistance provided by USAID). It is well to keep in mind that DSP is partly a gap-filling exercise. Funds may already be available from other sources for many important areas of research (e.g., urban management and housing development studies can be financed through the World Bank sector loan); one great strength of DSP-I has been its ability to meet a variety of needs as they occur and before they are adopted by other sources or as sectors of major emphasis..

- (g) The evaluation team would recommend that in future the SC meet regularly at least once a month on a fixed day and time (and would consider more frequent meetings - say, every 2-3 weeks worthy of consideration.) It would further recommend that SC review at least some of the studies performed outside the DSP program (for example, sector reports sponsored by the World Bank and similar analyses supported by the UNDP and other agencies.) While these topics would have to take second place to the management of DSP when planning the agenda of any particular SC meeting, the evaluation team believes that careful selection of non-DSP studies for SC discussion would probably suggest ways of improving those studies as well as DSP subprojects and would certainly improve dissemination of ideas contained therein. It is generally valuable to expose studies within a DSP framework to competition from the best work produced under other auspices. Such broadening of SC consideration is recommended as one step to maintain and to improve the standard of quality of the program and to ensure its continued relevance to high priority concerns of the GOI as well as protection against any future tendency toward insularity.

Summary Of Recommendations

4.06 The Evaluation Team recommends that USAID emphasize the following concerns in its discussions with the GOI:

- (a) Some means needs to be found to reactivate the DSP-I Steering Committee (which has not met since January 1988) and to empower it to consider new grants at a level of \$1.5-2.0 million per year under rules and procedures similar to those applied in 1984-87. This is likely to be particularly helpful in the next few years, both to flesh out programs in REPELITA V that are relatively new as well as to deal with old issues of increasing urgency (for example, environmental degradation in various forms and inadequate provision of O&M in sectors where current

practices are deficient). Additional funding could give priority to the major goals of current US assistance to Indonesia, goals to which the Government of Indonesia is equally committed, namely (i) supporting a more open, less regulated market- and trade-oriented economy; (ii) increasing the sustainability, productivity and efficiency of the agricultural production, processing, and distribution; (iii) achieving an efficient, high quality program of human resources development; and (iv) reducing fertility and improving rates of infant and child survival.

- (b) The DSP-II team certainly has the talent and can perhaps be encouraged to find the time to **provide coaching in research design and report presentation** in instances where the Steering Committee requests that assistance. However, if the DSP-II contractor (BIDE/DAI) is asked to take on those additional chores, it should be clearly understood that they cannot take the same level of professional responsibility for DSP-I-type subprojects they coach as for research work performed under their management in the main DSP-II research program. Nevertheless, assistance from the DSP-II team in sharpening research focus, in planning surveys and analysis, in structuring reports, and in presenting policy options should be useful both to the subproject study teams and to members of the Steering Committee who must review, understand and follow-up on subproject outputs. The evaluation team believes that such assistance could be provided without imposing too heavy a burden on an already crowded schedule of work and thus with only a relative modest amendment to present contracts.
- (c) Whether or not the DSP-II contractor is asked to assume a professional coaching responsibility, it would seem appropriate for that unit to **provide administrative support** (e.g., arranging disbursements against appropriate documentation regarding study progress), provided this is acceptable to the Bappenas management for which BIDE/DAI work. Indeed the evaluation team has been advised that the DSP-II budget already contains provision for commissioning outside research, although the Amendment Steering Committee has not yet asked that it be used for DSP-I-type subprojects. As noted earlier, by assigning these administrative chores to a contractor, USAID could simplify its own operations in a way that is both cost effective and appropriate to the circumstances.

4.07 The most urgent requirement seems to be for the DSP Steering Committees to set their priorities for a new batch of subprojects, possibly tied to urgent Repelita V requirements, and then to begin soliciting proposals, as was done so successfully in 1984-1985, to fill those gaps and to provide whatever assistance is requested or endorsed by the various Divisions and Bureaus of Bappenas.

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MEMBERS OF THE EVALUATION TEAM**

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**PARTIAL LIST OF PERSONS INTERVIEWED BY MEMBERS OF THE
EVALUATION TEAM DURING NOVEMBER-DECEMBER 1988**

Dr. Muchtar Buchori	Deputy for Social Sciences and Humanities
Prof. Le Crow	Researcher attached to IPMI
Prof. Ahmad D. Habir	IPMI
Ms. Joanne T. Hale	Chief, Agricultural and Rural Development Division, USAID
Dr. Budiono Sri Handoko	Assistant to Minister Coordinator for the Economy, Finance, Industry and Development Supervision
Dr. Sayuti Hasibuan	Deputy for Manpower and Natural Resources Development, Bappenas; Chairman, DSP-I Steering Committee
Mr. Peter Gajewski	USAID
Dr. Faisal Kasryno	Center for Applied Economic Research, Department of Agriculture
Ir. KUSDARYONO	Department of Public Works
Ir. Mardjono	Directorate General of Water Resources Development
Prof. Mubyarto	Director, Research Center for Rural & Regional Development, Gajah Mada University
Drs. Freddy Maspaitella & Ir. Siti Zaenab	Directorate of Nutrition, Ministry of Health Directorate General of Community Health Dept of Health
Mr. David Merrill	Director, USAID/Indonesia
Drs. Lego Nirwhono	Assistant to State Minister for Public Housing
Dr. Gladys Amorocho Nott	Policy Analyst, USAID
Mr. Agus Purnomo	Executive Director, Environmental Forum (WALHI)
H.E. Prof. Emil Salim	Minister for Population and Environmental Affairs
Mr. Adi Sasono	Director, Institute for Development Studies

Prof. Setiyadi	Rector of Open University
Mr. Mantaris Siagian	Ministry of Finance
Drs. Sabar Martin Sirait	USAID
Dr. Muchtarudin Siregar	Former Deputy for Economic Affairs, Bappenas
Dr. Siswanto Sudomo	Director, Indonesian Institute for Management Development (IPMI)
Dr. Sugito	Director of Central Bureau of Statistics
Dr. Sukirman	Deputy for Social and Cultural Affairs, Bappenas
Dr. Joko Susanto	Nutrient Research and Development Center, Department of Health
Mr. C.G. Swenson	Chief, Winrock International Team, Agricultural Planning Project
Dr. Marzuki Usman, MA	Chairman, Capital Market Executive Agency
Ir. Ratna Djuwita Wahab	Chief, Bureau of Business and Cooperative Development, Bappenas
Mr. Gordon West	USAID
Ir. Erna Witoelar	Presidium, Environmental Forum (WALHI)

**EXTRACT FROM THE STATEMENT OF WORK PROPOSED FOR THE
MID-TERM EVALUATION OF DSP-I**

I. Purpose

The purpose of this mid-term evaluation is to review progress, findings and impact of the Development Studies Project (DSP) Phase I, and to determine the extent to which project objectives are being achieved. This evaluation also will include specific recommendations for follow-up, including how to effectively disseminate its findings, and whether or not this type of activity should be continued as program assistance under the Agriculture and Rural Sector Support Program (ARSSP).

