

PD-ABC-993

72546

**FINAL EVALUATION
OF THE
PROVINCIAL AREA
DEVELOPMENT PROJECT**

Submitted to : USAID/Jakarta

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November 1989

TABLE OF CONTENTS

	Page
TITLE PAGE	i
TABLE OF CONTENTS	ii
ACKNOWLEDGMENTS	iv
GLOSSARY OF ACRONYMS AND TERMS	v
LIST OF TABLES	ix
LIST OF FIGURES	x
LIST OF ANNEXES	xi
PROJECT IDENTIFICATION DATA SHEETS	xii
EXECUTIVE SUMMARY	1
A. Background	1
B. Evaluation Purpose and Scope	2
C. Major Conclusions and Recommendations	2
D. Conclusion	7
I. INTRODUCTION	9
A. Project Background and Goals	9
B. Purpose and Key Questions of the Evaluation	13
C. Economic, Political and Social Context	15
D. Study Methodology	17
II. THE MAJOR ISSUES	19
A. Institutionalizing and Decentralizing through PDP	19
B. Mobilizing the Resources to Sustain PDP	26
C. Encouraging "Bottom-Up" Participation	33

D.	Assuring Professional/Staff Training	37
E.	Reaching the Beneficiaries	40
F.	Recognizing the Diffusion/Multiplier Effect	45
G.	Applying the Appropriate Technology in the Sub-Projects	52
H.	Enhancing Public Understanding of PDP-like Projects	55
I.	Managing PDP and PDP-like Projects	57
III.	SUMMARY AND CONCLUSIONS	67
ANNEXES		

ACKNOWLEDGMENTS

The Team wishes to express its appreciation for the exceptional degree of support that it received from the Directorate General for Regional Development, Ministry of Home Affairs and the USAID/Jakarta in completing this evaluation. Drs. Fasli Siregar and Drs. Amin Djaffar aided the Team in all its undertaking from the provision of reports and interpretation of data to the arrangements for study tours and interviews. The latter took place at the provincial, kabupaten, kecamatan and desa levels. The excursions to 11 provinces from East Nusa Tenggara to Aceh and from South Kalimantan to East Java were enriched by the presence of individuals such as Drs. Amin Djaffar. Others from BANGDA who acted as official hosts were Soeyanto, Sigit Pudjianto, Aiyub Ahmad, Umbu Sappipateduk, Wilson Sihole and Mohamad Hanafi.

The views of the National Development Planning Agency (BAPPENAS) as expressed in interviews with Drs. T.A. Salim, Drs. Sarwohadi and Dra. Rosediana were also very meaningful and helpful.

Appreciation is expressed to the Agricultural and Regional Development Division of the local USAID mission. Marcus Winter and Graham Kerr contributed significantly to the Team's understanding of the major evaluation issues. Messrs. Soeri Soeroto, Priyanto Santoso and Victor Battini provided many insights based on years of field and supervisory experience. Moreover, special thanks are extended to Richard "Noosh" Nishihara and Agus Widiyanto. Their understanding, support and patience in orchestrating the many elements of Team preparation, operations and report completion were outstanding.

Likewise, we acknowledge the unmatched ability in finding ways to provide timely and effective administrative and logistical support to the Team by individuals such as Mrs. Tuti Mundardjito, USAID/Jakarta; Lelly Sinaga and Melva Sinaga of the Team's secretarial staff; and Bill Davis, Staff Associate, Devres/Bethesda.

Finally, the Team would like to mention its appreciation to the many officials at BAPPEDA Tingkat I and II, officials at the kabupaten and kecamatan levels and, most importantly, the individual PDP recipients/participants at the village level who warmly met us and addressed the major issues facing present and future development in the Indonesian provinces, districts and regions. Unfortunately, the Team was not able to do justice in the report or its appendices to the wealth of information provided by these individuals.

Any errors in omission, analyses or fact remain the responsibility of the Evaluation Team.

GLOSSARY OF ACRONYMS AND TERMS

ABRI	Angkatan Bersenjata Republik Indonesia	The Armed Forces
APBD	Anggaran Pendapatan dan Belanja Daerah	Regional budget
APBN	Anggaran Pendapatan dan Belanja Nasional	National budget
BANGDA	Pembangunan Daerah	Directorate General of Regional Development
BAPPEDA	Badan Perencanaan Pembangunan Daerah	Regional Development Planning Board
BAPPEDA TK I	BAPPEDA Level I	Provincial Development Planning Agency
BAPPEDA TK II	BAPPEDA Level II	District (Regency) Planning Agency
BAPPENAS	Badan Perencanaan Pembangunan Nasional	National Development Planning Agency
Bidang		Subdivision of national plan
BKK	Badan Kredit Kecamatan	Subdistrict credit agency
BPD Camat Daerah	Bank Pembangunan Daerah Region	Regional Development Bank Subdistrict head Province, district
DATI I	Daerah Tingkat I	Provincial level
DATI II	Daerah Tingkat II	District/regency/ kabupaten level
Dekonsentrasi		Shift from central ministry to province or district
Desa		Village
Desentralisasi		Decentralization of political power and authority
DEVRES, Inc.		Development Resources Inc., consulting firm
Dinas		Technical service of line ministry or agency
DIP	Daftar Isian Proyek	Approved project document
DJA	Direktorat Jendral Anggaran	Directorate General of National Budget
DUP	Daftar Usulan Proyek	Project proposal document
DURP	Daftar Usulan Rencana Proyek	List of proposed projects

Eselon		Rank within civil service
FID		Financial Institution Development Project (USAID)
FY		Fiscal Year
GBHN	Garis-garis Besar Haluan Negara	Long-Range National Development Strategy Government of Indonesia
GOI		Political group
GOLKAR	Golongan Karya	
Golongan		Ranking system for civil service
GTZ		German Technical Assistance Agency
IFY		Indonesian Fiscal Year
InMenDagri	Instruksi Menteri Dalam Negeri	Instruction of Ministry of Home Affairs
INPRES	Instruksi Presiden	Presidential Instruction
Instansi		Office with other than line functions
IPEDA	Iuran Pemerintah Daerah	Wealth tax
Jabatan Kabupaten		Job, post, position District (rural); regency; headed by bupati
KANWIL	Kantor Wilayah	Ministry office in province
Kecamatan		Subdistrict level of government; headed by camat
Kelurahan		Village, urban area
KK	Kepala Keluarga	Head of household
Kepala desa		Village head
KORPRI	Korps Pegawai Republik Indonesia	The Indonesian civil service
Kotamadya		Same as kabupaten, but urban area
KPS	Kerangka Pembangunan Strategis	Strategic Development Framework
LK	Lembaran Kerja	Project budget estimate
LKMD	Lembaga Ketahanan Masyarakat Desa	Village planning board
LKP	Lumbung Kredit Pedesaan	Local Credit Agency (NTB)
Logframe	Logical Framework	Project planning document
Lurah		Head of kelurahan

MOF MOHA MPP	Departemen Keuangan Departemen Dalam Negeri Miskin, potensial dan produktif	Ministry of Finance Ministry of Home Affairs Poor, potential, and productive
Mufakat Musyawarah Nasional Negara Kesatuan NGO		Consensus Consensus building National Unitary state Non-government organization
NTSAP		Nusa Tenggara Agriculture Support Program
PAD Panitia Lima	Pendapatan Asli Daerah Committee of Five	Province/district revenue Village group selecting PDP targets
Pangkat Pajak Khusus		Civil service rank Special taxes
PBB PDP	Pajak Bumi Bangunan	Land tax
Pembantuan		Provincial Area Development Project Local government implementing central affairs
PKT	Program Kawasan Terpadu	Integrated area development program
PP	Peraturan Pemerintah	Government regulations
Pimpro PPWK	Pimpinan Proyek Program Pengembangan Wilayah Kecamatan	Project officer Subdistrict area development program
Propinsi PUOD	Pemerintah Umum dan Otonomi Daerah	Province Directorate General for Regional Autonomy, Central government
Pusat		
PVO		Private voluntary organization
REPELITA	Rencana Pembangunan Lima Tahun	National Five Year Development Plan
RJM	Rencana Jangka Menengah	Multi-term planning document
ROT SDO	Rencana Operational Tahunan Subsidi Daerah Otonomi	Annual operational plan Grants from routine budget

UU
USAID

Undang-undang

Laws, statutes
United States Agency for
International
Development
Geographical subdivision

Wilayah

LIST OF TABLES

<u>Table Number</u>		<u>Page</u>
1	Funding of Interventions, USAID Share, PDP Project, FY 1980-FY 1989	8
2	Interventions, Total and GOI Contributions, PDP Project, FY 1980-FY 1989	11

LIST OF FIGURES

<u>Figures Number</u>		<u>Page</u>
1	PDP Provinces	3

LIST OF ANNEXES

<u>Annex Number</u>		<u>Page</u>
1.	Scope of Work	1-1
2.	Logical Framework	2-1
3.	Structure of Government: Central, Provincial and Local Levels, Republic of Indonesia, 1989	3-1
4.	Decentralization and Rural Development: Elements of Analysis	4-1
5.	Devres PDP Evaluation Team	5-1
6.	Field Visit Schedule, Devres Final Evaluation Team, 2-15 November 1989	6-1
7.	Individuals and Agencies Contacted	7-1
8.	Bibliography	8-1

PROJECT IDENTIFICATION DATA SHEETS

1. Provincial Area Development Program I, 12 August 1977
2. Provincial Area Development Program II, 28 May 1978
3. Provincial Area Development Program III, 15 April 1983

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT PAPER FACESHEET

1. TRANSACTION CODE
A ADD
C CHANGE
D DELETE

2. DOCUMENT CODE
PP
3

3. COUNTRY/ENTITY
Indonesia

4. DOCUMENT REVISION NUMBER

5. PROJECT NUMBER (7 digits)
497-0264

6. BUREAU/OFFICE
A. SYMBOL Asia B. CODE 04

7. PROJECT TITLE (Maximum 40 characters)
Provincial Area Dev. Program I

8. ESTIMATED FY OF PROJECT COMPLETION
81

9. ESTIMATED DATE OF OBLIGATION
A. INITIAL FY 77 B. QUARTER 4
C. FINAL FY 01 (EMPH 1, 2, 3, or 4)

10. ESTIMATED COSTS (EDOM OR EQUIVALENT \$)

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FA	F. L/C	G. TOTAL	E. FA	F. L/C	G. TOTAL
AID APPROPRIATED TOTAL	929	5071	6000	1,038	6,062	6,000
GRANT	450	150	600	1,450	541	2,000
LOAN	-12	5521	6000	479	5,521	6,000
OTHER (1) U.S. (2)						
HOST COUNTRY	-	-	-	-	4,300	4,300
OTHER COUNTRY						
TOTALS	929	5071	6000	1,038	10,362	12,300

11. PROPOSED BUDGET APPROPRIATED FUNDS (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. 1ST FY 77		H. 2ND FY 78		K. 3RD FY 79	
		C. GRANT	I. LOAN	F. GRANT	G. LOAN	J. GRANT	L. LOAN	M. GRANT	N. LOAN
(1)									
(2) FN	3200	033	033	500	6,000	400	-	1000	-
(3)									
(4)									
TOTALS				500	6,000	400	-	1000	-

A. APPROPRIATION	N. 4TH FY 80		O. 5TH FY 81		LIFE OF PROJECT		12. IN-DEPTH EVAL. SCHEDULED
	P. GRANT	Q. LOAN	R. GRANT	S. LOAN	T. GRANT	U. LOAN	
(1)							
(2) FN	-	-	-	-	2000	6000	
(3)							
(4)							
TOTALS					2000	6000	

12. IN-DEPTH EVAL. SCHEDULED
MM YY
01 79

13. DATA CHANGE INDICATOR WERE CHANGES MADE IN THE PID FACESHEET DATA, BLOCKS 12, 13, 14, OR 15 OR IN PWP FACESHEET DATA, BLOCK 17? IF YES, ATTACH CHANGED PID FACESHEET.

1 ; NO
2 ; YES

14. ORIGINATING OFFICE CLEARANCE

SIGNATURE: *S. J. Littlefield*

TITLE: S. J. Littlefield, Acting Director, USAID/Indonesia

DATE SIGNED: 018 12 17

15. DATE DOCUMENT RECEIVED IN AID'S OR FOR AID'S DOCUMENTS, DATE OF DISTRIBUTION

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT PAPER FACESHEET		1. TRANSACTION CODE A A - ADD C - CHANGE D - DELETE		PP 1. DOCUMENT CODE 3
3. COUNTRY/ENTITY Indonesia		4. DOCUMENT REVISION NUMBER		
5. PROJECT NUMBER (7 digits) [497-0276]		6. BUREAU/OFFICE A. SYMBOL ASIA B. CODE [04]		7. PROJECT TITLE (Maximum 60 characters) [Provincial Area Development Program II]
8. ESTIMATED FY OF PROJECT COMPLETION FY [82]		9. ESTIMATED DATE OF OBLIGATION A. INITIAL FY [78] B. QUARTER [4] C. FINAL FY [81] (Prior 1, 2, 3, or 4)		

A. FUNDING SOURCE	10. ESTIMATED COSTS (5000 OR EQUIVALENT \$) - FIRST FY			LIFE OF PROJECT		
	B. FY	C. L/C	D. TOTAL	E. FY	F. L/C	G. TOTAL
AID APPROPRIATED TOTAL	1896	8104	10,000	7000	17,000	24,000
(GRANT)	800	200	1,000	4800	1,200	(6,000)
(LOAN)	1096	7904	9,000	2200	(15,800)	(18,000)
OTHER						
U.S.						
HOST COUNTRY					17,000	17,000
OTHER COUNTRIES						
TOTALS	1896	8104	10,000	7000	34,000	41,000

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. 1ST FY <u>78</u>		H. 2ND FY <u>79</u>		K. 3RD FY <u>80</u>	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	I. GRANT	J. LOAN	L. GRANT	M. LOAN
(1) FN	B 200	033	033	1,000	9,000	2,000	9,000	2,000	-
(2)									
(3)									
(4)									
TOTALS				1,000	9,000	2,000	9,000	2,000	-

A. APPROPRIATION	N. 4TH FY <u>81</u>		O. 5TH FY <u>82</u>		LIFE OF PROJECT		12. IN-DEPTH EVAL. SCHEDULED MM YY [01] [81]
	P. GRANT	Q. LOAN	R. GRANT	S. LOAN	T. GRANT	U. LOAN	
(1) FN	1,000				6,000	18,000	
(2)							
(3)							
(4)							
TOTALS					6,000	18,000	

13. DATA CHANGE INDICATOR: WERE CHANGES MADE IN THE PID FACESHEET DATA, BLOCKS 12, 13, 14, OR 15 OR IN PRO FACESHEET DATA, BLOCK 12? IF YES, ATTACH CHANGED PID FACESHEET.

[1] NO
2 YES

14. ORIGINATING OFFICE CLEARANCE		15. DATE DOCUMENT RECEIVED IN AID-R OR FOR AIC W/ DOCUMENTS, DATE OF DISTRIBUTION	
SIGNATURE <i>S. J. Littlefield</i>	TITLE S. J. Littlefield Acting Director, USAID/Indonesia	DATE SIGNED MM DD YY [01] [5] [21] [8] [7] [8]	MM DD YY [] [] []

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT DATA SHEET

1. TRANSACTION CODE
 A = Add
 C = Change
 D = Delete
 Amendment Number One
 DOCUMENT CODE 3

2. COUNTRY/ENTITY Indonesia

3. PROJECT NUMBER 497-0276

4. BUREAU/OFFICE ASIA 04

5. PROJECT TITLE (maximum 40 characters) Provincial Area Development Program II

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)
 MM DD YY
11 | 20 | 11 | 8 | 9

7. ESTIMATED DATE OF OBLIGATION
 (Under "B." below, enter 1, 2, 3, or 4)
 A. Initial FY 79 B. Quarter C. Final FY 84

8. COSTS (\$000 OR EQUIVALENT \$1 =)

A. FUNDING SOURCE	FIRST FY <u>83</u>			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	12,706	1,444	14,150	17,930	23,570	41,500
(Grant)	(1,460)	(40)	(1,500)	(8,760)	(1,240)	(10,000)
(Loan)	(11,246)	(1,404)	(12,650)	(9,170)	(22,330)	(31,500)
Other U.S. 1.						
2.						
Host Country	0	3,000	3,000	0	29,150	29,150
Other Donor(s)						
TOTALS	12,706	4,444	17,150	17,930	52,720	70,650

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) FX	200B	033	033	6,500	18,000	3,500	13,500	10,000	31,500
(2)									
(3)									
(4)									
TOTALS				6,500	18,000	3,500	13,500	10,000	31,500

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code	BR	BS	DEL	EQTY	PART	TNG
B. Amount	14,000	7,000	2,000	16,000	4,000	2,000

13. PROJECT PURPOSE (maximum 480 characters)

- To increase the productive capacity and incomes of rural poor;
- To improve the capabilities of local government to undertake rural development activities; and
- To improve the capabilities of key central government agencies to support local government in this process.

14. SCHEDULED EVALUATIONS

Interim MM YY 06 | 8 | 5 Final MM YY 11 | 2 | 8 | 8

15. SOURCE/ORIGIN OF GOODS AND SERVICES
 000 941 Local Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a page PP Amendment.)

The purpose of this amendment is to secure additional AID funding for the second phase of the Provincial Area Development Program II. Both GOI and USAID recognize that PDP is a long-term program and that the first four years of project activities represent only the initial phase of a long-term program designed to strengthen local government institutions and increase the productivity capacity and income of the rural poor. USAID Indonesia is requesting this amendment, as recommended by AID/W evaluation team.

17. APPROVED BY
 Signature William P. Fuller
 Title Director
USAID/Indonesia

Date Signed MM DD YY
014 | 16 | 83

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
 MM DD YY
014 | 19 | 83

AID 13904 (8/9) *(Based on facsimile signed by W.P. Fuller which had arithmetic errors)*

EXECUTIVE SUMMARY

A. Background

For over ten years, the Agency for International Development has cooperated with the Government of Indonesia in sponsoring a Provincial Area Development Program (PDP). This was designed to improve the capabilities of the central government and of local governments to enhance the well-being of the rural poor through implementing small subproject activities. The project was conducted in eight provinces. It was begun in Aceh and Central Java in 1978/79, expanded to Bengkulu, East Java, East Nusa Tenggara and South Kalimantan in 1979/80 and encompassed West Nusa Tenggara and West Java in 1980/81. The project provided technical assistance, limited commodities, training and funding for selected subprojects at the provincial, district, subdistrict and village levels. The project was implemented at the central level by the Directorate General for Regional Development of the Ministry of Home Affairs in close cooperation with BAPPENAS and the Ministry of Finance.

Implementation of PDP has been flexible, pragmatic and responsive. The project has adapted to different socio-cultural environments, various administrative arrangements and diverse general approaches among the 44 districts in which it was introduced. Initially the project concentrated on operating a vast array of subprojects. However, it became apparent that the individual subprojects bore little relationship to, or were not being carried out within, a coherent development framework. The early results in terms of central and local development goals proved to be neither focussed nor systematic. Thus, the project priorities and emphasis shifted--not changed--early in the 10 year period from direct subprojects to the introduction of planning and implementing systems and to the development of institutional capability. The touchstone of the project became the evolution of a very successful comprehensive PDP planning and implementing system that incorporated various analytical and evaluative steps in the process.

The project has been previously evaluated. A study in 1981 led to the redirection, or change in emphasis, cited above. In 1985, an evaluation took place focussing primarily on the impact of the subprojects upon the many beneficiaries. The study was promising and a follow-up effort of a similar but expanded scope is underway at the present time.

B. Evaluation Purpose and Scope

From September to November 1989, a six-person team conducted a final evaluation to glean the lessons learned from the PDP experience and to provide information and recommendations for future programs of this nature. The Team carried out over 200

interviews with officials and consultants in Jakarta, as well as with representatives from provincial and village levels. Elected and appointed officials, members of local "committees of five", officers of community credit organizations and individual recipients were all interviewed as participants in the PDP projects. Numerous central and provincial documents and special studies and reports were read. The Team reviewed the preliminary evaluation results with BANGDA, BAPPENAS and USAID/Jakarta officials. All parties involved were briefed before the Team left Jakarta.

C. Major Conclusions and Recommendations

a. Institutionalizing and Decentralizing through PDP

1. Conclusions

- o The PDP experience has clearly demonstrated the feasibility and the viability of decentralized development, involving provincial, district, subdistrict and village levels of administration and governance.
- o PDP is a timely, innovative and successful experimental project that has reached a selected segment of the rural poor and assisted many of them to improve incomes and productivity.
- o The PDP project provided for the first time funds with which both the BAPPEDAs and technical service agencies, working together, could plan and implement integrated regional development programs. The project offered education and training opportunities and provided technical assistance, transportation and office equipment. The project served to energize the provisional planning and implementation units in the BAPPEDAs and the technical agencies'. Moreover, the improved performance created a sense of professional competence and of renewed self-confidence among employees of both organizations, a prerequisite for success in their expanding role of leadership in development activities in rural Indonesia.
- o Many local successes in the PDP project were readily transferred to other regions and districts. For example, the credit program, based upon the PDP rehabilitation of the program in Central Java, was adopted in all of the PDP provinces. In fact, the favorable outcome of this PDP activity led to the

infusion of additional support for the credit agencies by a new USAID-sponsored project, the Financial Institutions Development (FID) Project.

2. Recommendations

- o Provinces, particularly those which have advanced experience in planning and coordinating roles, should be encouraged to deconcentrate their planning and implementing activities to lower levels of administration. Further thrusts could be undertaken to:
 - Transfer legal, financial and administrative authority to increasingly lower levels of administration.
 - Experiment with successively lower levels of administration. That means moving down to the subdistrict in many instances; and experimenting with village involvement in more and more localities.
 - BANGDA, working closely with the BAPPEDAS provincial and district, should continue to provide guidance, counsel and instructions on the transfer, and use of the PDP methodology and system to areas that have not been directly involved in the PDP project.

b. Mobilizing the Resources to Sustain PDP

1. Conclusions

- o In the near future, there will be substantial improvements in Indonesia's total governmental resource mobilization. Much of this increase in revenue will occur at the local level. Increased provincial and local government resource mobilization and the shift away from dependence upon oil and foreign trade taxes will increase the capability of local officials to finance local interventions with local resources.
- o In future years local financing should gradually supplant central grants as the source of financing for most PDP interventions except those intended as inter-regional resources transfer.

2. Recommendations

- o The method by which a subproject is financed should be a major factor in its relative ranking among alternatives. Local financing should be preferred except for projects specifically intended to redistribute resources from outside the target area.
- o Individual local governments in Indonesia, should be encouraged to find their own acceptable form of raising funds at provincial and district levels, to allow those funds to be considered local revenue.
- o Investments originating as PDP interventions, in addition to being tailored to local needs, should be designed and implemented for support by local cost recovery programs. Investments that naturally lend themselves to cost recovery (skewed as necessary to take account of ability to pay) should be given priority in BAPPEDA plans.

c. Encouraging "Bottom-Up" Participation

1. Conclusions

- o Local governments continue to function under ambiguous and often contradictory directives. A special effort to clarify these is needed.
- o PDP and PDP-like activities accommodated and responded to leadership and technical assistance provided by elements of the private, voluntary or informal sectors, such as NGOs, PVOs and womens' organizations. Wide citizen participation outside official governmental agencies reinforced "bottom-up" participation efforts effectively.

2. Recommendations

- o The Ministry of Home Affairs should revise the Village Law 1979 to meet the spirit of In.MenDagri No.4, 1981. The village planning boards should be elected bodies in the village rather than operate as part of the village bureaucratic apparatus.
- o BANGDA should clarify the legal status of private voluntary organizations, permitting and encouraging district governments to

cooperate and work with national and international NGOs who provide technical and professional assistance.

d. Assuring Professional/Staff Training

1. Conclusions

- o Continued training and human resource development is an imperative for the sustainability of PDP-like institutions and programs. The Team concluded that there is a need to broaden training to include more service agency personnel and to extend specialized training to the subdistrict level in selected fields. Plans are needed to insure a wider impact of training experiences; to encourage retention of trained personnel; and, more broadly, to examine the content of training for its effect upon the prevailing administrative culture.

2. Recommendations

- o Planning units at every level, working with coordinate training and personnel divisions, should devise formal manpower development plans. The "gaps" between the organizations' requirements and the present qualifications of personnel would be identified as training needs and also become the basis for career development programs for individual employees.
- o To facilitate the re-entry of those individuals in whom a substantial training investment is made (for example, advanced degree programs), consultations (by mail, if necessary) are to be undertaken six to eight months before the individual returns from training among supervisory, training and personnel representatives to reaffirm the appropriate use of the newly-acquired professional skills.

e. Managing the PDP Project and Other Issues

1. Conclusions

- o There was no systematic method to capture and diffuse the lessons of decentralized experimentation, innovation and subproject experience. The lessons and material generated by the GOI/USAID supported project were not used to the fullest advantage for evaluation

and policy analyses. The absence of such a mechanism has vitiated some of the benefits from the PDP project. Moreover, there were limited indications of information and material sharing among related projects and among various donors, except on an informal basis.

- o In the management of the subprojects, particularly among small-scale industries, the benefits of new technology or innovation were not fully realized due to the lack of market development.
- o Ambiguities often existed among roles, for example, of BANGDA and BAPPENAS at the central level and the BAPPEDA and provincial Development Bureau at the provincial level. All had legitimate interests in the planning, implementation and evaluation of decentralization activities and of PDP-like subprojects. Which was the lead agency, for what purposes, under what circumstance seemed to be lingering questions.
- o Problems remained in the funding delivery mechanisms utilized by the GOI and PDP project. Previous efforts to correct these problems had not been fully effective. The problem surrounding funding disbursements were apparently deep rooted.

2. Recommendations

- o A study should be commissioned by the GOI to review the essential information that management needs at BANGDA and at the province and other local planning levels. The purpose is to devise an improved management information system to meet the current and future requirements and needs of planners, managers, decision-makers and policy formulators of PDP-like developmental activities.
- o Appropriate subproject technology which results in new products or increased production should be combined with marketing assistance to provide the maximum benefit to the recipients and participants.
- o An examination should be undertaken to clarify the administrative roles and divisions of labor among and between the GOI developmental agencies at the central and local levels concerned with regional development.

- o BANGDA and donor agencies should find solutions to overcome the continuing delays in funding disbursements. The design of simple mechanisms and procedures is a first step. Active support of BAPPENAS, the Directorate General of the National Budget and Central Bank of Indonesia should be solicited. Greater use of the Bank Pembangunan Daerah (Regional Development Bank) as a conduit of funds should be considered.

D. Conclusion

The Team concluded that the GOI and AID through the PDP Project have increased the capacities and enhanced the capabilities of the BANGDA, BAPPEDAS and service agencies for regional area development through useful training programs, the augmentation of field operations with appropriate equipment and commodities and the use of selected Indonesian and foreign consultants in technical assistance efforts. Moreover, through funding provided by the project, the entire planning implementation system was energized and employed successfully in a set of experimental subprojects designed to reach the low income populations in the eight participating provinces.

A striking feature of the project was the large number who benefitted directly from the project. This included not only the participants from governmental agencies that were afforded formal and informal training, but literally tens upon thousands of individual villagers who were reached through the innovative subprojects in activities ranging from skills training in ceramics and tile production to the provision of special credit programs for small market vendors and entrepreneurs.

Other aspects of the project were noteworthy. For example, appreciable decentralization of administrative functions occurred over time as more responsibility for planning, implementing and monitoring the program, particularly the subproject activities, were delegated by the BAPPEDAS to the district and, in some cases, to the subdistrict/village levels. Likewise, the diffusion or "spread" effect of the project, nurtured through the PDP successes, has moved BAPPEDAS and other agencies to apply the PDP philosophy, concepts and principles to other similar activities, such as the subdistrict credit programs. The newly-announced PKT program will incorporate much of the new approach and methodology of PDP and these, in turn, will be transferred to former non-PDP provinces and districts.

While immediate funding was critical in most provinces, numerous proposals were either active or under consideration at central and local levels. The PKT program was a follow-up to the PDP in 12 selected provinces. In one province, for example, in which regional budget funds were hitherto used only for infrastructure funding, a proposal was before the local parliament

to apportion such funds on a 60:40 basis for PDP-like and infrastructure purposes, respectively. Moreover, on the central level, there has been substantial improvement in total governmental resource mobilization. Much of the increase in tax revenue will occur at the local level available for local uses and needs. These were reflections of the broad acceptance of PDP-like activities by many groups in the population and were indicative of the support that such activities had from central, gubernatorial and parliamentary sources.

On the eve of the last decade of the 20th century, the Indonesian Ministry of Home Affairs, through BANGDA and its affiliated agencies at the local level, is positioned to play a pivotal role to promote further regional social-economic planning and development and to enhance the well-being of many of the economically disadvantaged segments of the rural population. Continued improvements and modifications of the system, based on the lessons learned in the past 10 years of the PDP project, can lead to better performance at all levels. Continued training and investment in human capital is of paramount importance in sustaining the momentum of the program. Impending reforms leading to increased generation of tax revenues at the local level with attendant local citizen interest and expanding "bottom-up" participation are encouraging in terms of the level at which the project investment will be truly sustained in the future.

I. INTRODUCTION

A. Project Background and Goals

Realizing that centrally-launched INPRES and other programs in the 1970's were not achieving equal development among regions of the nation, the Government of Indonesia (GOI) decided to attempt a different set of programs to reach a greater proportion of its economically and socially disadvantaged, primarily the rural poor.

The notion of an innovative, experimental program that combined decentralized implementation of small, quick-yielding, village-based projects with concomitant strengthening of the capacities of local government institutions to assist in planning and executing these projects germinated in 1976. The idea became a reality in 1978 with USAID assistance. USAID's Provincial Area Development Program (PDP) Grant and Loan Agreements were signed on September 29, 1977 and April 12, 1978, respectively. BANGDA (The Directorate General for Regional Development in the Ministry of Home Affairs) was designated the principal counterpart to USAID on behalf of the Indonesian government, with BAPPENAS and the Ministry of Finance in strong supporting roles.

The three inter-related purposes of PDP (as stated in Annex 3 of the PDP Project Paper Amendment) were:

- o to increase the production and productive capacity of rural poor;
- o to increase the capacity of local government agencies (BAPPEDAS and dinases) in target areas to undertake annual planning and to plan, implement, monitor, and evaluate rural development activities which increase the productive capacity and income of the rural poor; and
- o to increase the capacity of local government agencies (BAPPEDA) to support local government agencies in target areas to undertake the above activities.

PDP I was launched in the provinces of Aceh and Central Java in fiscal year 1978. Development Alternatives Inc. was selected as an agent to provide technical assistance upon request from BANGDA and the provinces.

Shortly after initiating the project in Java and Sumatra, it was determined to expand activities to include four additional provinces--Bengkulu, East Java, East Nusa Tenggara and South Kalimantan--under a project known as PDP IIA. This was begun in 1979 with Resources Management Inc. (RMI) providing technical assistance. Two further provinces, West Nusa Tenggara and West

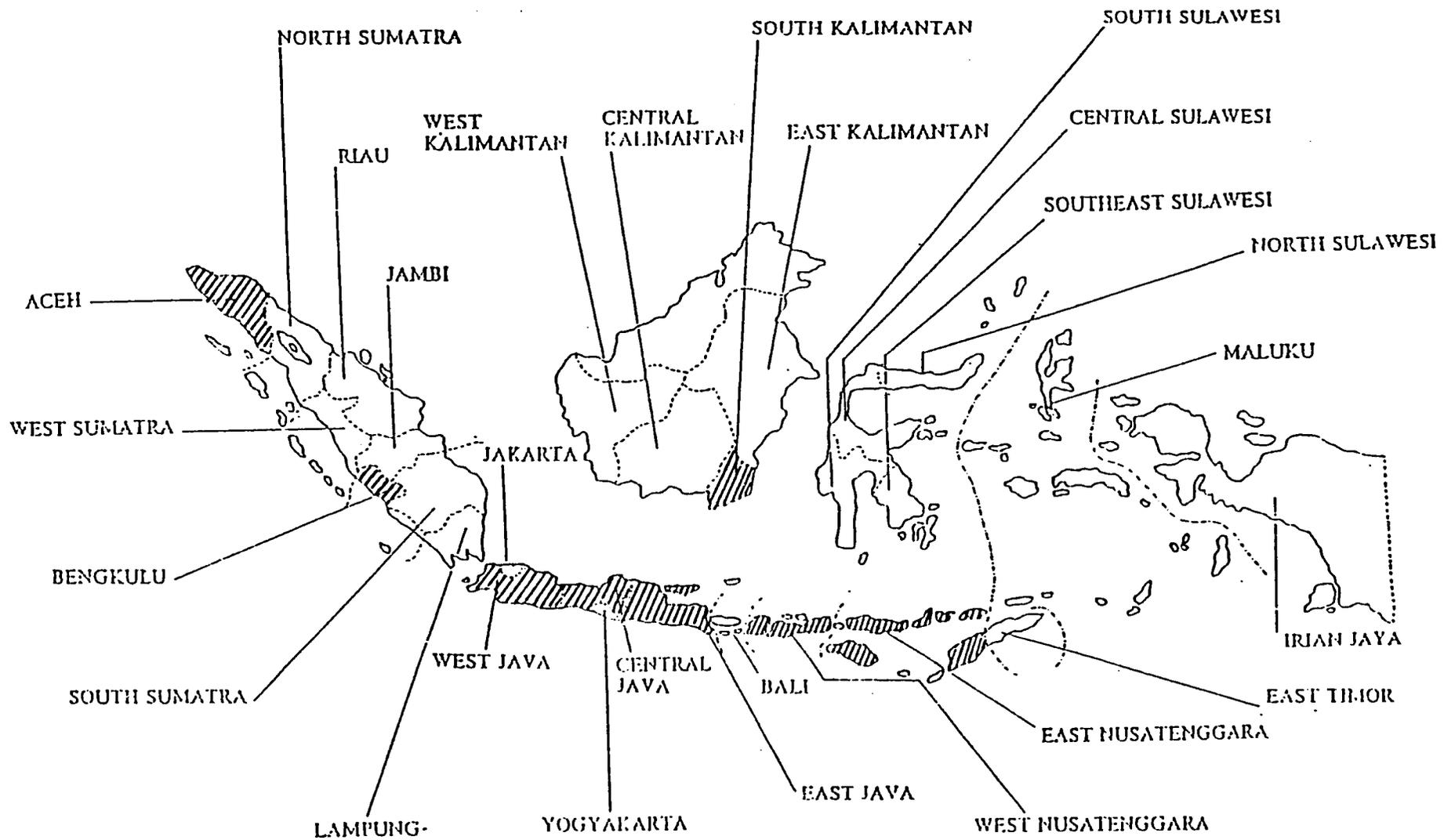
Java, were added to the PDP fold in 1980 as PDP IIB (Figure 1). Technical assistance in PDP IIB was provided by the same firm as for PDP IIA. USAID's direct involvement in PDP I ended on April 12, 1988 and for PDP II will end on December 1, 1989.

PDP input by both USAID and GOI (central and local levels) included funding for technical assistance, training, commodities and subprojects. For PDP I, USAID Grant and Loan commitments amounted to \$5,100,000 and \$12,500,000, respectively. Actual expenditures during the operations of the project amounted to \$5,009,000 and \$8,931,000, respectively, for a total of \$13,940,000. GOI's total expenditure on PDP I project amounted to the equivalent of \$14,609,000. Thus, the grand total of expenditures for PDP I equalled \$28,549,000.

Since PDP II is still on-going, data only regarding USAID committed funds are available. These amount to Grant funds of \$12,400,000 and Loan funds of \$26,850,000. The actual expenditures of PDP will not be known for some time; however, the total USAID funding commitment for the project is \$56,850,000.

One of the major outputs of the PDP project was a series of developmental activities or subprojects carried out at local levels. In PDP I, 1,122 such subprojects were conducted in 11 kabupatens. Under PDP II, 2,404 such activities were initiated in 33 additional kabupatens. Thus, the project resulted in the formulation of 3,526 recognized, individual subprojects in 44 participating kabupatens. The number of direct and indirect beneficiaries of all those subprojects is indeterminable. Besides the estimated hundreds of thousands of direct subproject beneficiaries, PDP's achievements also included thousands of Indonesian government officials at all levels, whose capabilities were increased directly through training and on-the-job experience with PDP.