II. Background

The primary purpose of DSP is to strengthen the analysis of selected development issues and problems to support GOI policy formulation. The project is also intended to provide a means of broadening participation in policy discussions and to strengthen the linkages between timely policy analysis and empirically based policy formulation. To achieve these objectives, the project has established a fund to finance studies, seminars, experiments, and publications in support of policy discussions.

The management system for DSP was explicitly designed to support the achievement of the specific project objectives. Policy-makers throughout the government and representatives from leading non-government development organizations are encouraged to identify outstanding policy concerns and, in collaboration with policy analysts, develop research proposals to be submitted to DSP for funding. The proposals are reviewed and approved by a GOI Steering Committee based upon a pre-established set of selection criteria. A simplified request form has also been developed to reduce the amount of time necessary for proposal preparation. Finally, a \$200,000 funding ceiling and a maximum 18 months time duration were established to encourage use of the project funds to address specific policy concerns in a timely fashion.

To date, 130 proposals (referred to also as studies or subprojects) have been received. From this total, 95 have been rejected, 5 are still under consideration and 30 have been approved.

III. Study Structure

This planned mid-term evaluation comes after the fourth year of actual project implementation. The focus of the evaluation will be the findings, impact, and contribution of DSP studies to the achievement of project objectives. The central features of this system have been outlined in the background section. The main issues to be addressed in the assessment of performance include:

1. Progress-to-date

The Grant Agreement was signed June 29, 1983. Project implementation actually began in early 1984. Since then twenty two subprojects totaling \$2,200,000 have been completed; and five studies amounting to \$820,000 have been approved and are underway. Three studies amounting to \$500,000 have been approved in principle but need more review and administrative process; and one or two subprojects are expected to be approved at the end of 1988 to use the rest of funds available.

Among those studies completed and ongoing, five are in the health sector.... Seven studies are in agriculture and rural development sector.... Three studies are in education and the cultural sector.... Three studies are in the Manpower sector.... Five studies are in other sectors....

Copies of completed subprojects are widely distributed among government agencies and various policy discussion were organized by the Steering Committee and the implementing agencies. Some of the results and recommendations from the subprojects have been successfully implemented, such as the Master Plan for the Open University that covers policies designed concerning admission criteria, curriculum development, resource allocation and evaluation procedures. Others, such as adoption of Pricing Policy for Electricity, Telephone and Railway still have to be observed and assessed during the evaluation

2. Dissemination of Findings

A key measurement of the success of this project is the dissemination of subproject findings and results to various sectoral agencies in the government and to the private sector. One of the intentions of this midterm evaluation is to review how the project findings are disseminated, i.e. who receives the information; whether the subproject findings are disseminated to all of the intended users of DSP findings and what specific recommendations can be made on how the system can be improved.

3. Impact and Timeliness

Since some of the subprojects have been completed one to two years ago, it is appropriate to find out the present monitoring system is sufficient to track the impacts of the recommended actions, if reports are timely, and what the actual impact of completed studies has been.

4. Follow-up Action

Since DSP Phase I has nearly reached completion, it is necessary to assess the relative priority of the DSP as a development impact, if the project's approach would be appropriate to continue in response to GOI policy agenda needs, or whether another approach should be adopted, perhaps under a sectoral funding mechanism rather than a project mechanism....

IV. Qualifications/Responsibility

The consultant shall have significant experience in public policy formulation, planning and evaluation. In addition, a broad knowledge of the Government of Indonesia, its political and economic development and environment would be helpful. The selected consultant will become the team leader and shall be responsible for the successful implementation of this statement of work. He/she will be assisted by a senior Indonesian consultant contracted under a purchase order arrangement.

V. Reporting Requirements

The consultant shall provide a preliminary report to the DSP Steering Committee and USAID within 35 working days and present his/her findings/recommendations to the GOI steering committee and USAID. At the end of the assignment, the consultant shall provide a final written report addressing all of the issues raised above in Section III. Nos. 1-4.

Source

Originally drafted in June, 1988 by Jakarta staff of USAID and later incorporated in Delivery Order No. 36 under IQC: PDC-0085-I-00-6096-00 along with several additional paragraphs of administrative and other detail. The evaluation team deleted some information mainly in Section III for the sake of brevity.

SOME BENCHMARK DATES IN THE HISTORY OF DSP

Month/Year	Event or Action
June 1983	USAID authorized DSP and signed Grant Agreement with GOI.
July 1983	GOI appointed the first Steering Committee (SC) and Working Team (WT).
February 1984	First Subproject approved for implementation.
May 1985	Prof. Manasse Malo (U. of Indonesia) submitted a <u>First-Year Evaluation</u> ; GOI established a permanent DSP Secretariat in the Ministry of Finance and added several members to SC and WT; SC resolves to give priority to studies of trade, industry and employment policies when formulating a Phase II project; and USAID/GOI increase financing for DSP-I by one-third (to \$4 million and a Rupiah equivalent of \$1.3 million respectively). ¹
October 1985	Dr. Robert L. Rucker's paper "A Preliminary View of Indonesia's Employment Problem and Some Options for Solving It."
June 1986	USAID amended its authorization to increase grant assistance (up to a total of \$12 million), mainly for Phase II studies.
October 1986	PIO/T signed to obtain bids for Phase II tasks, emphasizing the improvement of relevant data bases, the production of specified policy analyses, and the development of staff capabilities.
June 1987	BIDE/DAI team starts DSP-II under supervision of the "Amendment Steering Committee."
January 1988	Last reported meeting of DSP-I SC, which decided <u>inter alia</u> to request additional grant financing from USAID.
November/December 1988	Witoelar/Votaw evaluation of DSP-I

¹ Later amendments to the Grant Agreement in August and September 1986, September 1987, and May 1988 provided additional financing, mainly for DSP-II, and brought the total USAID commitment for the Development Studies Project to \$12 million and the counterpart GOI commitment to a Rupiah equivalent (mainly in kind) of \$4.31 million.