Numerous modifications and "on-course corrections" have been made over the course of the 10 years of the project as a result of field experience and informal and formal evaluations and audits. For example, a program evaluation in the early years of PDP (1979-1984) indicated that a revised planning system was necessary to assure better performance in targeting beneficiaries, increasing local participation/bottom-up planning, and increasing the planning and coordination skills of the local government agencies. A new "PDP planning system" was devised and adopted in all the PDP provinces beginning in fiscal year 1985. The new system incorporated a four year plan, prepared by each PDP province, which assessed the economic and social potential for each region and upon which the annual operational plans were based. The new planning system has been used not only through the remaining years of PDP but has been incorporated into the on-going processes and procedures of the central and local planning agencies.



 PDP Provinces

Figure 1. PDP Provinces, Indonesia, 1989

Of particular interest has been the impact of the subprojects upon the recipients or beneficiaries. A survey undertaken in 1987 gave promising results regarding the success of PDP's "targeting," or reaching of beneficiaries; relative income gains from the subprojects; and the sustainability of subprojects. A follow-up survey is underway at the present time which should give further indications of the nature of the impact upon beneficiaries in the target provinces and districts.

The commitment of the GOI to integrated area development projects is demonstrated, in part, by the fact that it has contributed substantial funds to PDP and PDP-like activities. Other programs are being initiated with the assistance of other donor agencies. These include the Canadian International Development Agency, the German Technical Assistance Agency, the Royal Netherlands Agency for International Cooperation and the World Bank. These additional resources have added four provinces to the ones already sponsored through USAID.

B. Purpose and Key Questions of the Evaluation

The purpose of the final evaluation is to glean the lessons learned from the PDP experience and to provide information for guidance in future programs of this nature to the principal stakeholders in the joint undertaking; namely, to Government of Indonesia and its Ministry of Home Affairs, particularly the Directorate General of Regional Development, BAPPENAS and the Ministry of Finance, and to the U.S. Agency for International Development.

The GOI has a special interest in the outcomes of the project in terms both of the influence of the project on efforts to stimulate improved processes in the functional relationships among and between echelons of government and of the increase in the effectiveness of integrated regional development when working in collaboration with donor agencies. AID has a special interest in the particular design of the project having not only undertaken a number of somewhat traditional institution building tasks but also embarked on an activity that led to the funding of numerous small subprojects with an expected impact on selected targeted segments of the population.

In conducting the final evaluation, the Team has been fully aware of the two major thrusts of the project--enhancing and institutionalizing the planning and implementation processes at all levels of government and reaching a selected target group of the population through a planned effort resulting in increased incomes. Interestingly, at the outset of the project, no priority was set on either of these objectives. Thus, either of the two major thrusts can be viewed as a means or an end. On the one hand, the institution building process can be seen as a means for achieving the goal of assisting the "poorest of the poor;" on the other hand, the financing of selected subprojects can be seen as a means to achieve the goal of strengthening provincial and local planning agencies or institution building.

Whatever thrust or approach one wishes to emphasize, a similar set of key issues arise, although understandably with slightly different foci. Among the foremost is the degree to which capabilities and capacities of the central, provincial and district planning agencies have been strengthened and institutionalized as a result of the PDP project. Has the project enhanced the planning, coordinating and monitoring functions of the BAPPEDAs so that more meaningful and coherent development plans emanate from the provinces, kabupatens and the kecamatans? Have the horizontal linkages between the ministry technical services and the provincial and kabupaten functions been forged more closely together and, therefore, made more responsive to the needs expressed at these levels of government?

Another key issue in the realm of sustainability of the PDP concept is the degree to which the GOI, upon termination of the USAID project, is prepared to assume the ongoing, recurring costs for the overall activities. What levels of government have the commitment and resources to assume the costs of the program? What sources of public revenues, if any, can be generated or re-allocated? If revenues are curtailed, what re-alignment in programs is likely? In organizational arrangements?

Since 1981, the GOI has attempted to implement as a matter of official government policy the "bottom-up" planning approach. To what degree has the PDP project encouraged the identification of local needs and the development of the appropriate implementation and funding plans? Have the LKMDs at the desa level proven effective?

Likewise, the issues of continued, integrated professional and staff training looms large in the sustainability picture. With the withdrawal of donor agency funding, can the BANGDA and BAPPENAS/BAPPEDA organizations attract, recruit and retain the better graduates of the schools and institutes of public administration and management? Can they offer incentives to promising young leadership in terms of advanced degree training in-country or off-shore? Can they continue in-service training for cadre that reaches down to the kecamatan level? Will essential training, materials and methodologies be revised systemically and periodically, based upon experience and concurrent operational research?

In the conduct of the subprojects, questions arise regarding the identification and selection of the appropriate target segment of the population. Questions persist as to the efficacy of the program in reaching the primary beneficiaries, frequently termed the "poorest of the poor." Given the dual thrust of the project, however, it is readily acknowledged that beneficiaries were not confined to individuals in the local subprojects. A sizeable investment in human resource development was made at the central, provincial and district levels. Who were these beneficiaries? How are their enhanced skills being utilized?

Other issues bear examining. Among these are the diffusion/multiplier and the "spin-off" effects of the project; the application of appropriate technology, given current state of the arts in agriculture, forestry, small industry and other subprojects on the desa level; the enhancing of public understanding of the PDP approach in terms of its "bottom-up" participation and efforts to increase local incomes; and issues in the management and administration of the project among provincial stakeholders, including USAID, BANGDA, the BAPPEDAs and dinas services.

C. Political Social and Economic Context

Since its establishment in 1966, the new order government has been troubled by extensive "pockets of poverty" scattered all over Indonesia. Those "pockets of poverty" are situated mostly in the rural areas. The "pockets of poverty" are not favored by oil or oil investments, tourist expenditures, or good communications. They have little fertile land suited to irrigation, and are often remote, with substandard communications and transportation. They are serviced by a regional bureaucracy that loses many of its best members to greater opportunities, higher standards of living and greater authority at the center. Those that remain must try, in an environment with uncertain communications, poor transport, and few resources, to plan, raise funding, and implement development activities that meet the needs of the country's poorest inhabitants.

A steady stream of the rural poor from these areas moves to the cities to look for jobs to support their families and themselves. The city economies, already straining to absorb new labor force entrants, do not have the needed jobs. Many migrants find a hard life in the cities, one below the standards they knew at home or even regarded as "normal."

Politically this situation has been and is volatile. It could generate unrest and could even threaten the political stability essential to continued economic development.

The Indonesian government's response has included steps to increase the ability of the authorities in the "pockets of poverty" and other regions to deal with local problems. PDP I (AID's Provincial Area Development Project I, 497-0264) was designed and authorized by the cooperating governments in 1977 as part of this effort.

At the time Indonesia was riding an economic development crest. High oil export earnings financed large investments and dramatic urban development. Indonesia, managing its oil resources well, maintained a reasonable balance among its productive sectors. It was fortunate that at this same time the potential of the green revolution in dwarf rice was being realized in Indonesia's irrigated fields. Extra-ordinary efforts to spread the new technology combined with oil financed investment in fertilizer and a liberalization of farmgate prices to let Indonesia's irrigated rice farmers dramatically increase output and their incomes.

But in the "pockets of poverty" people continued to be shut out of the new prosperity. The landless especially were excluded and new jobs were not being created. Budget subsidies, transfers, and grants to the poor regions, the facile way to redistribute investment to these less favored areas, grew rapidly.

Paradoxically, these were also the ways the PDP project activities designed to decentralize development activities and make them conform more closely to local needs and desires were financed. The project fit snugly into implementation of Indonesia's Regional Government Act of 1974 (Law Number 5/1974) that made governors and district heads responsible for all government activity in their regions. In 1976 provincial planning boards (BAPPEDA) were formed. In 1980, BAPPEDAs were established at lower level (kabupaten, or Tingkat II) governments as well. To both sets of new organizations, PDP provided support in the form of equipment, training, technical assistance, and then funding for interventions.

Both the authority and the resources that give the authority substance come down from above. Powers not specifically granted to provincial and local governments are generally assumed to remain with the central government, including the power to tax or effect cost recovery for governmental financed investments. Day-to-day governmental services have been and continue to be provided by centrally-directed and financed organizations, whose priorities, perspectives, and hopes of promotion are all on Jakarta.

These may be agencies directly and formally responsible to the central government: instansi vertikal, or "deconcentrated" agencies, or those organized and assigned within local government boundaries: dinas or decentralized" services. Only a few agencies operating in the provinces or the district are subject to "co-administration" and actually under strong local government control. These often partially duplicate the second class of agencies, for example, those responsible for maintaining local roads while the "co-administered" dinas maintain the more important roads and bridges.

In Indonesia as in many developing countries relations between government officials and villagers is more a patron-client relationship than one between equals. Government officials provide the villagers with what--in the officials' view--the villagers need; then demand and receive at least surface deference in return. This role of patron was reinforced when government resources were plentiful and officials could provide more and more. The end of the oil import boom contributed to a slow change in the situation, but the relationship between villager and official remains unequal: between a relatively rich, educated official and a poor, probably illiterate farmer.

In this context continued central control is overwhelming. Indonesian and aid financing for the new decentralized regional planning activities still comes from or through the center. Local development budgets are financed by local resources only to a trivial extent. PDP fit snugly into this framework, providing equipment, training, and technical assistance to the new regional development agencies. It was a paradoxical and possibly self-contradictory project: a decentralization effort pushed through and financed by the central government.

D. Study Methodology

The evaluation was conducted by a six-person team. The composition of the team represented expertise in the field of institutional management, agricultural economics, institutional development and decentralization, and rural and regional development. The management specialist served as team leader. Both U.S. expatriate and Indonesian expertise was represented on the Team. Five of the six members had extensive development experience in Indonesia. On field study tours, the members of the six-member team was augmented by representatives from BANGDA and USAID/Jakarta.

The Team Leader, in a trip to Washington, D.C., undertook a briefing on the nature and scope of the project and of the evaluation from officials in AID/Washington and Devres, Inc. The Team Leader arrived in Jakarta one week before the full team to review the evaluation schedule, develop the detailed work plan and arrange for the logistics and accommodation of the group. Upon the assembly of the Team in Jakarta on September 24, 1989, the Team begin a series of briefings, by representatives of USAID, BANGDA, BAPPENAS and other officials, including the chiefs-of-party of a number of central and provincial technical assistance groups.

In ascertaining the success of the project in achieving its goals and purposes, the Final Evaluation Team relied upon three primary sources of information; namely, a review of a substantial number of periodic and special reports issued at various echelons of project operations; field or site visits, including the central, provincial, district and village levels; and selected interviews with officials and project representatives, ranging from high-level leadership to ultimate beneficiaries of resources and services under the project at the desa or village levels.

A special effort to witness the project in its field operations led to the undertaking of study tours. The Devres Team was divided into three groups of two persons each, joined by one representative from the Ministry of Home Affairs, Directorate General of Regional Development (BANGDA) and one representative from USAID/Jakarta. Initially, the four-person groups each visited two participating PDP provinces and one non-participating province (see Annex 6). Extensive conferences were held with BAPPEDA officials at both the provincial and district (TK-1 and TK-2) levels. Bupati and camats were visited. Most importantly, discussions took place with members of the Committee of Five and the LKMD and with participants of the project at the village level. Following the presentations of the interim evaluation report, the two remaining participating provinces, West Java and Bengkulu, were visited by a Devres/BANGDA/USAID group.

The results of the Team's efforts are presented in the form of specific findings, conclusions, and recommendations and set of "lessons learned" under the grouping of selected major issues. These constitute the body of the report. Following submission of the interim report and ensuing tripartite discussions, a number of suggestions and recommendations made by USAID and the MOHA/BANGDA were incorporated by the Team into the final report.

II. THE MAJOR ISSUES

A. Institutionalizing and Decentralizing through PDP

Two core questions emerge regarding strengthening the capabilities of local governments and achieving the PDP goals. To what extent has decentralization occurred as a result of the experimental project? And are the results sustainable without USAID funding? A third core question also exists: does decentralization matter in terms of directly benefiting the rural poor? Here the focus is on the implementation of an effective delivery mechanism rather than the quality or quantity of what is being delivered. This latter issue is pursued in other segments of the evaluation reports.

Institution building that employs decentralization implies making lower levels of administration more responsible and more able. In this instance, PDP was intended to strengthen planning and implementing agencies of government, specifically for the purpose of achieving GOI goals of equalizing the benefits of development, and USAID goals of reaching the poorest of the poor. The program may be examined at each of the levels of administration where it operated.

1. Institutionalizing the process

a. Findings

Delegating of authority from the central government to the province level is one of the first steps in the process of further strengthening local government institutions. The Team found that in regard to PDP, a considerable measure of success was achieved in some aspects of enhancing provincial authority. The provincial apparatus as a whole appears to have taken readily to the concept that it had assumed initial and primary responsibility for the use of the special block funding provided directly to them by the PDP. The concept was not new. INPRES funding preceded it. But INPRES was restricted in practice to infrastructure projects, and tightly controlled in design and structure from the center. There were no experimental dimensions to its projects. Provincial responsibility for designing and implementing development projects for the poor was an innovative component of the PDP experience. It was the next building bloc in the process of decentralization begun by the INPRES program.

Interviews in the provinces and earlier evaluations confirm that considerable responsibility was indeed transferred from the center to the provinces, especially to BAPPEDA I, and that the authority was employed to plan, evaluate, and implement income projects for the poor.

The initial success of PDP has generated among central as well as regional government officials efforts to institutionalize and consolidate PDP concepts. Recently, the Minister of Home Affairs addressed a letter (No. 0501/145/SJ) to all governors in Indonesia. Dated January 7, 1989, it is an important document which demonstrates the political commitment of the Ministry of Home Affairs, the leading governmental ministry in charge of rural and regional development, in support of institutionalizing PDP concepts.

Firstly the letter reinforced the Ministry of Home Affairs' commitment to delegate development efforts to lower levels of government in accordance with decentralization and deconcentration principles. This is in line with the recommendations made by the PDP national conference in Jogjakarta, jointly sponsored by the USAID and Gajah Mada University in 1988.

Secondly INPRES funds must be used to fund 10 development priorities from REPELITA V, including PDP-type development activities. Thus funds will be available for regional governments to finance PDP-type development activities in their regions. The letter also mentioned specifically that due to the termination of USAID assistance to PDP participating provinces, that these provinces should allocate APBD/Provincial Budget funds originating from INPRES Dati I, or PAD Tingkat I and Tingkat II to support efforts to continue PDP activities in their respective regions.

Thirdly the letter also contains recognition by the Ministry of Home Affairs of the achievements of PDP and its commitment to institutionalize PDP as a development system. The RJM and ROT planning system introduced by PDP will be maintained as planning systems for rural development in Indonesia.

b. Conclusions

(1) PDP has contributed to the process of enhancing the provinces' abilities to strengthen local institutions within monitoring and funding constraints and that the demonstrated performance had led to the Ministry of Home Affairs institutionalizing the process, at least in part, by issuing instructions codifying selected procedures and methods.

(2) The PDP can succeed as a process if it continues to shift project responsibility and legal autonomy to lower levels in the administrative set-up. Financial monitoring and general oversight may remain at the center.

c. Recommendations

(1) Steps are needed to further institutionalize the role of the provinces in managing their own affairs. A cautious next step in the process involves reducing the center's role to a pro forma examination of project proposals to insure compatibility with national plan priorities. Strict standards of accountability, a legacy of the PDP experience, is a shared responsibility, at all levels involved in project management.

(2) Financial authority and accountability should be progressively devolved to provincial levels and, over time, to lower levels of administration. As a start, reimbursement authority for PDP-like projects may be transferred from the center to the center's representative in the province. More specifically, the Directorate Jendral Anggaran may decentralize its authority to its KANWIL in the provinces.

2. Decentralization at the provincial level

a. Findings

The Team found that capacity building at the provincial level was concentrated on strengthening the ability of the provincial BAPPEDA agencies to plan, coordinate and monitor a variety of development plans. Considerable effort was invested in this aspect of the program, especially by consultants provided by USAID, by training, by the development of planning methodologies, and through the acquisition of equipment. Most importantly, the funding provided enabled the existing but latent functions of the BAPPEDAs to become an active factor in provincial development activities.

Objective measures of success of capacity enhancement remain limited. Skill-enhancement, especially transfer of skills by expatriate advisors, is an intangible process. What can be reported was that there was near unanimity of opinion by the individuals involved that this aspect of the PDP program was a success. BAPPEDA TK I personnel concurred with USAID advisors and evaluators that PDP played a role in strengthening abilities at the provincial level in regard to planning and implementing development projects.

Training was singled out as an especially important aspect of PDP's role. Here there were limited objective indicators. (Training is discussed in more detail in a subsequent section of this evaluation.) During the course of the PDP program nearly 200 people were sent abroad for short- or long-term training, and 41 received Masters level degrees. Most were still in the central or provincial planning and development apparatus, although there was some questions about the appropriateness of their post-training assignments. Substantially more were trained within Indonesia for varying lengths of time, but unfortunately, no data were available on who was trained, by whom, for what purpose, and, most importantly, with what effect.

Planning methodology was a contribution of PDP which appears highly valued and on the way toward institutionalization. Four-year and annual planning documents (RJM & ROT) were innovations of PDP II which have become widely adopted, although they may require further refinement in order to fit into GOI and provincial planning cycles. Equipment, including vehicles and computers, were a part of PDP's contribution to institutional building capacity. Such equipment formed a substantial part of some the provincial BAPPEDA holdings. Most such materials appeared to be maintained in good working order. (The training component on the use of computers, and other monitoring skills, were part of the project's contributions as well.)

b. Conclusions

The PDP provided for the first time budgets with which both the BAPPEDA and the dinases could jointly plan and implement integrated development plans. The PDP also provided funds which made it possible for BAPPEDAs and the dinases to acquire offices and transport to facilitate their activities in their respective regions. The PDP provided them also with training and opportunities for observation of how projects were managed in other provinces. All of these resulted in improved performance of the BAPPEDAs and the dinases in the participating provinces. Furthermore, an element of self-confidence was created among the staff members, a prerequisite for further success in rural development in the regions.

c. Recommendations

(1) Planning, monitoring, coordinating, evaluating, guidance, consulting, training, and providing technical assistance should remain valid long-range activities of the BAPPEDAs TK I as they carry out their responsibilities forward lower echelons of government within the provinces.

(2) Provinces that have experience with the PDP project are urged to deconcentrate their planning and related activities to lower levels of administration. For most that means transferring greater financial as well as planning and implementing powers to the Kabupaten; to some, to the Kecamatan; to the pioneers, to the desa.

(3) Indicators of enhanced institutional capacity should be built into the design of the project (as recommended at the outset of PDP I [Honadle, 1979] and mid-term, in the PDP II Evaluation [APAC Approval of PDP II project, 14 May, 1983]). Alternatively, a special external study may be commissioned to complete the work begun internally by USAID/Jakarta (Putman, 1987).

3. Decentralization at the kabupaten level

a. Findings

A further approach regarding the question of the sustainability of the PDP concept is to examine the operations of the project-created models that supposedly established the viability of innovative approaches to decentralization and development. The PDP concentration on the kabupaten, or district, is an essential element in this strategy. Within the Indonesian context, it is also a significant experiment with putting the power to design and execute development projects at much lower than customary levels of administration.

As a demonstration of the potential for decentralized development, the PDP project was an unqualified success. The program provided the framework and the means to "activate" the district apparatus. Only a portion of the nation's districts were reached by the project. However, they were widespread throughout the archipelago, and represented a fair cross section of the country's diverse economic, cultural and geographic circumstances.

The operation of the project required institutional changes in the way provinces and districts function. BAPPEDAs were relatively new at the provincial levels and started their existence at the kabupaten level at about the same time that the PDP began. The PDP permitted the new planning organizations to have funds, training and a specific purpose that might otherwise not have existed. It was especially important in facilitating the coordinating, multi-sectoral role of the new agencies. Equally important although less visible, the implementation of typical PDP projects became entirely the responsibility of district level personnel. That is, district dinas personnel became pimpros (project managers) for PDP subprojects. In the case of Central Java, this responsibility was devolved further, to the kecamatan where the camat (chief officer of the kecamatan) served a pimpro.

One of the frustrations of the Evaluation Team, as frequently mentioned, was the lack of hard data on which to base conclusions. Despite the unusually thorough documentation of various aspects of PDP activities, it appeared impossible to quantify the number of times officers became pimpros, at what levels, and by what departments or divisions of district level governments.

However, it is clear from the scope of the 10-year program, and testimony of BAPPEDA and dinas personnel in the field, that the total number of such opportunities is very substantial. It must also be emphasized that the content of the projects, and the planning and implementing skills required to carry them out, was also often a novel--perhaps unprecedented--experience.

Effectiveness of the experience may be tested in two ways. Firstly, based on the study conducted by SRI, the Team notes that there is evidence which shows improvement of the local government capacity of achieving project goals. The SRI survey suggests that the success rate at targeting the rural poor improved from 65% in 1978 to 82% in 1983-1985. The percentage of beneficiaries with a low average annual net gain (less than Rp. 20.000) fell by nearly 50% from the early to later project period; the percentage with high average gain (greater than Rp.20.000) increased by nearly 50% over the same period (Schiller, 1988). The SRI study further indicated that the estimated number of beneficiaries able to sustain gains rose from 56% in the 1978-1981 period to 89% in the 1983-1985 time period.

Secondly, in addition to the SRI Survey, the Evaluation Team found another indication of increased effectiveness of kabupaten personnel. The key informant sample interviewed in the field included provincial BAPPEDA and dinas members. No province is as yet implementing PDP projects in all kabupatens. (See the discussion of diffusion in Section F.) The Team asked if any differences emerged over time between kabupaten with and without PDP subprojects to implement. The uniform response was that noticeable differences did emerge, especially regarding the ability to devise planning documents and implement projects. A comparative examination of documents from participating and non-participating districts confirmed these observations.

An additional feature of the program emerged from Evaluation Team interviews. Attitudinal change appears to be an important product of the experiment. Interviews that the Team had with heads of the BAPPEDAs and dinas involved in the PDP programs indicates that PDP has been able to create self-confidence among them. They feel that given the opportunity they are now able to conduct development in their respective regions. For those familiar with the history of the relationship between central and local government in Indonesia where local governments operate under tutelage and guidance from the central government, a spirit of self-confidence among the BAPPEDAs and dinases in PDP participating provinces is an intangible but important contribution.

b. Conclusions

The PDP experience has clearly demonstrated the viability of decentralized development, involving both provincial and district levels of administration. Experimentation with even lower levels of planning and implementation have also proven promising, in the few instances they were applied (the kecamatan PDP subprojects in Central Java; and desa-kecamatan credit programs in Central Java and elsewhere).

c. Recommendations

(1) Experimentation, if carefully designed, has been shown to have an impact. In the case of decentralization, further experimentation is warranted. The thrust of decentralization should be along several dimensions. They are all worthy of continued support:

- o Transfer of legal, financial and administrative authority to increasingly lower levels of administration.
- o Activation of successively lower levels of administration with pimper responsibility. That means moving horizontally within the kabupaten in most provinces; down to the kecamatan in some instances; and experimenting with desa and desa-kecamatan involvement in more and more localities.
- o Widening the process of decentralization increasingly from administrative areas to more significant political involvement.

(2) In the future, other USAID projects should build upon the demonstration of provincial and kabupaten planning abilities in order to entrench and deepen local governmental involvement in development activities.

d. Lessons learned

(1) Decentralization through PDP-like project can lead to the strengthening of local institutions for planning and development.

(2) External funding used strategically can have a leveraging affect on development efforts. Enhancing the autonomy and capacity of rural institutions, with innovative programming (the system of subprojects), was a strategic entry point at the time period involved.

(3) Other decentralization projects can benefit from the PDP experience by noting the crucial role of the subprojects. The relative success of PDP in activating district administration was dependent on enhanced institutional ability which was derived by having something important and specific to do with the funding, training and equipment provided by USAID and GOI.

B. Mobilizing the Resources to Sustain PDP

1. Background

AID grant and loan project funding for the PDP project is coming to an end. During the fiscal years 1980 through 1989 there has always been other donor funding for PDP additional to AID's, although none of it was as large as that from AID. Much of this aid, from all sources, paid for set up costs of the program including staff training, vehicles, and technical assistance. These costs will now be much less and exist mainly where the program is expanded into new provinces and districts. Other donors have already agreed to help back expansion. AID also paid for the major proportion of the specific project activities (interventions) aimed directly at beneficiaries the AID project's life.

Table 1: Funding of Interventions, USAID Share, PDP Project,
FY 1980-FY 1989
(Percent of Intervention Funding)

Fiscal Year:	80	81	82	83	84	85	86	87	88	89
USAID Share:	65	61	61	63	49	50	47	48	56	67

Worldwide, many development activities stop growing and even atrophy all together after donor payments cease. The more innovative the activity, the greater the risk it will not be sustained domestically after funding from donors end. Continued expansion is first to stop, but maintenance and then operations are also often progressively curtailed. AID has repeatedly stumbled over this worldwide problem of the fiscal sustainability of development projects. Will this happen to PDP?

To answer this question, we have to place the project in context. Why does funding for some development activities stop? All government activities (and private activities too) must compete for the limited pool of available resources within an economy. In theory, the activity that yields the highest returns to the economy's development will get more and more of the available resources, until diminishing returns make a competing activity a more "profitable" investment for the economy. How returns from an activity are measured is crucial to such an algorithm. Such measurements are not an exact science. Decision makers weight returns differently, responding to changing external and political circumstances, their own ideas and even the availability of resources.

When the PDP project was authorized by the Government of Indonesia and the donors (principally AID), Indonesian resource availabilities were greater than today. Indonesia was riding the oil boom, and foreign trade financed a wide range of development activity, including much viewed as innovative and even experimental.

The second world oil price boom began to deflate in 1981, and Indonesia's government took immediate steps to contain the damage to development funding. Within the last eight years it has started the most wide reaching set of tax reforms in Asia. These involve a shift from heavy dependence on foreign trade taxes to the broader base of taxes on the sophisticated "organized" sector of the economy (including a value added tax) and a restructuring of real property taxes.

The shift has not yet been completed and the drop in the value of net oil exports continues. They fell 31% from 1981/82 to 1982/83; in 1986/87 net oil exports were only 15% of their 1980/81 high. In the face of these falling tax revenues the government has postponed and stretched out expenditures for both the "hardware" and the "software" of development. It has reduced operations and maintenance expenditures across a wide spectrum. Only the routine budget expenditures for personnel, essential services, and debt service (needed to maintain Indonesia's high credit rating) have not been reduced.

The donors also responded to the problem. Many reversed long standing rules reserving project assistance to incremental investment; they (USAID among them) are now financing the operational costs of development activities.

Against this background the team considered a number of aspects of the issue of the fiscal sustainability of the PDP program.

2. The future of Indonesian development resource mobilization

a. Findings

Indonesia is in the midst of a steady incremental increase in its ability to mobilize domestic resources. A tax reform was initiated in 1983 and central government non-oil tax revenues increased 87% from fiscal year 1983/84 to fiscal year 1986/87. Tax compliance continues to improve, and the twin objectives of increasing the efficiency of resource allocation and collecting now foregone government revenues promise the effort will continue successfully. This is an incremental and slow process. Rapid changes in taxes would probably increase tax avoidance and simultaneously overburden an already weak administrative system.

More efficient government operations across the board will increase the resources available by cutting the waste from unnecessary expenditure, increasing the contribution of activities that make a profit or have high coefficients of cost recovery, and reducing or even eliminating subsidies. There is a steady trend of strengthening local governments (in which PDP has and should continue to play an important role) and this will increase yield from local revenue collections and thereby overall revenues.

Reforms that improve local jurisdiction financing have started and further moves are planned. The PBB (Pajak Bumi dan Bangunan--the land tax substituted in 1984 for the former wealth tax, IPEDA) will be broadened and local authorities responsible for its collection on both rural and urban properties will get substantially larger revenues. The local government cost recovery and user charges already responsible for a large share of local governments' revenues will be consolidated and strengthened. The planned consolidation and regularization of retribusi (user charges collected by a tax office) and income dinas-dinas (collections by a department providing a service) taken together will increase the revenue from these, which are already the largest source of revenue for rural kabupatens.

Level II governments are also likely to be given authority to impose a fuel tax (which would support local road maintenance and reduce the need to use INPRES grant for this) and a "betterment" tax (a surcharge on PBB that captures part of the capital value added by contiguous infrastructure improvements. It is analogous to the Pajak Khusus sporadically imposed in DKI Jakarta.)

b. Conclusion

There will be substantial improvements in Indonesia's total governmental resource mobilization. Much of this increase in revenues will occur at the local level, and the revenue will remain there. Local governmental institutions responsive to local concerns such as the Tingkat I and II BAPPEDAS built with PDP aid will be natural beneficiaries. There will be much less dependence upon central government subsidies for local activities.

c. Recommendations

(1) Such funding should be used in "a PDP manner" whenever and wherever possible. Specifically, they should be tailored to local needs and preferences, designed to have maximum impact upon previously neglected groups and individuals. Conversely, investments originating as PDP interventions must be more closely tailored not only to local needs, but also so they can be supported by local cost recovery programs. Investments that naturally lend themselves to cost recovery (skewed as necessary to take account of ability to pay) should be given priority.

(2) Because of neglect of past maintenance expenditures, such work now has very high rates of return in Indonesia. One study reports IRRs of 90% or better. BAPPEDAs should give special attention to funding and carrying out such work in a labor intensive and employment creating manner; it is economically efficient and will strengthen their ability to compete for available funds for all purposes while turning them into PDP-type programs.

3. Future funding for interventions

a. Finding

In the period since 1977, PDP I and PDP II have successively been important influences on the way the system of central grants to local government has evolved. This influence is most widespread in the target areas, but will be felt countrywide. The gradual strengthening of level I and level II development planning and administration has been a readily apparent surface result that was desired by the highest levels of government. Equally important is a subtle change in the thinking, attitude and approach to local needs throughout the bureaucracy that was in some of the provinces and district the team visited.

Table 2: Interventions, Total and GOI Contributions, PDP Project, FY 1980-FY 1989

Fiscal Year	Total		GOI Contributions	
	Current Amount	Constant Prices (1980 = 100)	Annual Contribution	Of Peak Contribution
	(Million of rupiah)		(Percentage)	
1979/80	1930	1930	35	46
1980/81	4290	3983	39	93
1981/82	4626	3904	39	91
1982/83	4585	3458	37	77
1983/84	3195	2208	51	68
1984/85	5151	3313	50	99
1985/86	5187	3149	53	100
1986/87	5450	3055	52	96
1987/88	5445	2598	44	57
1988/89(a)	5145	2637	33	53

(a) planned levels

In spite of the USAID's apparent lack of success in recent years in getting more governmental financing for the project, the governmental decision to support the program by using the development budget through INPRES DATI II and INPRES Desa grants (for kabupaten and desa purposes respectively) for such

interventions has been made. Initially a reduction in the total funding level of interventions will undoubtedly occur. Such a downward trend in the level of government funding for PDP interventions started several years ago, but has been disguised by USAID's willingness to provide a larger fraction of total intervention funding.

b. Conclusion

(1) In future years local financing should gradually replace central grants as the source of most interventions except those intended as inter-regional resource transfers. The decline of both the nominal and real level of intervention expenditures from the peak of fiscal year 1985/86 should then begin to be reversed.

(2) Although funding for interventions will be somewhat reduced for the next few years, this trend will not be permanent. INPRES funds will be available for interventions but PDP administrators at Tingkat I and Tingkat II must choose the interventions to be financed carefully, and administer them in an impressive way (to higher authority) to maintain their competitive position when available INPRES funds are apportioned among the competing needs of the province and district.

c. Recommendations

(1) PDP planners and local government officials must aggressively compete within the bureaucracy and within political circles for INPRES funds, both at the planning stage and through implementation. Moreover, only by managing and administering the funded projects in an exemplary, effective and meaningful manner will the local governmental unit remain competitive.

(2) Central government grant funds should increasingly be reserved for interventions with inter-district or inter-provincial redistribution as a major goal and locally mobilized resources used for other interventions.

(3) PDP planners must increasingly turn maintenance and service operations into PDP operations by bringing the "bottom-up" philosophy and style of operation to those activities. Such activities will be funded increasing by SDOs, by special purpose INPRES grants, and by local resource mobilization, and are natural candidates for PDP style of operations.

4. Targeting central financing

a. Finding

In the long run, the ultimate sustainability of the project's activities will depend upon success in shifting the financing of many of the project's interventions to the local level. Not all of the interventions are likely to be so shifted. The project is also a mechanism for correcting inter- and intra-provincial income distribution, and this, by definition, involves resource transfers from one local area to another.

b. Conclusion

Redistribution by definition involves a transfer of resources from the better off to the poorer individuals, families, and regions. Thus, the basic concept of PDP involves inter-area transfers, and these normally will be under the authority and financing of the central government not local authorities.

c. Recommendation

PDP planners must assume that central funding will always be needed for those aspects of the program aimed at redistributing wealth among regions. They must therefore plan to continue to campaign for and support those programs.

5. Local finance as a form of PDP

a. Finding

The financing of interventions by local taxation and user charges is natural and ultimately necessary to the survival many PDP activities. Local control ultimately requires local resource mobilization and financing because "who pays the piper calls the tune." Local people will have a greater sense of ownership and stewardship about the resulting investments and activities. Among other things, this means the local population will actively monitor activities that respond to "their" needs and for which they have paid. Moreover, this should reduce the center's audit and management costs.

b. Conclusion

PDP planners (e.g., the Level II BAPPEDAs) must take an active role and help other governmental organizations in making decentralization work. This will require more than passive support or just support of tax reforms, although that will be important. It also means positive attention to cost recovery and efficiency considerations in project planning, design, and administration.

c. Recommendation

(1) Every PDP project should explicitly be examined to determine if cost recovery can be improved by changes in design before it is implemented. During implementation, particularly upon "on-course" corrections, the issue of cost recovery should be closely re-examined and re-evaluated.

(2) The way in which a project is financed should be a major factor in its relative ranking among options. Local financing should be preferred except for projects specifically intended to redistribute resources from outside the target area.

6. Local finance and USAID

a. Finding

USAID has a number of program assistance activities that are specifically intended to support Indonesia's efforts to use policy reform to increase resource mobilization. In its governance and regulation of local areas, Indonesia has undertaken a slow, cautious, but increasingly successful set of changes to increase the ability of local entities to mobilize local resources and use them constructively.

b. Conclusion

USAID's participation in policy discussions, where it brings resources to support and strengthen GOI policy changes, must include active consideration of how the efficiency of local resource mobilization is fostered or constrained by policies. Operative decentralization, by allowing the retention of locally collected and assessed revenues for local purposes in a PDP framework, must be part of the policy discussion agenda.

c. Recommendation

USAID staff and/or consultants should prepare a series of studies on the interactions among local development, PDP-type activities and local finance for consideration by the officials in the Ministry of Home Affairs and the Ministry of Finance in the specific context of the USAID-GOI policy dialogue and bilateral cooperation.

C. Encouraging "Bottom-Up" Participation

Bottom-up participation played an ambitious role in PDP. The term is used in two senses: engaging the lower levels of the administrative apparatus in planning and implementation; and involving the rural population as the originator and "shaper" of subproject ideas and needs. In the first sense of the term, PDP has been clearly successful. As noted in the preceding sections, PDP demonstrated the viability of inter-sectoral and non-infrastructure activities by provincial, kabupaten and kecamatan levels of government. Regarding the second sense of the term, people's participation, the record is somewhat less clear.

Governmental encouragement to the involvement of local people in the planning process came about in 1981. PDP may have influenced this move (Home Affairs Ministerial Instruction Inmen Nomor 4/1981. For a discussion, see Morfit, 1989). It was reinforced by BANGDA instructions for PDP implementation in 1983-1984; these directions were designed to increase participation and bottom-up planning to the maximum degree possible. The PDP itself, in its final phase, strongly encouraged bottom-up planning between local planning officials and rural people and stressed the working relationships between the LKMDs and officials at the kecamatan and desa levels (Project Paper Indonesia Provincial Area Development Program II, 1983, p. 24).