LIST OF SUBPROJECTS FINANCED BY DSP-I

<u>No.</u>	<u>Title (Proposer/Grantee)</u>	<u>AID amount (\$000)</u>
1.	Seminar on Man and Society in the Year 2000 (Ministry of Environment)	9.0
2.	Planning Study for the Open University (Ministry of Education)	179.4
3.	Socio-cultural Influences on Food Habits and Food Consumption Patterns in Families with Preschool Children (Ministry of Health)	184.0
4.	Assessment of Malnutrition in 12 Provinces (Ministry of Health) - TOR for SP#11	3.5
5.	Technology and Employment Opportunity in Food Production (Gadjah Mada University)	52.4
6.	National Seminar on Business Opportunities in Rural Areas (Gadjah Mada University)	24.0
7.	Analysis of External Resource Utilization (Bappenas) - TOR for SP#9	6.0
8.	Provincial Agricultural Diversification Strategies for Java (Bappenas)	134.6
9.	Analysis of External Resource Utilization (Bappenas)	136.5
10.	Policy Analysis and Dissemination of Information from the Patanas Farmer Panels (Center for Applied Economic Research, Ministry of Agriculture)	147.5
11.	Development of Nutrition Assessment and Monitoring System for Food and Nutrition Assessment (Ministry of Health)	192.7
12.	Infrastructure Pricing Policy: National Electric Power Company, Telecommunications Authority and Railways (Bappenas) - see also SP#24	161.1
13.	Development of Gasification in Rural Areas (Ministry of Cooperatives)	200.0

<u>No.</u>	<u>Title (Proposer/Grantee)</u>	<u>AID amount (\$000)</u>
14.	Expansion of Timely Warning and Intervention System (TWIS) for Periodic Food Consumption Shortages (Ministry of Health)	134.2
15.	Prospects for Vegetable Oil in Indonesia, 1969-2000 (Ministry of Trade and the Faculty of Economics at the University of Indonesia)	127.6
16.	Development Strategy in the Information Age: Understanding the New Economics of Comparative Advantage (Bappenas)	200.0
17.	Rural Cooperatives Perishable Commodity Marketing Systems (Ministry of Cooperatives)	36.6
18.	Research on Indonesian Ulamas: Their Weltanschauung and How They Perceive their Environments (Indonesian Institute of Sciences - LIPI)	190.0
19.	Integrated River Basin and Watershed Management (Ministry of Public Works)	133.9
20.	Prospects for Indonesian Workers in the Labor Markets of the Middle East (Ministry of Manpower)	77.1
21.	Workshop on Urban Agriculture (Indonesian Environmental Forum - WALHI)	13.7
22.	Informal Sector Policies (Institute of Development Studies - LSP)	70.0
23.	Housing Finance (Ministry of Housing and Faculty of Economics at the University of Indonesia)	85.0
24.	Pricing Policy for Garuda's National Commercial Air Service (Bappenas and Sriwijaya University)	196.7
25.	The Dual-function Concept and the Problems of Development of Cooperatives in Indonesia* (Indonesian Institute of Science - LIPI)	200.0
26.	The Cost of Rural Health Services (Ministry of Health and the University of Indonesia in Association with Johns Hopkins University)	97.8
27.	Public Policy in Indonesia: Case Studies of Private Sector Experience* (Institute for Management Education Development - IPMI)	120.4

<u>No.</u>	<u>Title (Proposer/Grantee)</u>	<u>AID amount (\$000)</u>
28.	Growth of Labor-Intensive Value-Added Manufacturing in Indonesia** (PT Bishop Sutrisno Associates)	194.0
29.	Study of Prospects for the Indonesian Rubber Industry in a Changing Market** (Ministry of Trade)	170.0
	Total committed	<u>\$3,477.7</u>

- * Study still going on
- ** Study to begin shortly

Source: Evaluation Team based on status reports and other project records.

SUMMARY STATEMENT OF DSP-I PURPOSES, MANAGEMENT, SELECTION CRITERIA AND GUIDELINES¹

I. Introduction

The DSP is a joint program of the Government of Indonesia (GOI) and the United States Agency for International Development (USAID), to support research, conferences, and experimental programs in areas of importance to the formulation of policies concerning development in Indonesia. DSP projects are designed to be rather small (less than US\$200,000) short-term (less than 18 months) efforts that result in recommendations for action.

II. Purposes

Specifically, the purposes of the DSP are:

1. To improve the analysis of development issues and, consequently, decision making and implementation by Indonesian institutions;
2. To encourage wider discussion and examination of options for future development programs;
3. To assist Indonesian institutions in creating a capacity for and experience with policy analysis;
4. To support experimental programs that test and develop technologies and management systems.

III. Management

1. The DSP is managed by a Steering Committee (SC) and a Working Team (WT). The membership of the Steering Committee is determined from time to time by the Government and has been comprised of from five to eight persons representing the Ministry of Finance (3-4 persons, generally of DG rank), Bappenas (1-3 persons of Deputy rank, including one who serves as Coordinator of the SC) and the Cabinet Secretariat (one person). The Working Team (or Group, as it is sometimes referred to) grew from eight to 15 members between 1983 and 1985, including 4-5 persons from Finance (one serving as Chairman of the WT who is the only WT member also on the SC, the others mainly from the Project Secretariat Staff), 2-7 persons from Bappenas, a representative of the Cabinet Secretariat, and 1-2 from USAID. Both the SC and WT are encouraged to invite other concerned persons to

¹ Source: This text was edited and adapted by the evaluation team from fliers used in 1984-87 to notify government agencies and private sector institutions about the availability of funds under DSP-I.

their meetings (for example, proposers of subprojects or sponsors of those proposals in other government ministries) and have made frequent use of that possibility.

2. The Working Team will receive, process, review and analyze all proposals for SC approval.
3. All proposals to DSP (except those from private sector organizations) must be cleared by a first echelon officer of the relevant GOI agency before funds can be released.

IV. Study Selection Criteria

Studies, workshops, experiments, seminars, and special team efforts considered under this project will be reviewed in terms of the following criteria:

1. The proposal is directly related to the goals of the Fourth Five-Year Plan (REPELITA IV);
2. The proposal is recommended by a GOI Agency;
3. Topics will contribute to policy and program analysis and will provide opportunities for addressing timely issues;
4. The study will include final reports, reviews or other written documents describing problems identified, analysis and recommendation. In addition, quarterly progress reports and working papers will be prepared for circulation and comments;
5. The study will include provisions for publication of findings and/or conclusions in Indonesian and English;
6. Studies should be under 18 months duration and the USAID contributions should not exceed US\$200,000. GOI and other donor contributions should not be less than 25% of the total cost. Priority will be given to small, short-term studies.
7. Overseas study and training components should not exceed 20% of total project funds except in very exceptional cases;
8. Grants for DSP projects will be made in quarterly installments. The grantee is expected to submit a quarterly progress report and/or working papers for circulation and review before funds for any successive quarter are released.

V. Some Guidelines On How To Get DSP Funds

1. An informal and/or preliminary discussion with member(s) of the Steering Committee or Working Team usually helps to clarify the proposed subproject, its modus operandi, and its eligibility under DSP criteria. Such discussion is, however, optional, not required.
2. Using DSP Form I (attached) each proposal is to be submitted with the signature of the proposer (usually the study-team leader) and countersigned by at least GOI 1st echelon (Sekjen or Dirjen or Head of Badan). Proposals from the private sector may be so countersigned but are not required to be.
3. Six copies (original and five copies) of the signed proposal are to be submitted to :

Mr.
Secretary, DSP Steering Committee
.....
.....
.....
Tel.....