1. Findings

a. The Team noted that PDP had been successful in involving the lower levels of the administrative apparatus in decentralized planning and implementation. In the field, the Team also found that the PDP appeared to have brought vitality to existing GOI regulations concerning bottom-up planning and to have been responsible for considerable experimentation and innovation in sub-district and desa level organizations.

b. The Team noted, however, that there was considerable variation among and between units of local government in terms of people's participation in the hierarchy of bottom-up planning. In some cases, special "panitia lima" (committees of five) were set up to establish criteria and to assist in identifying and selecting worthy recipients of subproject activities.

c. On the other hand, in many cases, the selection of the beneficiaries was done by the dinas representative or by the "kepala desa" with limited involvement of the LKMD or without reference to a committee of five. In some instances, the use of the LKMD in this role was questioned, for the LKMDs were nominally chaired by the village head and, therefore, the latter was considered part of the village bureaucratic apparatus rather than a member of the general public. Cross-currents were also inherent in the process, for priorities established by the national/provincial development plans (and by cooperating donor agencies) may not have conformed to the perceived needs of

villagers. In reality, under the pressure of limited available resources, the kind or type of project eligible for subproject funding may have ranked rather low on the priority list of a village and as a result the local-village interpreted the opportunity to participate as another "top-down" exercise.

d. The Team learned that one of the PDP participating kabupatens in the province of Nusa Tenggara Timur, for example, had taken the initiative to cooperate with a national NGO to assist it in planning and managing rural development subprojects in its district. Emphasis had been directed toward strengthening the capability and capacity of the LKMDs as forums for "bottom-up" planning activities. Women, often overlooked in PDP and other projects, were specifically included in scope of activities.

2. Conclusions:

a. The apparent relative lack of progress made in "bottom-up" citizen participation (in contrast to the administrative decentralization) can be explained in part by ambiguities in existing directives under which local government function. There is, in fact, a conflict of objectives between InMenDagri No.4,1981 (Ministry of Home Affairs Instruction No.4, 1981) and the U.U.5, 1979 (Village Law, 1979) that set up the detailed administrative structure of Indonesian villages. According to the former, the LKMD is to function as a forum in which villagers can participate in the process of development planning aside from other functions, such as coordinating and overseeing the implementation of projects at the village level. Meanwhile, the Village Law, 1979 stipulates that the village head is the Ketua Umum (General Executive) of the LKMD. As a village head, he remains the lowest official of the Ministry of Home Affairs and his loyalties frequently lie with the center, province and kabupaten governments, particularly since his confirmation as village head lies in the hands of the bupati, his superior. (The bupati for various reasons might refuse to validate the election of a village head in spite of the individual's success in an election.) This relationship has the potential of creating a situation in which the general executive of the LKMD uses his authority to coerce members of the LKMD to accept development project selected by central, provincial or kabupaten government rather than encouraging them to come out with projects of their own which reflect the real needs and aspirations of the people.

b. A strong cultural attitude still persists among many members of the Indonesian bureaucracy that makes them reluctant to accept the premise that rural people are their true partners in the process of decision-making in development activities. For some officials in the Indonesian bureaucracy, projects that are suggested from below are classified as a "people wish" and thus relegated to a very low priority while projects initiated by the government are considered as "the need of the villagers." Thus, the latter must be accepted and implemented by the villages. The

Team concluded, however, that many of the PDP subprojects, particularly the animal husbandry, credit and tertiary irrigation activities, coincided with the expressed needs surfaced by villagers.

c. PDP and PDP-like activities accommodated and responded to leadership and technical assistance provided by elements of the private, voluntary or informal sector, such as those provided by NGOs, PVOs and women's organizations. As self-reliance and "grass-roots" participation at the local level were PDP objectives, methodically involving such non-governmental organizations tended to enhance these project goals and, moreover, promoted social pluralism. The Team readily concluded that widened citizen participation and social pluralism occurs outside of government-directed programs and, more importantly, reinforces "bottom-up" efforts as viewed by the project.

d. The low level of education, particularly in the outer islands, contributes to the ineffectiveness of the LKMDs and similar organizations as a forum for people's participation in village administration and governance. This situation could give further reason for government developmental agencies to discount the role of LKMDs in rural and area development. However, the Team concluded that the situation reinforces the tenet that is strongly reflected in the institutional strengthening aspects of the PDP, namely, that investment in human capital (education and training), at all levels, is a precursor of economic, social and cultural development.

3. Recommendations

a. The Ministry of Home Affairs should revise the Village Law 1979 to meet the spirit of InMenDagri No. 4, 1981. In other words, the village head should not function as the general executive of LKMD but should allow the LKMD to function as a purely citizen-controlled advisory body rather than as part of the village bureaucratic apparatus.

b. BANGDA should clarify the legal status of private voluntary organizations, permitting kabupaten governments to cooperate and work with national and international NGOs in assisting LKMDs to improve their local management capabilities and their competence in providing technical and professional assistance.

c. The policy of decentralization by the pusat and the province to kabupaten and kecamatan levels should be continued. A study should be undertaken by BANGDA that outlines prospective further actions of devolution with an appropriate timetable. As an objective, the "ceiling" for many types of decisions and associated funding control should be the bupati and regency council with the province merely retaining oversight and post-audit functions.

4. Lessons Learned

Rural and area development project can be designed to promote "bottom-up" participation at the village or lowest levels of civil administration. Moreover, such projects should be designed to foster through overt measures the participation and cooperation both of governmental planning agencies and of private voluntary groups interested and dedicated to development efforts.

D. Assuring the Role of Professional/Staff Training

1. Findings

a. The Team discovered that many different types of training activities have been undertaken by the PDP project in the participating provinces. At the village level, the activities included the advisory services and demonstrations of the livestock dinases in the husbandry and care of goats and cattle or the technical training in small industry projects, such in the ceramics arts or in commercial tile production.

b. At the kabupaten and provincial levels, different types of training activities were underway, focussing usually on administrative and managerial upgrading and multi-sectoral coordination. A wide range of skills, in-service and middle management training was conducted and organized by the BAPPEDAS TK-I. Trainees for the latter programs generally consisted of officials from both the BAPPEDAS and dinas of kabupaten and kecamatan. Much of the subject matter of these programs has been on planning, implementing, monitoring and evaluating development activities, particularly the PDP project.

c. Lastly, there had been the advanced degree training, all at the masters level, for selected BANGDA and BAPPEDA, TK-I and TK-II staff. Out of the 41 government officials who were trained overseas for the masters degree, 24 persons came from the provinces participating in PDP program.

d. In all, 187 individuals shared overseas training experiences under the PDP project. Typically, the training was on a non-degree basis, with about 78% of participant engaging in short-term training.

e. In a number of provinces visited, particularly in NTB and NTT, it was reported that the newly-trained individuals upon their return from advanced training abroad were not readily accommodated into the on-going program or activities. Moreover, in some instances, transfer of the newly-trained personnel to new jobs and new responsibilities or to different regions of operations tended to disrupt operations.

f. Every one that the Team interviewed during its field study tours underscored the importance of the PDP training program in improving the quality of service and the technical capacities of the local BAPPEDAS and dinases in planning and implementing development projects. Presumably, for the first time, the PDP project provide the opportunity within the participating regions for a large group of officials to be exposed to a variety of development theories and practices.

2. Conclusions

Training was considered a key to success in most operations of the PDP projects. Major reliance was placed upon in-service training to strengthen the institutional side of the project. A number of people, almost 150, profited from comparative studies of development issues in neighboring developing nations. About 40 individuals earned advanced degrees under the project. Concerns existed in certain areas that the training and investment made in individuals at the more sophisticated levels was not be adequately capitalized upon. A systematic analysis of the impact of project-sponsored education and training upon individual career development and upon project and subproject successes and failures is needed by BANGDA and among donor agencies.

3. Recommendations

a. Planning units at every level, cooperating with coordinate training and personnel divisions, should devise formal manpower development plans. The plans are to be based on the mission and functions of the unit, its organizational structure, and the education and qualifications required for each position in the organization. The "gaps" between the organization's requirements and the present qualifications of personnel would be identified as training needs. Such plans would also become the basis for career development programs for individual employees.

b. For those individuals in which a substantial investment is made (for example, advanced degree programs), consultations are to be undertaken six to eight months before the individual returns from training among supervisory, training and personnel representatives to reaffirm the appropriate use of the newly-acquired professional skills and to facilitate the re-entry of the individual back into the organization.

c. In addition to the courses made available by the Ministry to regularly-appointed civil servants, provisions are to be made to meet the special training needs of planning personnel through the development of special subject matter courses that are revised periodically on the basis of field experience and operational research.

d. Specialized training for local planners that encompasses village social dynamics, farmer motivation, farm decision-making and oral and written communication is strongly recommended for BAPPEDA and dinas personnel.

e. Based on the experience with the PDP and PDP-like projects, BANGDA should undertake a special study on the impact of education and training on its personnel and on the success of subprojects. Who was trained and at what administrative/governmental level? How have attitudes and modes of behavior (manner of doing things) been influenced by in-service training, study tours among provinces, observation tours abroad and degree programs, in-country and abroad?

4. Lesson Learned

Continued training and human resource development is an imperative for the sustainability of PDP-like institutions and programs. Investments in human capital for institutional building purposes are optimized through well-designed manpower development plans that match organizational professional and managerial personnel needs against a system that carefully identifies, selects and prepares individual employees for further and/or additional education and training.

E. Reaching The Beneficiaries

Well before the end of the project, it became evident that PDP would have an impact on a host of beneficiaries. PDP was to have an impact upon more than 200 national, provincial, district and sub-district agencies and organizations in Indonesia. Most of the officials and specialists who were involved with these agencies were beneficiaries of the program. Likewise, PDP had a direct economic impact on more than 600,000 families who were beneficiaries of approximately 4,000 subprojects and credit programs.

PDP was intended to reach low income rural households--to raise their incomes and provide reasonable prospects for sustaining income gains after USAID funding of the project had ceased. PDP could be termed a successful project if it resulted in cost-effective, economic gains among a selected segment of the rural poor.

Survey Research Indonesia (SRI) conducted two statistical surveys during the life of PDP to provide quantitative measurements pertaining to many economic and social impacts of the project. It was extremely unfortunate that the results of the latest SRI survey, which would essentially cover the whole period of PDP, were not available for this final evaluation report but data collection and processing are still underway. Consequently, the most comprehensive and statistically sound set of data on PDP activities came from the SRI Household Survey sample of over 4,000 beneficiaries representing many of the thousands of PDP subprojects scattered throughout Indonesia and covered project activities from fiscal year 1978/79 through 1984/85.

1. Targeting the subproject beneficiaries

a. Finding:

Two-thirds of the PDP recipients were correctly targeted and selected based on a poverty or "reaching the poor" criterion. One-sixth of the recipients were judged to be definitely outside the criteria. Central Java, NTB and NTT were most successful while Aceh and Bengkulu were least successful in targeting the poor. The targeting of irrigation and small industry project recipients proved to be most difficult; only 50% of these participants met the set of selection criteria.

b. Conclusion:

PDP has done reasonably well in targeting and selecting rural poor beneficiaries in most provinces but needs to improve in some provinces and sectors, if PDP or PDP-like activities are continued.

c. Recommendation:

Careful reviews should be made of targeting and selection procedures for future PDP activities and these procedures should be strengthened especially where low income individuals represent fewer than 80% of the total selected recipients in a locality or for a PDP sector project.

2. Increases in annual incomes of subproject participants

a. Finding:

(1) A significant Rp.65,000 average annual net gain in household income was achieved by PDP recipients when considering all PDP subprojects, even though some subprojects were much more successful than others. This net gain represented between a 11% and 18% increase in annual household income for these recipients.

(2) The relative success of one subproject over another was due mostly to kind of recipient selected, type of project, locality, technological suitability and effectiveness in responding to local needs. Considerable variation was reported in net gain achievement among provinces. Recipients from wealthier and less-densely populated provinces generated up to 4.5 times the average net gains of those from poorer less-densely populated provinces. Recipients in projects such as small industries and small scale irrigation had higher net gains than those in other PDP projects. For example, average gains in small industries were more than 4.5 times those in the food crops project. Also estate crop projects usually had no income generated for several years after the project is initiated. PDP projects and provinces with higher net gains tended to do less well at targeting and selecting poor people or beneficiaries. This suggests that increasing the effectiveness of targeting and selecting relatively poor people in PDP project activities will likely decrease recipients average net gains.

b. Conclusion:

(1) Overall, PDP subprojects have successfully improved rural productivity and income. Some subprojects were more successful than others for various reasons described in findings above.

(2) Some critical issues and goals need to be redefined when considering PDP project net income gain and beneficiary targeting criteria. The goal of maximizing net income is in conflict with reaching and selecting poorer people to become PDP project recipients.

c. Recommendation:

For PDP-type projects and projects enhancing the philosophy, carefully weigh the critically important but conflicting goals of (1) maximizing net recipient earnings; and (2) selecting poorer people as beneficiaries. Determine relative weights to be assigned each goal; as a result of this consideration, define the beneficiary selection criteria; process as clearly and specifically as possible. The selection criteria may properly include other considerations, such as recipient attitude and potential for success. Finally, require an explanation for any deviation from the specified beneficiary targeting and selection procedures.

3. Changes in recipients' attitudes

a. Finding:

(1) Attitudes and expectations of recipients and their families improved as their incomes and productivity improved through PDP involvement. For example, the recipient families invested in things to provide a better quality of living, in savings, and in better and higher education for their children to make life more rewarding for them.

(2) Parenthetically, it should be noted that baseline studies were not conducted for the eight provinces selected to be in the PDP program. Consequently, data collected near the end of the 10-year PDP experiment attempting to measure changes, such as economic improvements of poor beneficiary families, cannot be appropriately quantified. The recipients' abilities to recall specific expenditures and income details which occurred ten years ago in order to get the desired comparisons are called into question. There is ample proof that memory bias can be a real problem in such cases and can seriously affect the validity of "before" and "after" results claimed through project performance.

b. Conclusion:

PDP affected the lives and life styles of recipients in many positive ways.

c. Recommendation:

Studies should be initiated that measure movements in household well-being and welfare over time. Special attention could be given to variations in selected parameters as type of assistance, e.g., small industry, livestock, credit, etc., as well as, for example, initial asset position, educational levels, and geographic region.

4. Direct beneficiaries in the institution building process

a. Finding:

Beneficiaries of the 10-year PDP program were generally thought of as the targeted and selected recipients of subproject activities. However, an equally or more important group of beneficiaries were the people in many organizations at many levels who had various responsibilities in selecting, training, planning, implementing, guiding, managing, monitoring and evaluating the PDP activities.

b. Conclusions:

(1) PDP benefitted "institution builders" by providing them with a new experimental environment in which they could creatively participate, individually and collectively, in identifying the needs of local people and introducing projects designed to meet the primary PDP goal of increasing the income and productivity of the rural poor. These beneficiaries received excellent training benefits, mostly in-country, with the training designed to help them be more effective in their PDP tasks as well as in accomplishing other work. In addition, several were selected for overseas masters degree level training. As a result of participating in this broad training program in technical planning, management and leadership skills, coupled with the PDP subproject operational experience, these beneficiaries have become a vital resource and represent a substantial growth in capacity to handle present and future development issues more effectively.

(2) The Evaluation Team visits and interviews in the eight provinces revealed that the PDP "bottom-up" philosophy, using a decentralized administrative style, encouraged people from different agencies or levels of expertise, who had never worked together before, to sit together, discuss the pertinent issues and make decisions and plans for implementing and managing the PDP subprojects.

c. Recommendation:

As exemplified in this project and in the Uplands Agriculture and Conservation Project, USAID should use every opportunity when designing and funding future projects in Indonesia to support and reinforce the PDP-structured organizational and operational philosophy.

5. Lessons Learned

a. With appropriate planning and effective implementation, selected target segments of the population can be reached. PDP was a timely, innovative and successful experimental project that reached a selected segment of the rural poor and assisted them to improve income and productivity.

b. Trained program specialists, located close to the poor village people being served, can assist in identifying local needs and in developing programs to meet these needs to provide a better life for the people involved.

c. Base line studies are required to assess adequately the impact of interventions such as a PDP project. If properly designed, base line studies can establish statistically sound data sets regarding many elements of economic and social concern and interest that may be impacted by development projects and programs. The lesson learned here is to conduct base line studies at the beginning of a project to establish quantified bench marks. Progress and/or lack of success can be measured or gauged against these bench marks. Such reliably produced information becomes very helpful to decision-makers at the lower levels of government administration as well as policy makers and evaluations at higher echelons.

F. Recognizing the Diffusion/Multiplier Effect

1. Introduction

There are two major categories of diffusion encountered in the PDP program. The first is "institutional diffusion" through new programs based on the PDP model being established. This category also including the notion of the diffusion of PDP philosophies through individuals who have gained experience by working in, or were trained by, PDP agencies.

This category can be divided into five sub-categories:

- o GOI or other donor programs based on the PDP model;
- o New provincial programs based on the PDP model in PDP provinces;
- o Diffusion to non-PDP provinces;
- o "Spin-off" from PDP: the credit program; and
- o Diffusion through staff rotation.

The second major category of diffusion is termed "beneficiary diffusion" of PDP income-generating activities. Beneficiary diffusion can be broken into two sub-categories:

- o Planned diffusion of subproject benefits to new recipients via the "revolving" process or through demonstration subprojects; and
- o Spontaneous adoption of subproject activities by non-PDP individuals.

2. Institutional diffusion

a. GOI or other donor program based on the PDP model

(1) Findings

A GOI national program based on PDP is the Program Kawasan Terpadu (PKT). This program is still in the planning stage for implementation in 12 provinces (ex-PDP and non-PDP) and ultimately is scheduled to be implemented in all provinces in Indonesia. A number of Indonesian officials have stated that this new program was generated and highly influenced by the central government's experiences with PDP. Of on-going donor projects, the CIDA provincial development project in Sulawesi, the Royal Netherlands project in Aceh and the World Bank provincial

development project in Jogjakarta were admittedly based on PDP, at least in philosophy and goals if not significantly in structure and implementation. UNDP's NTASP projects and the GTZ provincial development project do not admit to significant, if any, influence by PDP. USAID'S own Uplands project adopted many of the goals and procedures of PDP (especially the RJM system).

(2) Conclusion

Diffusion of PDP philosophy, objectives, planning and implementation procedures has been adopted in a number of national sponsored programs. PDP was basically a tool to enhance existing goals of GOI decentralization and improved equity in the fruits of economic development.

(3) Recommendation

As part of on-going operational research activities, BANGDA should initiate comparative studies of provincial area development efforts to ascertain strengths and weaknesses of various approaches for acceptability and further adoption by local government units.

b. New provincial programs based on the PDP model in PDP provinces

(1) Findings

East Java Province has three on-going provincially-funded projects that use the PDP model as a basis. These are: Bantuan Pengembangan Wilayah Kepulauan (Rp. 300 million budgeted for FY 1989/90 covering four kabupaten); Pengembangan Wilayah Kecamatan Rawan (Rp. 200 million budgeted for FY 1989/90 covering 20 kecamatans in nine kabupaten); and the Proyek Bantuan Pembangunan Kecamatan Terpadu (Rp. 2.5 billion budgeted for FY 1989/90 covering 250 kecamatans). PDP provinces are devoting provincial funds to a continuation of PDP activities, but reportedly on a much smaller scale. They also report that kabupaten not yet reached by PDP funds would now be covered, thus spreading PDP's philosophy and methodology on a kabupaten basis.

(2) Conclusion

Diffusion of the PDP model has occurred in the PDP provinces on a kabupaten-by-kabupaten basis by funding, in some cases, of small-scale PDP "continuation" programs through provincial sources.

(3) Recommendation

BANGDA should study the new provincial "continuation" programs set up by the East Java Province to learn what modifications were made to the PDP model and how the revised model might be applicable to other provinces.

c. Diffusion to non-PDP provinces

(1) Findings

There was some evidence of non-PDP provinces adopting aspects of the PDP model. One example was the Lembaga Perkreditan Desa in Bali. After a credit seminar in Central Java in 1984 organized by the Ministry of Home affairs, the Balinese credit program was begun using the PDP credit model for small enterprise credit. In the non-PDP provinces visited, the PDP program was familiar to the government officers but there were no efforts to move fully to the PDP model to sponsor non-infrastructure activities.

(2) Conclusion

Inter-provincial communications concerning PDP in Indonesia has occurred. However, only through programs that are appropriately funded is there likely to be any significant diffusion of the PDP program in non-PDP provinces.

(3) Recommendation

To achieve wider participation in the PDP-like programs throughout Indonesia, BANGDA, BAPPEDA TK I and II and local governments, must encourage the generation of local funding and expand its training of planning and implementation staff at local governmental levels in non-PDP provinces.

d. "Spin-off" from PDP: the credit system

(1) Findings

The need for credit in the PDP program came from the demands of the dinases, the technical line agencies, for support for the production efforts in the many subprojects that were being sponsored. Initially, an attempt was made to meet these needs through individual subprojects, primarily by having the dinases handle the details of the credit program. This proved disastrous. As a result of demonstrated success, particularly in Central Java, the BPD was assigned the responsibility for providing the credit, including credit management training and supervision, through the locally-organized BKKs. In conformity with PDP objectives, the credit operations were directed at the low end of the enterprise ladder, in a sense, that sector outside the reach of more formal lending institutions. The successful performance of the BPD/BKK operations during the early years of PDP support attracted considerable attention and led to emulation in other provinces.

In fact, the credit program was a stellar example of the manner in which a PDP initiative, once adequately tested, was recognized as worthy and was readily transferred, modified and adopted in other provinces. Initially, the PDP

provided a timely intervention in the rehabilitation and revitalization of the BKKs in Central Java. Later, the project established a new credit system in South Kalimantan. The venture was rather quickly determined not to have met local needs. After studying various existing PDP credit models, South Kalimantan officials adopted the desa credit model of East Java. When results were not satisfactory, they then adopted the kecamatan-based credit model of Central Java; it has been a success. In NTB province, similar diffusion occurred. When its initial credit program floundered, the province adapted the Central Java model in 1987 with great success.

The success of the PDP efforts provided a credit break-through and, moreover, led to the infusion of additional support for the BKKs by a new USAID project, the Financial Institutions Development (FID) Project, in 1983.

(2) Conclusion

The Team visited local BKKs (and LKKs or LKKs) in each of the PDP provinces and was impressed by the performance of the BKKs. The Team concluded that their performance indicated a remarkable ability to reach small entrepreneurs outside the realm of commercial banks; their skills in maintaining up-to-date loan records, financial summaries and status reports was clearly evident; their track record in terms of loan payments, delinquencies, and charge-offs displayed due diligence in loan supervision; and their staffs were well-trained, knowledgeable and intelligent.

The Team also concluded that, in spite of the successes of the BKKs, the BAPPEDAS I and II and the local BPD branches appeared hesitant to expand BKK operations to presently unserved kecamatan and desas. The Team also noted that the local BKKs maintained substantial balances in the local BPDs on which the BKKs drew no interest; on the other hand, the BKKs paid a fee for the supervisory services rendered to them by the BPDs.

(3) Recommendation

(a) BANGDA and BPD Pusat should prepare guidance to the BAPPEDAS and the local BPDs and encourage expansion and installation of BKK offices in areas and regions currently not provided BKK service.

(b) BANGDA should negotiate with BPD Pusat and arrange for the retention of interest earnings by BKKs on the balances maintained in local BPDs. In many cases, the interest generated through such balances would pay the salaries of a three- to five-person staff.

e. Diffusion through staff rotation

(1) Findings

Many provincial BAPPEDAs bemoaned the fact that a number of newly-trained staff in the PDP program were frequently rotated, sometimes out of BAPPEDA, and thus their enhanced abilities were lost to the PDP program and to BAPPEDA. On the other hand, it was also frequently reported that staff that were transferred to other departments or services often utilized PDP's principles and methodologies in their new positions and responsibilities. The principles of the PDP planning system (RJM and ROT) were frequently cited as being applied by rotated officers in their new positions. In South Kalimantan province, it was observed that the rotation of PDP-trained staff from PDP kabupatens to non-PDP kabupatens contributed greatly to adoption PDP's methods and techniques throughout the province.

(2) Conclusion

Though rotation of newly-trained staff can adversely affect to some degree the BAPPEDAS at the provincial and kabupaten levels, such rotation can assist considerably in the diffusion of PDP methodologies to other regions, agencies and services.

(3) Recommendation

The rotation of experienced and newly-trained PDP staff should be undertaken judiciously with due regard to stability in on-going agency operations and the need to import new ideas and methods to expanding, new and unserved regions and areas. Moreover, such personnel moves should be related to career development plans (see Section D).

f. Lessons Learned

Diffusion of project philosophies and methodologies do take place at the lower, more personal levels of governance and administration. Rotation of staff and personnel aids in this process. On the Indonesian scene, inter-provincial communication proved to be especially important in diffusing PDP's benefits and should be emphasized in other programs. Finally, institutional diffusion, although exceedingly difficult to quantify, has occurred primarily because of the great emphasis and effort spent on training.

3. Beneficiary diffusion

a. Planned diffusion of subproject benefits

(1) Findings

The "revolving" system of subproject benefits and the "demonstration plot" system were the two basic methods of planned subproject benefit diffusion. By far the most popular example of the revolving system was the livestock project implemented in all PDP provinces. The SRI survey of September 1986 indicated that these types of projects had a low sustainability level (40%) because of mortality and sale/consumption of the animals. The survey also revealed the return rate (pay back) on the cattle projects was 58%. For sheep and goats less than one-third of required pay back animals had been returned. "Demonstration plots" of many types and sectors were implemented but their success in attracting recipients or beneficiaries to duplicate the activities was highly questionable. Examples of these effort were fish pond demonstration projects that had no water (or water only in the rainy season), home garden demonstration projects with fruits or vegetables with very low survival rates during a growing season, and multiple-relay cropping projects that died out because of poor seed stock or improper timing of operations.

(2) Conclusion

With the huge number of revolving projects implemented over the years of PDP, considerable "planned" diffusion has occurred. Data indicate, however, that the revolving system was often poorly managed and, moreover, that great numbers of potential beneficiaries of the subprojects that were not reached. By their very nature, "demonstration" projects have to be technically sound and clearly exhibit substantial net gains in order to attract replication by project recipients. In a majority of the cases, this type of planned diffusion fell short of expectations because of ill-conceived and poorly-maintained demonstrations.

(3) Recommendations

"Revolving" projects have to be administered and supervised much more closely by the executing agencies in order to achieve project objectives, both in terms of increased net returns per beneficiary and increasing the number of beneficiaries to be served. The "demonstration" system should be closely re-examined, particularly by BAPPEDAS and the technical services or dinases, to determined the role of this system of technical information diffusion in future PDP-like subprojects.

b. Spontaneous diffusion among non-PDP participants

(1) Findings

The SRI survey indicates that over 50% of village heads interviewed felt that some non-PDP participants had adopted PDP activities spontaneously. The spin-off effect of employment generation caused by PDP activities was felt to have

considered a leader in this multiplier-effect phenomenon. The extent of such spontaneous diffusion among groups and individuals in a community is difficult to measure, but a number of consultants and evaluators have noted the occurrence of this type of "unplanned" diffusion.

(2) Conclusion

If net gains are clearly evident and the projects are easily replicable, "spontaneous" or "unplanned" diffusion will occur. Many of the PDP subprojects successfully met these criteria.

(3) Recommendation

Further studies, such as the current SRI survey, should be closely analyzed to determine the spin-off effect of unplanned diffusion and efforts made to incorporate this phenomenon more adequately in impact and evaluation studies.

4. Lesson learned

Planned and spontaneous diffusion occurs in experimental socio-economic projects such as the PDP project, but to be successful revolving and demonstration activities must be well-designed and effectively managed and monitored.

G. Applying the Appropriate Technology in the Subprojects

Literally thousands of subprojects have emerged during the 10-year life of the PDP project. The vast majority of the PDP subprojects turned out to be successful because careful consideration had been given to using appropriate technology in the initial design of these subprojects. A few subprojects did not respond satisfactorily to local problems with the introduction of new technology and had to have the technology modified or, in some cases, simply dropped. Examples of appropriate as well as inappropriate technology are documented extensively in most of final provincial PDP reports.

a. Continued use of labor intensive methods

(1) Findings

Human powered machines were used instead of machines requiring electricity to assist small industry subprojects in those areas with undependable or no electricity. For example, the Penujak Ceramics Project in West Nusa Tenggara Province used kick wheels and gas fired kilns instead of electric devices, a roof tile factory in Central Java used a hand-operated tile press and a silk weaving operation in Aceh used hand looms.

In the search for appropriate technology, the Nusa Tenggara Timur PDP project, for example, undertook the following:

- o. Animal drawn plows, harrows and other agricultural implements for upland and for lowland land preparation were introduced to improve work capacity, reduce human drudgery, increase yields and provide added income for farmers.
- o. Improved cultural practices were developed for maintaining and preserving an appropriate balance in the agricultural-ecological system.
- o. Seeds and farm tools were tested, improved, produced and made available to the villagers to reduce arduous labor and improve production. Each of these was appropriate technology applied to help low income farmers in one of the poorest, most remote areas in Indonesia.

(2) Conclusion

The contribution of technical soundness of subprojects cannot be underestimated. Providing technology appropriate to the environment and facilities of the recipients is an important factor in the success of subprojects and in gaining acceptance of the technology among subproject recipients.

(3) Recommendation

In programs with many subprojects in many sectors, the BAPPEDAs must strengthen their coordinating role among the various technical dinases and be prepared to share experiences with new and modified technology with other provinces and kabupatens.

b. Experimental nature of PDP sub-projects

(1) Findings

In Aceh province, the PDP project introduced two designs of threshing equipment to rice farmers. These models did not seem practical or appropriate to local farmers and, therefore, they continued their traditional way of threshing. Finally, a small gasoline engine powered thresher was provided through PDP; it gained wide use because of its increased threshing capacity and ease of operations.

In the Balai Karya program in West Nusa Tenggara Province, a number of the subprojects failed because the machines provided by the project had no spare parts or were set up in workshops with improper electricity voltage or utility services.

(2) Conclusion

PDP was intended to be experimental in nature. Therefore, the introduction of new tools or equipment was not expected to be successful or appropriate on every occasion. Continued experimentation and modifications of design were important. Sometimes initial failures were the stepping stones to improved methods and more appropriate tools, equipment and machines. A "life cycle" approach to the introduction of new technology should encompass not only initial installation considerations but cost of replacement and spare parts.

(3) Recommendation:

The experimented nature of PDP subprojects, particularly when such trials relate to the introduction of new technology among the low-income segments of the population, should be recognized and remain an integral part of PDP-like activity.

c. Marketing the products of new and improved technology

(1) Findings

The Penujak ceramics subproject of West Nusa Tenggara province, besides providing the appropriate technology, went one important step further by given attention to the marketing and sales of its increased production. The ceramics group established a showroom in the capital city near the tourist center, thereby providing an effective marketing channel. Likewise, the cloth wearing subproject in kecamatan Darussaleh, Aceh has opened showrooms in Banda Aceh and Jakarta to promote its products. Technology provided better products and increased production, but without assistance in market promotion and development, the results in terms of increased incomes can be disappointing.

(2) Conclusion

In many small-scale industries the benefits of new technology were not fully realized due to the lack of development of markets for new products or increased production.

(3) Recommendation

The introduction of new technology which results in new products or increased production should be combined with marketing assistance to provide the maximum benefit to the recipients/participants.

d. Lesson Learned

Technical soundness of subprojects does not necessarily require high capital investments, but can be achieved with the application of low cost technology that is best suited to the region or the working environment.

H. Enhancing Public Understanding of PDP-Like Projects

1. Findings

Among those government officials most concerned with PDP, the Pimpros (Project Implementation Officers) and BAPPEDA staff at Tingkat I and II (Province and Kabupaten) levels, the idea of meeting local needs and conditions by interventions or projects specifically designed and carried out in response to local initiative is verbally well seated. Local beneficiaries and the heads of desas also were able to verbalize the concept. "Bottom up" planning was a litany endlessly repeated. Operationally, however, in a number of cases, it was local selection from a menu of available selections rather than local suggestions of new innovations.

At the higher levels of the provincial and district governments (BAPPEDA chairmen, district heads, and gubernatorial staffs), the litany was also repeated, but the clear political purpose of extracting additional funding from the center to implement the interventions was spoken about.

PDP programs were sometimes seen as small-scale, local programs that can take funding away from larger infrastructure construction or repair activities, and sometimes seen as valuable adjuncts that bring incremental funding, allegiance and progress.

Beyond implementing bureaucrats and direct beneficiaries of interventions, there seems to be little awareness of the program except as just another government development activity.

It seems likely that as long as the program receives almost all of its funding from the center this situation will continue. Only in selected places, such as Central Java, have there been local funding made available for PDP-type programs. In most other provinces, INPRES grants will be used for PDP programs in recognition of the program's ability to reach the poor areas in effective ways and the central government's stated pursuit of decentralization. But most local officials are not yet considering using local funds (locally raised and controlled) for PDP-type projects. When, in a non-PDP district that is wealthy enough that it raises significant revenue on its own for local use, members of the Evaluation Team raised the question of funding PDP projects the response was that the local leaders would welcome funds from the central government or AID for this purpose. In fairness, the district in question did have a successful and growing PDP-like small development program that was successfully mobilizing savings and providing credit to fishermen and small tradesmen. The general prosperity of the area suggested this was a natural outgrowth of the area's development and that officials had the wisdom not to smother an idea they planted and nurtured.

2. Conclusions

So long as local governments are dependent upon central tax collection and subsidies, they will have to be at least as responsive to central desires and needs as local ones. The groundwork for local government finance has, however, been laid with the local BAPPEDAs, and PDP has played an important role in equipping and training them. The new tax laws of 1984 (which are still in the process of being fleshed out administratively) plus the new local tax regulations being prepared in the ministries will begin to give those district and provincial development agencies funds with which to work. The AID co-financing funds gave these agencies a chance to practice, with technical assistance in place.

Before a truly locally-led and financed (under central guidance) development investment operation enters full operation in many parts of the country, there will need to be more widespread understanding of what it means to have local governments with local accountability. If land taxes (the more matured PBB), fuel taxes, and user charges are truly used for local improvements and services in clearly identifiable ways, this knowledge may be rapidly forthcoming. But the new taxes or revenues (for public relations reasons, user charges are best clearly labeled as such) must be transparently used for local betterment. The inevitable temptation for officials appointed from and still viewing their careers as being at the center to use local revenues to meet "essential shortfalls" must be vigorously resisted.

A second aspect of PDP that has been well publicized is its redistributive aspect. Continued emphasis upon redistribution may be counterproductive when PDP activities involve predominantly the public mobilization of local resources for investments that increase local productive capacity and thereby income. In these circumstances emphasis must be on spreading understanding of how the entire community will benefit from projects. This includes projects that increase the productivity of those who currently add the least wealth to the community.

3. Recommendation

Spreading understanding of the advantages and benefits from PDP-type programs for the entire development process is an important and necessary step to achieving sustainability for the decentralization aspects of the activity. Only when the overall advantages of such decentralization are understood will the decentralization already achieved be safe from regression and even be further advanced.

I. Managing PDP and PDP-Like Projects

Management issues are sometimes difficult to separate from other aspects of the PDP program and, therefore, have been touched upon where relevant in previous portions of this evaluation. That is a result both of the complexity of the project and of its capacity to evolve and unfold as issues emerged. As a consequence, the Team's findings and recommendations have both technical and management implications.

Three broad areas of management issues emerged during the course of the final evaluation: information management, boundary management and financial management. A number of questions arose in these areas, with implications for the project itself, USAID, and the Government of Indonesia.

1. Information management

a. Producing relevant information

(1) Findings

The PDP generated a substantial amount of written material. Information was required from all the kabupatens and kecamatans involved in the project. Voluminous reports were generated at provincial levels, accumulated there and at the center. It is not clear that the information generated was in a consistent format, useful to the periodic evaluations carried out, to planning, or to on-going decision-making. The Team found that this problem was also pinpointed earlier by USAID's internal evaluations: "...at present in PDP the planning system does not yet provide sufficient information on which to base monitoring and evaluation and systems are not in place to produce information to assist the planning process." [Project Paper: Indonesia. Provincial Area Development Program II, 1988].

(2) Conclusion

The present system still needs revision to meet the current and future requirements and needs of planners, managers, decision-makers, and policy formulators of PDP-like activities.

(3) Recommendation

A study should be commissioned to review the essential information that management needs at BANGDA and at provincial and other local planning levels. The purpose is to devise an improved management information system to meet requirements for subprojects, programmatic and policy purposes.

b. Exchange of project information

(1) Finding

The PDP was a pioneer undertaking in many respects. Other donor agencies have expressed interest in it. Some, such as Canada, West Germany and Australia, are involved in projects which seem to have similar goals and employ comparable procedures. Information sharing appeared to be limited and most frequently on an informal basis.