A copy of the submission letter along with four copies of the proposal (signed and countersigned) is also to be submitted to:

Drs. Martin Sirait
DSP Project Officer
USAID, American Embassy
Jl. Merdeka Selatan 3, Jakarta
Tel. 360360 ext. 2307

4. Working Team members review the proposal together or separately. During this review, if necessary, the Working Team can arrange a meeting with the proposer. During periods when several proposals are pending the WT endeavors to meet every two weeks and has been known to meet even more frequently.
5. The Steering Committee will approve or reject each proposal, and the proposer will be informed of these decisions by the DSP Steering Committee or DSP Secretariat. As a rule the Steering Committee endeavors to meet at least once each month.
6. If the project is approved, the Steering Committee will send a letter of approval that requests USAID to commit funds by issuing a "Letter of Commitment" (Project Implementation Letter or PIL). A copy of the PIL is also sent to the proposer (Grantee).

7. If the Grantee needs advance payment, the Grantee can submit a letter of request for an advance to cover 90 days expenses as soon as the Project Implementation Letter is issued by AID. The letter should be addressed to....., DSP Steering Committee Secretary with a copy to USAID, c/o Martin Sirait, DSP Project Officer.
8. USAID will issue a check and send it to the Project/or Grantee's Bank Account (approximately three weeks). (Alternatively it can be picked up at the USAID office, if the Grantee finds that more convenient).
9. USAID will process subsequent advances only after the "Statement of Expenditure and Receipt of the First advance" is approved and signed by the Steering Committee's Authorized Signers, and the signed statement of expenditure is accepted by USAID.

VI. Other Information

1. This notice is being circulated to inform GOI agencies, universities and other institutions about this opportunity and to stimulate discussion of proposals with Committee Members. In order to standardize proposals, please use the attachment Form 1: Standard Form for Requesting Development Studies Project Funds.
2. For further information, please contact the following:

Elly Mulyati/or Mantaris Siagian
DSP Executive Secretary
Directorate of Financial Institutions
Dit. Gen. of Domestic Monetary Affairs
Ministry of Finance
Gedung PAIK, Lantai VI
Jl. Lapangan Banteng Timur 4,
Jakarta
Tel. 370522

Martin Sirait
Project Officer
Development Studies Project Officer
USAID, American Embassy
Jl. Merdeka Selatan
Jakarta
Tel. 360360 ext. 2307

Inventory Number:
Date received:
(Fill in by DSP)

Form 1
STANDARD FORM FOR REQUESTING
DEVELOPMENT STUDIES FUNDS

A. BASIC DATA

1. Project Title: _____

2. Project Duration:

a. Planned starting date _____

b. Planned completion date _____

3. Planned Budget:

a. GOI contribution: : _____ = _____
(US Dollar) = (Rupiah)

b. USAID contribution : _____ = _____
(US Dollar) = (Rupiah)

c. Other donors : _____ = _____
(US Dollar) = (Rupiah)

d. Total : _____ = _____
(US Dollar) = (Rupiah)

4. Proposal Authors/or Executor

a. Name and Signature: _____

b. Position _____

c. Office address/Tel. No _____

5. Sponsoring GOI Ministry (at least 1st Echelon = Sekjen, Dirjen, or Head of Badan)

a. Name and Signature: _____

b. Position _____

c. Office address/Tel. No _____

6. Date of Final Proposal Submission _____

7. Date of Approval _____

B. PROJECT DESCRIPTION

1. Executive Summary (not more than 1 page)

Describe briefly and succinctly the project or study's substance, idea, problem(s) to be solved and objective(s).

2. Problem statement, objectives and policy implication (not more than 5 pages)

Describe in this section the precise problem(s) and the objective(s) of the study for which the funds are required. Describe clearly the relationship of study's objective(s) with National objectives of REPELITA IV, and what policy that can be derived from the finding(s) of the study.

3. Background (not more than 4 pages)

This section should describe with a short and concise statement setting out the conditions or reasons which led to the request for DSP funds, taking into considerations the purpose and criteria of the Development Studies Project.

4. Priority and Nature of GOI Support (not more than 3 pages)

Describe why the proposed subproject or study has become a priority, and how GOI would support the study process and follow up with actions.

C. PROJECT IMPLEMENTATION

1. Statement of Work

Describe the main activities to be carried out to achieve the objectives, describe how the activities will be accomplished, what hypothesis is going to be tested (if any), what data is going to be collected, and how it will be obtained

2. Implementation Schedule

Provide bar charts (with time allocation) which cover for example: planning stage of the study, implementation preparations, field implementation, data analysis and reporting.

3. Product and Dissemination

Describe the nature of the product, the audience, and dissemination

4. Project Manager Personnel/or Expertise

Provide a list of the expert(s) who will carry out the study. Also, attach a table of personnel responsible for project management.

D. PROPOSED BUDGET

1. Budget Summary

Describe the components of the planned budget summarized in point A: 3a, b, and c above. The following framework can be used to prepare the presentation:

No.	Category	Estimated Cost US\$ or RP	Source of Funds		
			GOI	USAID	Other Donor (Specify)
1.	Salaries				
2.	Contractor and/ or Consultants				
3.	Foreign and Domestic Trans- portation, Travel and per diem				
4.	Equipment, materials and supplies				
5.	Training (if any)				
6.	Other direct cost				
7.	Overhead/or contingency				
	GRAND TOTAL				

2. Budget Breakdown

Specify the budget in accordance with the Budget Summary line items in as much detail as possible. The following framework can be used to prepare that presentation. (The announcement from which this text was adapted contains additional pages with a format for outlining the subproject budget, including specific information on which professionals would work, the time they had committed, billing rates, travel costs and other details.)

LOG FRAME FOR DEVELOPMENT STUDIES PROJECT

Narrative Summary

Goal:

To assist Indonesians in making more productive use of resources (public, private and donor).

Purpose:

1. To strengthen Indonesian policy formulation by improving the analysis of development issues, and consequently decision making and implementation by Indonesian institutions.
2. Through the involvement of Indonesians in studies, enhance the acceptability of analysis as an instrument of policy making.
3. To encourage greater involvement of private research institutions with public ones.

Outputs:

1. Completed studies on development topics.
2. Identification of new and implementable approaches to development problems.
3. Strengthened environment for continued Indonesian (and bilateral) policy discussions.

Inputs:

1. Studies, seminars, workshops, small experiments, translations, and publications.
2. Consultants, study tours
3. Funding, mission support.

Objectively Verifiable Indicators

Goal:

Drafting of new (or altered) policies and programs.

Purpose:

1. Better and more frequent operational definition of development efforts.
2. Indonesian counterpoint initiative improves acceptance of studies' conclusions

Outputs:

1. Completed seminars, studies, experiments training are material in helping policy makers to strengthen development decisions.
2. Studies, experiments, publications completed, seminars and workshops held.
3. Indonesians undertake study tours.