(2) Conclusion

It is in the interests of the GOI and of the donors to be in a position to benefit from the information acquired in related but different programs that share similar goals and some similarity of methods.

(3) Recommendation

A study should be commissioned by the GOI (perhaps with USAID assistance) to undertake a comparative analysis of projects with characteristics similar to PDP and, moreover, to recommend specific measures regarding the means of establishing a networking system among donors to ensure information sharing.

c. Capturing the results of experimentation

(1) Findings

Decentralized experimentation, has a price. To sustain projects such as PDP, it is essential that the experimental aspects be utilized as a learning tool for managers and policy makers. Except for a couple of notable areas, we found limited examples of attempting to learn from the "mistakes" of others among dispersed kabupaten-based projects.

(2) Conclusion

The center did not play an integrating, "lesson-capturing" role in a systematic fashion during the life of the PDP project. As a result, apart from the credit program and selected technological innovations, there was a possibility of a loss of the results of experimentation as well as other experiences within the project. At times, it appeared as if the results-oriented aspects of the project tended to obscure the innovative, experimental side of the effort.

(3) Recommendation

Central agencies should examine their internal procedures and priorities to ensure that the results of the experimental aspects of projects like PDP are retained and become

part of the "institutional memory." To assure such action new procedures are needed in information gathering, retrieval and dissemination.

d. Maintaining the PDP resources

(1) Findings

In the life of PDP a large quantity of valuable documentation and evaluation has been collected. It was held by BANGDA, BAPPENAS, USAID, and local level government agencies. Included were regular and periodic operational reports, annual reviews, special and final reports of consultants, conference manuals and other material. These represented an extremely valuable resource; much of it dispersed among the provinces; and much of it uncollated. Little of it has been analyzed.

(2) Conclusion

There is a danger that this valuable resource on regional development, institution building and reaching the poor may be lost or under utilized. It should be maintained for policy analyses and research purposes in the fields of development, public affairs and public administration.

(3) Recommendation

The PDP-generated material should be microfilmed and placed in a national documentation center or an appropriate public or university library. Moreover, specific measures should be taken to encourage scholars and students of public affairs, development, and related disciplines to undertake research using these resource materials.

2. Boundary management

The PDP was a new approach to regional development, attempting to work with agencies which were new to the administrative structure of Indonesia, centrally, provincially and at the district and sub-district levels. It is not surprising that lines of authority were not always clear, or not yet settled. In addition, the PDP was a relatively small player in a much larger field of development activities undertaken by the GOI. Isolating concerns regarding PDP from wider matters affecting government operations was not only difficult at times, but well beyond the purview of the officials managing PDP day-to-day or the Final Evaluation Team. The issues which did emerge seemed to relate primarily to sorting out jurisdictional boundaries within several layers of administration.

a. Central agencies

(1) Findings

The Team was aware that other evaluation reports expressed concern about BANGDA, the agency directly responsible for operating the PDP [see for example, McKinnon, 1988]. Elevation of the status of BANGDA within its own ministry and a sustained effort by PDP itself to increase the human resource component of BANGDA were features of the PDP time period of operation. For example, some 40% of all foreign training by PDP was among BANGDA personnel. (This may have had short-term negative effects as key personnel were absent for long periods, but will have long-term benefits if trained people return and are well utilized.) Without a thorough and separate study of central agency operations, it cannot be determined if issues such as have been raised in previous reports have been addressed: "A clear definition of Ditjen. BANGDA's role both as a policy making body and in the management of donor projects is urgently needed." [McKinnon, 1988, p. II].

(2) Conclusion

What seems obvious in the Team's view is the possibility that there will be continuing scope for confusion between the role of BANGDA and, for example, BAPPENAS. Both have legitimate interests in the planning and evaluation of decentralization activities and of projects like PDP. This potential for confusion runs to the field level as well, since both agencies have an interest in the BAPPEDA. Which is the lead agency, for what purposes, under what circumstances, seems to be lingering concern. Since BANGDA is itself relatively new, there may be intra-ministerial complexities as well.

(3) Recommendation

If the operation of BANGDA remains a concern for the GOI, or for donor agencies, a separate study should be commissioned to examine its internal situation within its Ministry; its relationship to other central and provincial agencies; and the impact, for example, of USAID's and other donors' efforts to increase its capacities.

b. Provincial agencies

(1) Finding

Within the provincial level apparatus, the creation and the evolution (with PDP assistance) of the BAPPEDA I, has left some lingering administrative confusion. There are now two agencies at the provincial level which report to the governor in the field of regional development: the Biro Pembangunan (Bureau of Area Development) on the governor's own staff and the BAPPEDA I. One key informant with PDP experience refers to them as "two structures in search of functions." The Evaluation Team found that

the scope for conflict in regard to which agency is responsible for conducting development activities is more than just a possibility. In at least one PDP province, BAPPEDA complained that the Biro Pembangunan had changed and even written off projects approved by the BAPPEDA and operational field services, and, moreover, had restricted BAPPEDA I & II personnel from visiting PDP project sites for monitoring purposes.

(2) Conclusion

The potential for administrative confusion has obviously not subsided. Operation of the BAPPEDA will continue with or without PDP-type of activities and clarification of respective roles are needed.

(3) Recommendation

BANGDA should investigate this area of administrative overlap. New and clear administrative directions may be needed to clarify to the levels of governments concerned the division of labor between BAPPEDA and Biro Pembangunan.

c. Provincial/kabupaten level agencies

(1) Finding

No less important than the issue of conflict between the BAPPEDA and Biro Pembangunan is the discovery by the Evaluation Team that in some cases BAPPEDA oversteps its authority and acts as an implementing agency (pimpro) of PDP projects. BAPPEDAs, according to the law establishing their existence, function as planning, coordinating, monitoring and evaluating agencies in their respective areas of jurisdiction. It is the dinas (services) which, in the main, implement projects.

(2) Conclusion

The result of failure to maintain administrative boundaries is doubly negative. It deprives the dinas of the management experience and (if it appears at BAPPEDA I) clusters funding at the provincial level. Like the conflict between provincial authorities, it is "anti-decentralization" in its implications.

(3) Recommendation

BANGDA should issue clear directives to prevent BAPPEDA I and II from functioning as implementers of development projects.

3. Financial management

Using sustainability as a central criteria, a number of issues became clear in the area of financial management. While they grow out of the past decade of PDP experience, the Team also has as its underlying concern some recommendations useful for future projects relating to Indonesia's development efforts.

a. Funding delays and reimbursement

(1) Findings

The Team found that PDP management was well aware of problems previously reported by evaluators in the financial disbursement and reimbursement mechanisms. Steps have been taken to change the procedures involved in order to make payments more timely and thus more effective. However, funding delays was still a common complaint among the BAPPEDAs and other participants. Some projects in agriculture were reported to have failed as a result of a lack of timely arrival of promised funds.

(2) Conclusion

Problems remain in the funding delivery mechanisms utilized by the GOI and PDP. Previous efforts to correct these problems have not been fully effective. The problem surrounding funding disbursements are apparently deep rooted.

(3) Recommendation

BANGDA should find solutions for continuing delays in funding disbursements. Designing simple mechanisms and procedures is a first step. Active support of BAPPENAS, the Directorate General of the National Budget and the Central Bank of Indonesia should be solicited for support, if necessary. In future projects involving regional development, consideration should be given to greater utilization of the Bank Pembangunan Daerah (Regional Development Bank) as a conduit of funds.

b. Sustainability of subsidiary institutions

(1) Finding

As an experimental program, PDP worked through established government agencies. The Team also found that the program was involved in helping set up new local institutions. Apparently, no provisions were made for ensuring their financial support after the end of the PDP special subproject funding. Several PDP provinces were involved, for example, in establishing worthwhile institutions, such as agricultural research centers or organizations involving village extension workers. Provincial government or dinas willingness to take on the responsibility for managing or financing these institutions was not assured.

(2) Conclusion

Sustainability was not the foremost consideration in establishing new institutions.

(3) Recommendation

BANGDA should provide clear directions and instructions to BAPPEDAS I that new organizations or institutions are not to be created as part of PDP type programs unless a written guarantee is obtained from either the Kanwil or the dinas that they will provide funds and be willing to manage the organizations or institutions after the project is completed. If BAPPEDAS cannot receive guarantees from the Kanwil or the dinas, the Team recommends that the BAPPEDAS use existing organizations and improve their institutional capacity to conduct development activities in the region.

c. Decentralization and participation

(1) Finding

Decentralization through the PDP and in Indonesia generally meant extending the effectiveness of rural administration. As a result, there was often increased activity in the desa by the LKMD, the kepala desa, and especially subproject beneficiaries. However, the PDP funding was consistently disbursed through agencies entirely responsible to the central government.

(2) Conclusion

The local executive agencies were further strengthened in comparison to other branches of local government. That is, PDP contributed to decentralization of government activity, but only indirectly to devolution of authority.

(3) Recommendation

Future efforts at decentralization should distinguish more clearly between deconcentration and devolution, between mobilization (for someone else's purpose) and participation in meaningful decision-making. The next step in sustainable decentralization is transfer of substantive decision-making authority to the legislative dimension of Indonesia's government. Programs involving capacity-building, utilizing local NGOs and other elements of the voluntary sector for training and other related purposes are to be encouraged. Gaining control over finances is an important component of strengthening local legislative institutions.

d. Decentralization and local finance

(1) Finding

In a previous section of the Team's report tax revenue were discussed at some length. What is clear from the PDP experience is that the funding provided to local administration, at whatever level, was viewed by all concerned as central (and in part USAID) funding. A sense of real control or ownership was not engendered by this form of financial management. Experiments with bloc funding in one province did not endure or become a part of PDP practice countrywide. Experimentation with alternative forms of funding did not seem to play a large role in the PDP experience.

(2) Conclusion

Administrative decentralization was proven relatively effective through PDP efforts. However, the logical next step in the process--financial decentralization--was not institutionalized.

(3) Recommendation

Transfer payments are a common feature of governments in various parts of the world. Local government in Indonesia, as an element of decentralization, must install its own acceptable form of providing funds to provincial or even to district governments. This will allow those funds to be considered local revenue. Donor support for such an experiment is in keeping with previous types of donor support for Indonesia's decentralization. After the fact accountability could still rest with central authority.

e. Measures to insure continued funding

(1) Findings

Sustainability of PDP is best indicated by central and provincial support for PDP and projects related to it. The Ministry of Home Affairs, BAPPENAS and provincial governments have indicated their general support. In terms of financial management, it is fair to ask what preparations were made on the donor side to secure the financial future of the project prior to its termination. Apparently, there were plans to ensure that provincial level governments picked up an increasing share of the cost during the final phases of the PDP II through "continuing discussion with the GOI over the life of the program" [Project Paper Indonesia PDP II, 1983]. The fiscal crisis attendant upon the collapse of oil prices was a conditioning factor in such discussion when they occurred. The result was that AID agreed to meet a larger portion of the project's costs in the last few years than it had originally planned.

(2) Conclusion

If the discussions on future funding did not take place in depth or were simply not successful it would appear to be a lacuna in the otherwise methodical preparation for turning PDP over to the government of Indonesia.

(3) Recommendation

USAID should continue to help Indonesia make and execute plans for orderly turn-over arrangements of projects such as PDP. These discussions that may otherwise atrophy should include a schedule for assumption of costs by the host country for activities that will otherwise atrophy.

f. Mobilization of local resources

(1) Finding

With the end of the AID project, the GOI becomes entirely responsible for any PDP activities which may be continued. Local resource mobilization will be an important and crucial matter if the project is to have further impact. There were signs that administrative complexity may be a factor in delaying further decentralization. At the time of the Final Evaluation Team's investigation the Government of Indonesia was actively undertaking discussions of revisions in its taxation structure including planned shifts in its local revenue base and changes in user fees. Various ministries and directorates were involved in these discussion. Such topics have direct implication for the financial future of the provinces and districts. It was unclear whether there was a systematic means to include agencies implementing various local activities, such as BANGDA and other directorates, in such discussions.

(2) Conclusion

Mobilization of local revenue is critical to decentralization. Interested parties, such as BANGDA, should be included in the early stages of discussions which affect revenue mobilization.

(3) Recommendation

Mobilizing local resources is part of sound financial management of decentralized rural development. BANGDA and others with a stake in this issue should actively seek out opportunities to plan an orderly expansion of financial resources available to local governments.

g. Seeking alternative sources

(1) Finding

In conclusion, the Final Evaluation Team noted that the PDP had generated considerable momentum along both lines of its activities: increased institutional capacity in the countryside, and projects directed at raising incomes of the poor. Momentum can be lost if the project terminates and local resources do not fully sustain present or expanded levels of activity. Both USAID and GOI have expressed support for PDP in the past and provincial governments are utilizing their own limited funds for continuing the project in one form or another.

(2) Conclusion

It seems appropriate that either or both, USAID or GOI, seek alternative donors, or innovative new sources of USAID funding to sustain the progress achieved during the past ten years.

(3) Recommendation

Both governments involved in PDP should actively seek alternative donor sources, or alternative ways for USAID to maintain its involvement, in order to sustain and build upon the achievements demonstrated by the PDP over the relatively short time period of its existence.

III. SUMMARY AND CONCLUSION

The Team concluded that the GOI and AID through the PDP Project have increased the capacities and enhanced the capabilities of the BANGDA, BAPPEDAs and dinas for regional area development through useful training programs, the augmentation of field operations with appropriate equipment and commodities and the use of selected Indonesian and foreign consultants in technical assistance efforts. Moreover, through funding provided by the project, the entire planning and implementation system was energized and employed successfully in a set of experimental subprojects designed to reach the low income populations in the eight participating provinces.

A striking feature of the project was the large number of beneficiaries who profited directly from the project. This included not only the participants from governmental agencies that were afforded formal and informal training, but literally tens upon thousands of individual villagers who were reached through the innovative subprojects in activities ranging from skills training in ceramics and tile production to the provision of special credit programs for small market vendors and entrepreneurs.

Other aspects of the project were noteworthy. For example, appreciable decentralization of administrative functions occurred as, over time, more responsibilities for planning, implementing and monitoring the program, particularly the subproject activities, were delegated by the BAPPEDAs to the kabupaten and, in some cases, to the kecamatan/desa levels. Likewise, the diffusion or "spread" effect of the project, nurtured through the PDP successes, had moved BAPPEDAs and other agencies to apply the PDP philosophy, concepts and principles to other similar activities, such as the kecamatan credit programs (BKCs). The newly-announced PKT program will incorporate much of the new approach and methodology of PDP and these, in turn, will be transferred to former non-PDP provinces and kabupatens.

While immediate funding was critical in most provinces, numerous proposals were either active or under consideration at central and local levels. The PKT program was a follow-up to the PDP in 12 selected provinces. In one province, for example, in which APBD TK I funds were hitherto used only for infrastructure funding, a proposal was before the local parliament to apportion such funds on a 60:40 basis for PDP-like and infrastructure purposes, respectively. Moreover, on the central level, there has been substantial improvement in total governmental resource mobilization. Much of the increase in tax revenue will occur at the local level available for local uses and needs. These were reflections of the broad acceptance of PDP-like activities by many groups in the population and were indicative of the support that

such activities had from central, gubernatorial and parliamentary sources.

On the eve of the last decade of the 20th century, the MOHA, through BANGDA and its affiliated agencies at the local level, is positioned to play a pivotal role to promote further regional social-economic planning and development and to enhance the well-being of many of the economically disadvantaged segments of the rural population. Continued improvements and modifications of the system, based on the lessons learned in the past 10 years of the PDP project, can lead to better performance at all levels. Continued training and investment in human capital is of paramount importance in sustaining the momentum of the program. Impending reforms leading to increased generation of tax revenues at the local level with attendant local citizen interest and expanding "bottom-up" participation are encouraging in terms of the level at which the project investment will be truly sustained in the future.

ANNEX 1

Final Evaluation of Provincial Area Development Project
(PDP II-497-0276)

Institutional Assessment
Scope of Work (Revised)

FINAL EVALUATION OF PROVINCIAL AREA DEVELOPMENT PROJECT
(PDP II-497-0276)

INSTITUTIONAL ASSESSMENT
SCOPE OF WORK (Revised)

1. Purpose

The purpose of this study is to assess the success of the Provincial Area Development Program (PDP) in achieving its primary objectives:

- (i) to improve the capability of local governments to undertake rural development activities which improve the productive capacity of the rural poor;
- (ii) to improve the capability of the central government to support local government in planning, implementing and evaluating activities which improve the productive capacity of the rural poor;
- (iii) to improve incomes of the rural poor within the project area through implementing small sub-project activities.

The assessment will focus primarily on PDP's impact on capacity-building in the provincial and district BAPPEDA and in BANGDA at central level. The assessment will determine the extent to which PDP has strengthened the capabilities of these government units to plan and manage rural development activities, and the extent to which this effort has resulted in the improved well-being of rural people. The assessment will identify strengths and weaknesses of project implementation, document the lessons learned from the overall PDP experience and make recommendations for enhancement and improvement.

2. Background

The Provincial Area Development Program is an area development program of the GOI which is supported by bilateral loans and grants from USAID and implemented by the Directorate General for Regional Development (BANGDA), of the Ministry of Home Affairs. The project started in two provinces (Aceh and Central Java) during the GOI 1978/1979 fiscal year, and later expanded to four more in 1979/80 (Bengkulu, East Java, South Kalimantan and NTT), and finally to two more in 1980/81 (West Java and NTB). The project has provided technical assistance and training opportunities to strengthened the BAPPEDA, as well as funds to implement projects identified and planned by the Provincial BAPPEDA and selected Kabupaten BAPPEDA in the eight provinces.

During early stages of project activity, PDP emphasized the identification and implementation of targeted sub-projects in various sectors. Later it became apparent that the sub-projects were being planned annually without a coherent development framework, and without reference to prior implementation experience, thus impact promised to be neither systematic nor cumulatively achieved. In response, PDP shifted emphasis from launching discrete activities to systems development, which culminated in the promulgation of a comprehensive PDP planning system which incorporated various analytical and evaluative steps into the planning process.