Inputs:

T.A.	\$2,500,000
Seminars, workshops	\$ 200,000
Other costs	\$ 300,000
	\$3,000,000

Means of Verification

Goal:

Issuance of government plans, policies and programs.

Purpose:

1. Policy changes and programs undertaken in areas that studies focused on.

Outputs:

Evaluations

Inputs:

USAID Budget
Other costs

Assumptions

Goal:

1. Indonesian institutions willing to consider policy and program implications suggested by studies.

Purpose:

1. GOI amenable to USAID financing policy-related studies for GOI and other institutions.
2. Indonesians and USAID agree on problem areas to be studied.
3. Indonesians perceive that the quality of outputs is high, and are willing to make use of results.

Outputs:

1. Studies will provide realistic solutions to identified problems.
2. Problems can be discussed openly in seminar setting, maybe involving other donors.
3. Indonesian experts contribute to project.
4. Indonesians attend seminars.
5. Quality experts will be identified and hired.

Inputs:

1. AID/Mission will approve project and provide adequate funding.
2. Indonesians will identify problem areas to be studied and undertake studies.

(Definitional note: The term studies refers to the use of consultants, studies, seminars, small experiments, publications, and foreign travel for conferences, training and study tours.)

Source: Annex II of the Project Paper (Development Studies Project No. 497-0340), June 1983, p. 23.

**SUMMARY OF DISCUSSIONS AT SELECTED
STEERING COMMITTEE MEETINGS,**

May 1985 - January 1988

To gain a clear sense of the deliberateness of the Steering Committee and considerations entering into the selection of subprojects, the Evaluation Team read Minutes of SC meetings to supplement information obtained in interviews with project participants.

To give readers of this Evaluation Report a flavor of SC meetings, this Attachment summarizes topics covered in several of those meetings, selected from the period May 1985 through January 1988.

The sixth page of this attachment provides explanatory notes, including abbreviations used to record attendance at each of the meetings covered by this somewhat random selection.

DATE	ATTENDANCE	SUBPROJECT			COMMENTS (including other business)
		APP	REJ	DEF	
<u>1985</u>					
May 7	MS, MU, SM WF, DS				Evaluation on 1st stage of DSP-I Preparation for 2nd stage of DSP-I Add US & 1 million from USAID Bappenas should be more active Improve management
May 15	MS, MU, DI, HH, US, SH, SS, SK, TL, MtS, MnS, AS, BP, MnsS			070	Waiting for comment from SS Sumarlin-Fuller Meeting: - strengthen DSP organization and activities - permanent secretariat for DSP - Add some new members for SC and WG: SS, SH, WGO (SC) RD, AS, BP, HT, SK, MR, TL (WG) - DSP Priority (trade, industry, employment) - Annual budget for SC is about Rp. 45 million Manasse Malo Report on DSP performance: - Flexibility of DSP manage- ment - SC's members involvement - Add 2-3 USAID staff to SC - Improve DSP report dissemi- nation - Needs Indonesian translation of DSP report

May 31	MS, MU, SS				
	DI, RD, SK			052	To be combined with 053
				053	See 052
	TL, SM, NP	065			Proposal needs improvement
	UM, MnS		070		Irrelevant to BAPPENAS policies
	MtS, MM		071		Ongoing UNESCO studies
	MB			073	Improve proposal
			075	Further study by SK and Roekasah	
			077	Further study by SK and Roekasah	
July 2	MS, MU, SS			068	Waiting for comments from HT and A. Mooey
	DI, HH, SK			073	Needs solutions through cooperatives
	HT, RD, US			075	Further study by WG
	SM, MM, MnS		076		Unclear
		077			Relevant to Bappenas need
			078		Policy implementation unclear
		079			TOR needs improvement
			081		Duplicates World Bank Study
			082	Further study by WG	
			083	Further study by SS and MU	
Aug 5	MS, DI, WGO		052		No revised proposals submitted
			053		No revised proposals submitted
	BP, MR, WS		075		No policy orientation
	Mts, R, NP	079			Scope of work needs revision
	UM, MnS, MF		080		Too simple. too small sample
			082		Proposers did not present at WG meeting
				083	Further study by WG
			084	Further study by WG	
	085			Routine and internal matter	
			086	Further study by WG	
Sep 5	MS, MU, HH			083	SS is abroad
	WGO, WS, SS			084	To be conducted by other parties
	RD, MM, MB	086			Needs permit from local government
	Mts, MJ, MnS	087			To be discussed with related agencies
	NP, EL, Zen (MPW), Danugoro (MPW)		089		Proposers are already working with World Bank

Oct 16	MS, MU, SH MR, HH, MB	08 079		Proposal needs improvement Study grant is reduced to US\$132,000
	MM, MJ, BH HS, EL		083 084 088 089	SS is still abroad Further study by Iwan Azis TOR needs improvement TOR needs revisions by MPW
			090	Ministry of Cooperative responsibility
			092	TOR and outcome unclear
Dec 10	MS, MU, DI	083		The team leader should be LIPI rather than person
	SH, WS, RD AS, HT, MtS	087	084	Waiting for comment from SH WG will consult with MPW and Bappenas
	MB, SM, MnS	091		Suggested location: Jakarta, Semarang, Samarinda
	EL	093	094	No objection Most of funds would be allocated to equipment purchase
			095	TOR should be revised to avoid duplication with World Bank study
<hr/> 1986 <hr/>				
Jan 3	MS, SH, MR HT, MM, MnS Ny. Swasta (MMP) Muljadi (MMP) Priyono (LDUI) 2 staff (ILO)			Employment issues; Inventory of Studies; Issues for DSP priority.
Jan 21	MS, MU, SS SH, SK, HH SB, WGO, SM	095	084 096	Focus of study is unclear Approved as of Oct 12, 1985 The goals are unclear and duplicate World Bank study
	Mts, MnS, EI			

May 16	MS, MU, SH DI, MR, WS RD, AS, NO MM, MB, MtS MnS, EL			Policy dialogue mechanism; Time schedule control for study implementation Improve secretariat DSP budget revision Improve proposal submission procedure DSP amendment on Resource Group
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1987

Jan 21	MS, Mu, DI SS, BP, MtS MnS, El Terry Myers Ngadimun	103	080	Remaining funds of about US\$768,075 enough to finance 6-7 studies more The goal is unclear The cost of Rural Health Services
		106	103	IPMI, have expert select cases Ministry of Coops staff have to be involved Five additional proposals from Ministry of Coops are rejected, one is deferred (without inventory codes)

Mar 6	MU, SH, HH RD, MtS, MnS, EL Gordon West	117	114	Proposal needs improvement Only a case study, can not be developed to become a model
			118	Waiting for comment from Directorate General of Tax
			119	Same as 118
		120		Irrelevant to criteria and goals of DSP
			121	Needs second presentation by Ministry of Information
		122		Proposal needs improvement and Bappenas should become the sponsoring agency

1988

Jan 30				Resolved that Bappenas Chairman should write USAID Director for additional US\$2 million from unallocated funds
		122	121	Improve TOR and budget
			130	PIL has not been issued yet Policy orientation is unclear Improve TOR and budget

1 The following initials are used to identify attendees and organizations:

AS	Astrid Susanto
BH	Bazuni Hainz
BP	Bambang Purnomo
DI	Dono Iskandar
DS	David Seckler
EL	Elly Muljati
HH	Hamonangan Hutabarat
HS	Harry Susanto
HT	Has Tampubolon
ILO	International Labour Organization
LDUI	Institute of Population Studies, U. of Indonesia
MB	Margaret Bonner
MJ	Masfar Jamin
MM	Michael Morfit
MMP	Ministry of Manpower
MnS	Mantaris Siagian
MnsM	Manasse Malo
MOI	Ministry of Information
MPW	Ministry of Public Works
MR	Machrancy
MS	Muchtaruddin Siregar
MtS	Martin Sirait
MU	Marzuki Usman
NP	Nurafni Pangeran
RD	Ratna Djuwita Wahab
SB	Saad Basaib
SH	Sayuti Hasibuan
SS	Sulaeman Sumardi
SK	Sukirman
SM	Saleh Mansur
SW	Sulistyo Widodo
TL	Har Tilaar
UM	Undang S. Makmur
WF	William Fuller
WG	Working Group (or Working Team)
WGO	Widodo Gondowardoyo
WS	Wahid Salim

2 Subprojects were numbered as received for inventory and given new implementation numbers only after being approved. APP = approved, REJ = rejected and DEF = deferred for further consideration later.

Source: Evaluation Team based mainly on minutes of SC meetings and other documents in DSP files.

EVALUATION SHEETS

1. As one step in its review of project performance, the Evaluation team summarized its findings and judgments in a series of Evaluation Sheets, which are reproduced in this attachment.
2. Some of these sheets record factual details. For example, Sheet I reports whether the study is complete or not, the extent to which expatriate experts were involved, the economic sector concerned, and similar information. These listings should be checked by the Project Secretariat or the Working Group. Even if a few entries are found to need correction because the Evaluation Team did not have complete information, the Team is nevertheless confident that the overall thrust of its findings will stand.
3. Other sheets are more "subjective." For example, Sheet III rates the "overall quality" and "policy impact" of each subproject. These judgments by members of the Evaluation Team are necessarily tentative as well as subjective; they are offered in the interest of candor and to provoke clarification through further discussion.
4. The Team recommends that the Steering Committee use similar evaluation sheets to structure its own evaluation of DSP-I subprojects, particularly when applying criteria which require professional judgment. For this purpose a "blank" form is included in the Attachment as Sheet IV; it is intended that this be reproduced and that to it the SC add whatever column headings are considered most appropriate for further evaluation purposes.
5. The Evaluation Team believes that it will be worthwhile for those who are most familiar with DSP-I subprojects to go through an evaluation-cum-discussion exercise to test their judgments against those of the Team. Moreover, this evaluation process is recommended as a framework within which SC members can look back over the last few years' experience (i) to learn what worked best, (ii) to confirm to what extent there is consensus within the SC regarding the merit of particular studies, (iii) to consider what further follow-up would still be appropriate, if any, for selected subprojects, and (iv) thereby to bring the experience of the past most completely to bear on the planning of future studies.

6. It will be clear from the foregoing that this part of the evaluation process is meant to be replicated by others. Moreover, new criteria may be substituted or added, working within the same general framework. It is also recommended that in future the SC review new batches of projects periodically (say, every 10-12 studies or once every 12 months) and perhaps expand its activities to include a comparison of DSP subprojects with other policy analyses in Indonesia sponsored by the World Bank, UNDP and others. This same or some similar evaluation format can be used. The process is recommended as a valuable tool for committee members to use in order to sharpen their judgments regarding each subproject both ex ante and retrospectively.
7. Readers will note that subprojects are numbered in accordance with the practice of the DSP Secretariat; each subproject is also given a very abbreviated topic name for convenient reference. Grading and scoring systems are explained in the notes attached to each Evaluation Sheet.

SHEET 1

SUBPROJECT STATUS, TYPE, USE OF EXPATRIATES, AND SECTOR

SP #	Infrastructure Pricing	Status <u>a/</u>	Expat. Role <u>b/</u>	Type <u>c/</u>	Sector <u>d/</u>
1	Man and Society 2000	5	5	1B	RD/OT
2	Open University	5	5	1B	ED/ID
3	Food Habits	5	2	SU	HE
4	TOR for SP #11	5	-	TR	-
5	Ag. Tech and Jobs	5	0	DA	RD
6	Rural Jobs	5	0	CO	RD
7	TOR for SP #9	5	-	TR	-
8	Ag. Diversification	5	0	1B	RD
9	External Resource Use	5	3	AD	ID
10	Patanas Information	5	2	DA	RD
11	Nutrition Monitoring	5	3	SU	RD
12	Infrastructure Pricing	5	0	1B	PU
13	Gasification	3	4	PP	RD
14	Timely Warning (TWIS)	5	2	SU	HE
15	Vegetable Oil 2000	4	0	SU	RD/TR
16	Info Age Economics	4	5	1B	TR
17	Perishables Marketing	5	3	PP	RD
18	Ulamas' Views	4	0	SU	ED
19	Watershed Management	5	3	ED	RD/PU
20	Mideast Labor Market	5	0	CO	TR/ID
21	Urban Agriculture	5	0	CO	UM
22	Informal Sector	5	1	SU	UM
23	Housing Finance	4*	SU	2?	UM
24	Garuda Pricing	4	0	1B	PU
25	Dual-Function Coops	2	0	SU	RD
26	Rural Health Costs	4	3	SU	RD/HE
27	Business Cases	3	3	SU	ID/ED
28	Trade Mart	1	4	SU	TR
29	Rubber Industry	0	OK	DK	RD/TR

a/ Status refers to the degree of completion of the subproject and corresponds roughly to the information in the final column of periodic updates of the DSP "Subproject Status Report." "5" means that the final report has been accepted, presumably after a "policy dialogue" seminar; moreover, so far as the Evaluation Team can ascertain, the final payments against subproject costs have been made (i.e. subproject accounts are closed). "4" indicates that some small part of the work remains--for example, there has been no policy dialogue,

or a final report incorporating minor revisions is awaited, or some final payment has not been made or even invoiced; in other words the subproject is substantially completed but some final step is still pending. "3" implies the subproject is not substantially completed and that there is some major step or action still to be taken. "2" signifies a subproject well along in the implementation process but not yet at Draft Final Report stage. "1" indicates that the subproject has just been cleared for implementation, and "0" reflects SC approval in principle but without final clearance for implementation. It should be clear from the foregoing that "4" does not mean 80% complete and in fact implies a much higher degree of completion. Similarly, "3" reflects a status far more advanced than "halfway" from "1" to "5"--a subproject far more than half completed. Subproject status can be summarized as follows:

All subprojects		<u>29</u>
Status	5	18
"	4	6
"	3	2
"	2	1
"	1	1
"	0	1

b/ Expatriate role: A "5" indicates that work was performed almost exclusively by expatriate personnel; an "0" indicates that the Evaluation Team knows of no significant inputs from expatriates. Scores in between reflect the Team's best estimates, judging from reports and other information found in project files. "DK" means that the Evaluation Team does not know, and "?" reflects the Team's uncertainty, having had too little time to examine the case completely. The extent of expatriate involvement is summarized below:

<u>Rating of Expatriate Role</u>	<u>Number of Subprojects</u>
All subprojects	<u>27*</u>
5	3
4	2
3	6
2	4
1	1
0	10
DK	1

* Two small subprojects for the preparation of TOR are not included.

c/ Type has been defined by the Evaluation Team to fit the facts it observed. There were no similar categories specified officially by the Steering Committee or in project documents, so far as the Team is aware.

<u>Code</u>	<u>Number</u>	<u>Definition or explanation of type</u>
All types	29	
AD	1	Provided <u>administrative</u> system or support
CO	3	<u>Conference</u> , colloquium, seminar or some other public discussion as the main event of the subproject
DA	2	<u>Data Analysis</u> . Primarily the manipulation or analysis of existing census or other data sources.
DK	1	<u>Don't Know</u> . The Evaluation Team has insufficient information to classify.
IB	6	" <u>Idea book</u> ." Thought provoking analysis or essay, providing a new context for considering an old problem or a framework for organizing further discussion.
PP	2	<u>Pilot project</u> . Establishes demonstration or test units as a basis for later replication in a larger program.
SU	12	<u>Survey</u> . Collection of fresh data, report on attitudes in a particular sector or market, etc.
TR	2	<u>Terms of reference</u> prepared for a subsequent substantive subproject which is coded under one of the other categories.

d/ Sectors have been defined in seven categories (plus miscellaneous or "other") by The Evaluation Team.

<u>Sector</u>	<u>Number</u>	<u>Definition (primary emphasis)</u>
(Listed alphabetically)		
All Sectors	27*	
ED	3	Education
HE	3	Health including nutrition)
ID	4	Institutional development (or plans, including government administration)
OT	1	Other (major subject matter outside listed categories)
PU	3	Public utilities
RD	13	Rural development (including agriculture and environment)
TR	5	Trade (mainly exports)
UM	3	Urban management (including housing finance)

Two small subprojects for the preparation of TOR are not included. Figures add to 35, since eight subprojects are double-coded, involving, for example, both Trade and Rural Development.

SHEET II-A

RELATIVE WEIGHT OF CONTRIBUTIONS TO GROWTH, EQUITY AND STABILITY

Scoring: Each subproject is given 10 points, which the evaluator distributes among Growth, Equity and Stability, three of the major objectives of recent economic policy in Indonesia. Needless to say, these objectives are interrelated, since "growth" may provide the resources necessary to improve "equity" and a more equitable society may be considered more "stable" than one in which inequities appear to be widening.

SP #	Topic	Growth	Equity	Stability
1	Man and Society 2000	4	2	4
2	Open University	4	4	2
3	Food Habits	2	6	2
4	TOR for SP #11	-	-	-
5	Ag. Tech. and Jobs	6	3	1
6	Rural Jobs	5	4	1
7	TOR for SP #9	-	-	-
8	Ag. Diversification	4	4	2
9	External Resource Use	8	1	1
10	Patanas Information	1	6	3
11	Nutrition Monitoring	1	7	2
12	Infrastructure Pricing	5	5	0
13	Gasification	6	3	1
14	Timely Warning (TWIS)	1	7	2
15	Vegetable Oil 2000	8	2	0
16	Info Age Economics	8	2	0
17	Perishables Marketing	5	5	0
18	Ulamas' Views	2	4	4
19	Watershed Management	6	1	3
20	Mideast Labor Market	3	4	3
21	Urban Agriculture	3	6	1
22	Informal Sector	1	6	3
23	Housing Finance	2	6	2
24	Garuda Pricing	5	5	0
25	Dual-Function Coops	1	4	5
26	Rural Health Costs	1	8	1
27	Business Cases	8	1	1
28	Trade Mart	8	2	0
29	Rubber Industry	-	-	-

SHEET II-B

RELATIVE WEIGHT OF CONTRIBUTIONS TO GROWTH, EQUITY, AND STABILITY

SP #	Topic	Growth	Equity	Stability
1	Man and Society 2000	3	3	4
2	Open University	4	4	2
3	Food Habits	1	5	4
4	TOR for SP #11	-	-	-
5	Ag. Tech and Jobs	5	3	2
6	Rural Jobs	2	4	4
7	TOR for SP #9	-	-	-
8	Ag. Diversification	2	4	4
9	External Resource Use	4	2	4
10	Patanas Information	2	4	4
11	Nutrition Monitoring	1	5	4
12	Infrastructure Pricing	5	4	1
13	Gasification	3	4	3
14	Timely Warning (TWIS)	1	4	5
15	Vegetable Oil 2000	4	4	2
16	Info Age Economics	4	4	2
17	Perishables Marketing	5	4	1
18	Ulamas' Views	1	3	0
19	Watershed Management	3	3	4
20	Mideast Labor Market	1	4	5
21	Urban Agriculture	2	4	4
22	Informal Sector	2	4	4
23	Housing Finance	3	4	3
24	Garuda Pricing	6	3	1
25	Dual-Function Coops	3	4	3
26	Rural Health Costs	1	5	4
27	Business Cases	6	3	1
28	Trade Mart	7	3	0
29	Rubber Industry	4	4	2

Note: Because the objectives are interrelated, most subprojects are thought to contribute to the realization of two or all three of them. Moreover, evaluators' judgments differ--in some cases quite dramatically. For this analysis two sheets (II-A and II-B) are reproduced here, reflecting the different judgments of two evaluators. Such differences provide a useful basis for discussion to clarify the main value and impact of particular subprojects. The Evaluation Team found such discussion rewardingly instructive and recommends a similar process to the Steering Committee.

SHEET III

SUBPROJECT OVERALL QUALITY, POLICY IMPACT AND OTHER ASPECTS

SP #	Infrastructure Pricing	Overall Quality a/	Policy Impact b/	vs. Single Impact c/	Cross Fertilization d/	Stand Alone or Process e/
1	Man and Society 2000	5	DK	S	4	5
2	Open University	5	3	SI	1	5
3	Food Habits	5	5	SI	4	4
4	TOR for SP #11	-	-	-	-	-
5	Ag. Tech and Jobs	5	3	S	5	5
6	Rural Jobs	5	4	S	5	5
7	TOR for SP #9	-	-	-	-	-
8	Ag. Diversification	4	3	S	3	3
9	External Resource Use	DK	DK	SI	1	5
10	Patanas Information	4	3	S	3	3
11	Nutrition Monitoring	5	5	SI	5	5
12	Infrastructure Pricing	5	3	S	4	2
13	Gasification	DK	DK	S	2	3
14	Timely Warning (TWIS)	5	5	SI	5	5
15	Vegetable Oil 2000	2	1	S	1	2
16	Info Age Economics	3	2	S	1	2
17	Perishables Mktg.	DK	DK	S	2	3
18	Ulamas' Views	5	4	S	4	5
19	Watershed Mgmt	2	3	S	4	1
20	Mideast Labor Mkt	4	4	S	4	3
21	Urban Agriculture	5	4	S	5	4
22	Informal Sector	3	5	S	5	2
23	Housing Finance	5	5	S	4	4
24	Garuda Pricing	5	3	S	3	2
25	Dual-Function Coops	3	TE	S	3	TE
26	Rural Health Costs	3	DK	SI	2	DK
27	Business Cases	5	TE	SI	5	5
28	Trade Mart	TE	TE	SI	3	TE
29	Rubber Industry	TE	TE	TE	TE	TE

- a/ Overall Quality: The judgment of the Evaluation Team regarding the overall quality of the subproject output in terms of the completeness, clarity, and relevance of its final report and other presentations. A very good study is rated "5"; less valuable outputs are given lower ratings. "DK" means that the Evaluation Team has insufficient information to support even a tentative judgment. "TE" means that it is still too early in the subproject process to make a judgment.
- b/ Policy Impact: Another judgment of the Evaluation Team, this time regarding the contribution of the subproject to constructive policy change. It will be seen that some reports, which are "very good" from a technical point of view have only modest impact on policy. Conversely, some not-so-good reports nevertheless have a very positive effect on policy; often just putting an issue up for public discussion seems to have been more important than the technical quality of the analysis or the polish of its presentation.
- c/ Shift vs. Single-Impact: The Evaluation Team rated each subproject either as contributing in some way to a gradual shift in thinking and policy or as having a single impact, fairly complete when the subproject was finished. Often the shift to which a subproject contributed began before the subproject itself and is continuing, even several years after specific tasks financed by DSP were completed.
- d/ Cross-fertilization: Subprojects were also rated in terms of the cross-fertilization and the exchange of views they generated among parties who do not often have the opportunity for such exchanges. Subprojects often served as a catalyst for bringing together senior representatives of different ministries to discuss a common problem, or representatives of the private sector to talk with government officials, or representatives of local governments to consult officials with national responsibility. A high rating "5" indicates that in the judgment of the Evaluation Team one important contribution of the subproject was this cross-fertilization effect.
- e/ "Stand Alone" or In Process: Subprojects are rated in terms of the "stand alone" quality of the output. A high rating "5" means that in the understanding of the Evaluation Team the subproject resulted in design and installation of a new system or policy; a high rating is also given to completed reports which required no immediate follow-up in terms of policy action. Conversely, a low rating "1" indicates that the subproject output appears to be a step (albeit, often an important step) in a larger process, calls for active follow-up if the recommended policy impact is to be realized, and can be considered only one of several necessary steps if significant improvement in economic efficiency, or a curriculum, or administrative performance, etc. is to be realized. One implication of a low rating is that more active follow-up was needed than actually occurred. Clearly, these ratings are related to "Shift vs. Single-Impact" in the third column but with a slightly different

emphasis; an excellent stand-alone essay may only serve as one of many efforts contributing to a gradual (some would say "glacial") shift in a major policy arena.

Summary of ES-III Ratings

Rating	Overall Quality	Policy Impact	Cross Fertilization	Stand Alone or in Process <u>a/</u>
Total <u>b/</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>
5	13	5	6	8
4	3	4	7	4
3	4	7	6	5
2	2	1	3	5
1	0	1	4	1
DK	3	5	0	1
TE	2	4	1	3

a/ The Evaluation Team also rated subprojects as contributing to a long-term shift in policy (18) or producing a single once-and-for-all impact (8). One (1) subproject is in too early a stage of implementation for this rating to apply.

b/ Two small subprojects for the preparation of Terms of Reference are not included in this total.

SHEET IV

BLANK TO BE USED BY OTHER EVALUATORS,
EMPLOYING CRITERIA OF THEIR CHOICE

Explanatory Note: Members of SC or WT and other persons interested in DSP can use these sheets to evaluate projects in terms of factual data (e.g., cost less than \$50,000, 50-100,000, 100-150,000, over \$150,000) or selected criteria of judgment [e.g., effect on jobs and income, trade and balance of payments, the level of investment and savings, or environmental quality; alternatively, contributes to structural change (i.e. shift away from oil or agriculture), better (public) administration, deregulation and market efficiency, sustainability of growth, better spatial balance, etc.]

SP #	Topic	Evaluation Criteria			
		A	B	C	D
1	Man and Society 2000				
2	Open University				
3	Food Habits				
4	TOR for SP #11				
5	Ag. Tech and Jobs				
6	Rural Jobs				
7	TOR for SP #9				
8	Ag. Diversification				
9	External Resource Use				
10	Patanas Information				
11	Nutrition Monitoring				
12	Infrastructure Pricing				
13	Gasification				
14	Timely Warning (TWIS)				
15	Vegetable Oil 2000				
16	Info Age Economics				
17	Perishables Marketing				
18	Ulamas' Views				
19	Watershed Management				
20	Mideast Labor Market				
21	Urban Agriculture				
22	Informal Sector				
23	Housing Finance				
24	Garuda Pricing				
25	Dual-Function Coops				
26	Rural Health Costs				
27	Business Cases				
28	Trade Mart				
29	Rubber Industry				

MONTHS/DPS SUBPROJECTS WERE STARTED AND COMPLETED, 1984-88
(Continued)

Subproject		Year/Month															
		1984			1985			1986			1987			1988			
		3	6	9	3	6	9	3	6	9	3	6	9	3	6	9	
16	Info Age Economics							2			←						5*
17	Perishables Marketing							2			←						Not reported.
18	Ulama's Views							3			←						12
19	Watershed Management							3			←						8
20	Mideast Labor Market				3			←									11
21	Urban Agriculture							3			←						7
22	Informal Sector													10			4
23	Housing Finance													10			8
24	Garuda Pricing													4			5*
25	Dual-function Coops													Not reported			Continuing
26	Rural Health Costs													11			4
27	Business Cases													Not reported			12*
28	Trade Mart																Starting
29	Rubber Industry																Pending

* No policy dialogue yet.

** Status Report records no completion date; subproject final report in files is dated September 17, 1986.

Source: Evaluation Team, based on Subproject Status Report: Update, August 1988.