Overall, implementation of PDP has been pragmatic and flexible, adapting to a changing institutional environment, and incorporating a number of modifications as needed. After nearly ten years of experience, it is clear that PDP sub-project funding has been an important source of revenue for local governments in the project areas, especially at the kabupaten level and, in Central Java, the kecamatan level. It is also clear that budget flows and reimbursement procedures have been streamlined, eliminating bottlenecks which constrained implementation in early years. Finally, it is clear that individual provinces have interpreted the thrust of PDP in different ways, resulting in at least eight different administrative arrangements and general program approaches, despite the issuance of uniform directives from BANGDA.

Although it is generally believed that BAPPEDA capabilities have improved markedly during the project period, especially at the kabupaten level, it is not clear to what extent any improvements can be attributed to PDP. The project has been previously evaluated, once in 1981, then again in 1985. The 1981 evaluation was inconclusive about the extent to which both BANGDA and BAPPEDA overall capacity to plan and manage an exploded program. Although the 1985 study on beneficiary impact found a relatively high level of sustainability for sub-projects, the question about enhanced institutional capacity was not addressed.

The PDP Project is in its final stages of implementation. Among the last of the major activities to be carried out under the project are training and a final evaluation. The final evaluation will be designed to satisfy both GOI and AID needs for information, including an identification of lessons learned and recommendations for refining program planning management. Guidance such as this will be especially useful to the Ministry of Home Affairs (particularly to BANGDA), BAPPENAS and the Ministry of Finance as they continue to implement donor-assisted area development projects and both continuing and new local government initiatives. For AID, the final evaluation will provide critical analyses of project impact and achievement of the two major thrusts, i.e., (1) institutional development and (2) the planning and implementation of small projects with direct

beneficiary impact. The focus on sustainability and incomes will produce data which will be useful to other AID-assisted projects. Finally, the study will also provide a basis for responding to a USAID Inspector General audit finding concerning sustainability and an orderly transfer of responsibility from USAID to the GOI.

3. Assessment Study Structure

A major effort of the evaluation will be aimed at collecting and analyzing data on the institutional aspects of the project, to include a critical analysis of development strategies in Indonesia, such as institution building and decentralization. This phase will examine the planning and implementation apparatus assisted or established under the project and determine the extent to which improvements are needed and the degree to which these bodies could be utilized to best advantage in the future.

The study will also focus on the question of beneficiary impact, both in terms of sustainability and the direct affect on incomes. The Team will utilize data and analyses generated by available beneficiary studies and reports to provide a basis for qualitative assessment of this aspect of the PDP.

The overall assessment is designed to be sensitive to the two major thrusts of PDP--capacity-building and achieving direct impact on target groups. The PDP project design identified both these thrusts without assigning priority to either. Conceptually, each of these objectives can be seen as either a vehicle or a goal. That is, to fund targeted sub-projects can be seen as a vehicle for achieving the purpose of strengthening local planning agencies; conversely, the capacity-building effort can be seen as a vehicle for achieving the goal of directly improving the status of the rural poor.

4. Major Issues

The evaluation team will examine a number of PDP-related topics to (1) assess the extent of progress made toward PDP purposes and/or problems which remain to be resolved; (2) identify and document the overall lessons of experience; and, (3) make appropriate recommendations for the benefit of the GOI and AID concerning the alleviation of constraints to an orderly transfer of responsibility under the PDP from AID to the GOI and, in this context, assess the need for and the basis of future area development initiatives. The topics to be assessed are:

(i) Institutional Capacity

o Assess PDP achievement of its institutional development objectives at central and local levels of government.

- o Assess the extent of replication of systems, e.g., planning and financial management, beyond PDP-assisted provinces and kabupatens.

- o Assess the prospects for sustaining progress and momentum of small project activity during the post-PDP period.

(ii) Program Implementation

- o Assess the overall impact of inputs under the project, e.g., credit, sub-project financing, and training, as these pertain to the achievement of project purposes 1 and 2.

- o Assess the efficacy of the technical packages for sub-projects, promoted by dinas at district level.

- o Using data generated by available beneficiary impact surveys and reports, assess the program impact on beneficiaries.

- o Assess the sustainability of programs to be initiated under PPW during the post-PDP period.

- o Identify and document program transition from PDP to programs supported by provincial and central governments.

- o Identify and document the extent to which provincial governments have utilized their own resources to implement PDP type programs.

(iii) Project Implementation Strategy

- o Qualitatively assess impact of the strategy of decentralization as a primary thrust under the PDP.

- o Examine and assess project design and other element of project implementation and its impact on achieving project purpose(s).

- o Assess the efficacy of the technical assistance and other major inputs.

(iv) Project Administration and Financial Management

- o Assess AID organizational and administrative support systems.

- o Assess BANGDA organizational and administrative support systems.
- o Assess BAPPEDA (I & II) organizational and administrative support systems.

5. Institutional Assessment Methodology

The institutional assessment will be undertaken by a multi-disciplinary team which will synthesize and interpret three sets of data: (1) existing PDP documentation consisting of evaluation reports, papers and studies; (2) the results of available beneficiary impact surveys; and, (3) field data gathered by the team itself from interviews with various GOI and USAID officials and key informants who have been involved with the PDP at various institutional levels. The evaluation will require a period of eight weeks, but not all team members will be needed for the full period.

The team leader will arrive in Jakarta one week before the full team is assembled, in order to consult with BANGDA and USAID officials to refine the evaluation schedule, begin preparation of a workplan and to arrange logistics. Preliminary appointments may also be arranged at this time.

Prior to the commencement of field work, the assessment team will be briefed on assessment objectives and the PDP program in general by representatives of USAID, BANGDA and other GOI bodies. The team will also be accorded the opportunity to review project documentation inter alia, beneficiary impact studies, BANGDA management studies, evaluation reports, and selected papers and data on provincial and kabupaten sub-project activities. A bibliography of publications is found at.

Prior to departure to the provinces, the team will also review and refine the evaluation SOW and workplan and assign responsibility for data gathering and analysis to individual team members. Such an approach will provide coherence to field interviews and assure a consistency in the data set, while also allowing sufficient flexibility which is necessary to account for province-specific issues and settings.

All eight provinces in which the PDP operated will be visited. Initially, three groups, each group consisting of two evaluation team members and one full-time representative from BANGDA and part-time representative from USAID will visit two PDP provinces (a total of six) and selected kabupatens. Following the completion of the review of the interim report, visits will be undertaken to the two remain provinces to verify and confirm findings and conclusions growing out of the discussions at the interim report review.

Group and individual interviews will begin at provincial headquarters, to be followed by visits to selected kabupatens. On the initial study tours, visits to at least two provinces and selected kabupatens that were not covered under the PDP will be scheduled to provide opportunities to generate data that can be used for comparative analyses. Field visits to subproject sites will be arranged in all eight provinces.

Field work focus on the structure and functioning of the BAPPEDA and dinas, including staffing, resources, responsibilities and activities and central and local government provisions for post-PDP activities.

A report will be prepared by the evaluation team, based on its findings. An interim report will be submitted on October 25 and a revised draft report on November 7 for presentation to AID and BANGDA, then finalized to incorporate GOI and AID comments. The report will highlight the common features and variations in the approach to project implementation and provide an assessment of strengths and weaknesses, particularly in the context of lessons learned. The report will also contain specific recommendations regarding future directions of area development program in general.

6. Team Composition

The evaluation will be carried out by a team of six consultants. The management specialist will function as Team Leader for the evaluation team, in addition to his/her technical responsibilities. The team will consist of a mix of U.S. expatriate and Indonesia experts. In addition, the six-person team will be supplemented by representatives from BANGDA, BAPPENAS and USAID.

Team Leader/Institutional Management Specialist:

The primary responsibility of the team leader will be to coordinate and manage the evaluation and to provide technical expertise in the area of institutional development and management. The team leader will have primary responsibility for ensuring the timely preparation of the analysis as required by the SOW and for preparation and submission of the interim, draft and final evaluation reports. The team leader will provide key inputs on the institutional development issues being assessed in the evaluation.

The team leader/institutional management specialist must have a minimum of eight years experience in capacities such as project management and analytical work in a developing country setting. The incumbent will have had previous experience as leader or participant in an evaluation team. The team leader/institutional management specialist must also have had previous experience in Indonesia, preferably with USAID and should have Bahasa Indonesia language capability at the FSI S-3/R-2 level.

Agriculture Economist

The agriculture economist will be responsible to the team leader and to other members of the evaluation team on questions concerning the range and viability of project interventions intended to directly benefit rural people. The incumbent will also, in conjunction with the institutional management specialist assist in the qualitative assessment of the institutional structure(s) which support the implementation of small project activities. The agriculture economist will also be responsible for synthesizing data taken from secondary sources, such as the beneficiary impact survey to assess project impact on beneficiary incomes and employment and to document lessons of experience and the recommendations related to these lessons.

The agriculture economist must have a minimum of five years experience in the field of international development, preferably including previous experience in evaluation and/or analytical work. The agriculture economist must have graduate training in agriculture economics or micro-economic analysis. Previous experience in Indonesia and a working knowledge of Bahasa Indonesia is necessary.

Institutional Development/Decentralization Specialist

The institutional development/decentralization specialist will be responsible to the team leader. His/her primary responsibility will be to examine the institution building component of the PDP projects. The incumbent will identify and analyze the decentralization process and practices in the planning, implementation, monitoring and evaluation and financial management systems within the projects.

The institutional development/decentralization specialist will have formal training in public administration or political/ social sciences. The specialist will have a minimum of four years experience working in the field, preferably including work in Indonesia. Experience in performing evaluations is a necessity. A working knowledge of Bahasa Indonesia would be helpful.

Rural Development Specialist (3)

The rural development specialists will be responsible to the team leader. Their primary input will be the assessment of concerns pertaining to the technical soundness of small projects and the technical and administrative support provided to backstop these activities. The rural development specialists will have primary responsibility for assessing the adequacy of PDP-assisted small projects in improving rural productivity and incomes. These specialists will also note any provisions for the continuation of PDP-type programs by BANGDA and Provincial Governments, and for recording and reporting the need for alternative arrangements which may be needed to improve existing technical and administrative support systems for PPW (area development) and similar programs.

The rural development specialists will have formal training in agriculture, economics and/or other social science fields. Each specialist will have a minimum of four years experience in their fields, preferably including work in Indonesia. Experience in performing evaluations would be helpful. A working knowledge of Bahasa Indonesia would be useful.

7. Reporting Requirements

AID's recommended format for evaluation reports as defined in the AID Evaluation Handbook is as follows:

- o Executive Summary
- o Project Identification Data Sheet
- o Table of Contents
- o Body of the Report
- o Annexes

The executive summary states the development objectives of the activity evaluated; purpose of the evaluation; study methodology; findings, conclusions, and recommendations; and lessons learned about the design and implementation of this kind of development activity.

The body of the report should include a discussion of:

- (i) the project background and goals (brief summary);
- (ii) the purpose and key questions of the evaluation;
- (iii) the project's economic, political, and social context;
- (iv) study and analytical methodology;
- (v) evidence/findings in response to the statement of work;
- (vi) conclusions drawn from the findings;
- (vii) recommendations based on the findings and conclusions, stated as actions to be taken to improve other AID and BANGDA project performance; and
- (viii) lessons learned of broader application to AID development projects and programs.

The body of the report should be limited to 50 pages.

Annexes should include a copy of the evaluation scope of work, the project logical framework, a list of documents consulted, and individuals and agencies contacted, the study methodology and relevant technical topics.

Verbal debriefing to USAID and senior GOI management will be required after submission of a draft report. A one-day workshop shall be organized by the Team Leader to present its findings and

recommendations and to exchange ideas and receive feedback and comments for inclusion in the final evaluation report.

One hundred and fifty copies of the final report must be presented to the USAID and the Government of Indonesia.

8. Evaluation Schedule

The evaluation team will require a total of eight weeks to complete. The team leader arrive one week in advance of other team members to handle logistics, assemble background materials and clarify any outstanding issues on the SOW.

An interim report will be prepared and submitted to USAID and the GOI on October 25. A revised report will be prepared and submitted on November 4 in advance of a formal presentation of the evaluation findings and recommendations. A final report will be submitted on November 11.

The team leader must arrive in Indonesia NLT September 17, 1989. Other members of the evaluation team will assemble and prepare to begin their assignment NLT September 24, 1989.

A tentative evaluation schedule is as follows:

<u>Dates</u>	<u>Activity</u>	<u>Location</u>
Sep 17	ETA Team Leader	Jakarta
Sep 18-22	Team Leader consultation' logistics	Jakarta
Sep 24	ETA other team members	Jakarta
Sep 25-29	Team Briefing; Jakarta interviews	Jakarta
Oct 2-15	Field work: Group A	C.Java/Aceh/ Jambi
	Group B	NTB/NTT/Bali
	Group C	E.Java/S.Kal/ C.Kal
Oct 16-24	Report writing	Jakarta
Oct 25	Submit interim report	Jakarta
Oct 25-28	Informal meetings GOI/USAID	Jakarta
Oct 30-31	Field work: Team Leader	Bengkulu
	Ag Economist	W. Java
Nov 4	Submit revised report	Jakarta
Nov 7	Joint GOI/USAID review draft report	Jakarta
Nov 11	Final report preparation; submission	Jakarta

Group A

Berg
Ticker
Widianto/Soeri
Soeyanto/Djafar

Group B

Auchter
Soetrisno
Soeroto
Sappipateduk

Group C

Becker
Tepper
Priyanto
Ayub

78

ANNEX 2

Logical Framework

1. Provincial Area Development Program (PDP I), 20 July 1977
2. Provincial Area Development Program (PDP II), 1 May 1978

Project Title & Number: Provincial Area Development Program (PDP) I

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATOR
<p>Program or Sector Goal: The broader objective to which this project contributes:</p> <ol style="list-style-type: none"> To improve the well-being of the rural poor. 	<p>Measures of Goal Achievement:</p> <ol style="list-style-type: none"> Increased per capita consumption.
<p>Project Purpose:</p> <ol style="list-style-type: none"> To improve the capabilities of local government within participating provinces to undertake rural development activities which impact on the productive capacity of the rural poor. To improve the capabilities of the central government to support local government rural development activities which impact on the incomes of the rural poor. To increase incomes of the rural poor within the project area. 	<p>Conditions that will indicate purpose has been achieved End of project status.</p> <ol style="list-style-type: none"> Expansion of the planning and implementation systems to the rest of the participating provinces. New central government guidelines and directives for local government rural development programs. An increase in the incomes of the rural poor within the project area.
<p>Outputs:</p> <p>Within a limited geographical area, identified, planned, implemented, monitored and evaluated by local government, rural development interventions which target on increasing the incomes of the rural poor, as directly and immediately as possible.</p>	<p>Magnitude of Outputs:</p> <p>Within the geographical focus, a number of agricultural, small industry and other rural development activities within the key local government interventions which promote broad-based participation by the rural poor.</p>
<p>Inputs:</p> <p>For participating provinces, outside assistance in the form of technical advisors (both from abroad and in country), training both overseas and within Indonesia, select commodities and equipment (including appropriate rural development technology), and small-scale financing of implementation of a pilot nature. GOI contributions for administration, operations, and financing of pilot activities.</p> <p>For central government support, technical assistance and training.</p>	<p>Implementation Target (Type and Quantity)</p> <p>See budget tables in the Project Paper for a detailed breakdown of inputs by quantity, cost, implementing agency, AID financing category, source of financing and time phasing.</p>

SUMMARY
FRAMEWORK

PDP I

Life of Project:
From FY 77 to FY 81
Total US Funding \$8,000,000
Date Prepared: JULY 20, 1977

MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>1. Socio-economic evaluation reports by Bappeda and regional academic institutions.</p>	<p>Assumptions for achieving goal targets:</p> <ol style="list-style-type: none"> 1. Increased income is perceived by the people as improving their well-being. 2. Conditions of political stability will continue.
<ol style="list-style-type: none"> 1. Socio-economic evaluation reports by Bappeda and regional academic institutions 2. Provincial government records. 3. Central government records. 	<p>Assumptions for achieving purpose:</p> <ol style="list-style-type: none"> 1. Appropriateness and validity of local government intervention points. 2. National level support for the PDP.. 3. Sufficient flexibility in program design to allow response to local initiatives.
<ol style="list-style-type: none"> 1. Implementing agencies records, budgets and reports. 2. Program and subproject plans and documents. 3. On-site inspections and evaluations. 	<p>Assumptions for achieving outputs:</p> <ol style="list-style-type: none"> 1. Ministry of Home Affairs and BAPPENAS support for PDP continues. 2. Participating local government institutions with technical and other assistance continue to exert the creativity, initiative and dedication required to undertake the outputs. 3. No unusual natural calamities.
<p>Budget submissions, financial reports, contracts, contractor records, inspections.</p>	<p>Assumptions for providing inputs:</p> <ol style="list-style-type: none"> 1. The GOI (national and local levels) and AID make budget provisions and provide inputs on a timely basis. 2. Adequate consultant capability available for technical assistance during implementation.

81

Project Title & Number: Provincial Area Development Program (PDP) II - 0276

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATOR
<p>Program or Sector Goal: The broader objective to which this project contributes:</p> <ol style="list-style-type: none"> 1. To improve the well-being of the rural poor throughout Indonesia. 	<p>Measures of Goal Achievement:</p> <ol style="list-style-type: none"> 1. Increased per capita consumption
<p>Project Purpose:</p> <ol style="list-style-type: none"> 1. To improve the capabilities of local government within the six participating provinces to undertake rural development activities which improve the productive capacity of the rural poor. 2. To improve the capabilities of the central government to support local government rural development activities which impact on the incomes of the rural poor. 3. To increase incomes of the rural poor within the project areas. 	<p>Conditions that will indicate purpose has been achieved. End of project status.</p> <ol style="list-style-type: none"> 1. Expansion of the planning and implementation system to the rest of the six participating provinces. 2. New central government guidelines, directives and financial resources for local government rural development programs. 3. An increase in the incomes of the rural poor within the project areas.
<p>Outputs:</p> <p>Within limited geographical areas, identified, planned, implemented, monitored and evaluated by local governments, rural development interventions which target on increasing the incomes of the rural poor, as directly and immediately as possible.</p>	<p>Magnitude of Outputs:</p> <p>Within the geographical focus, a number of agricultural, small industry and other rural development activities within the key local government interventions which promote broad-based participation the rural poor.</p>
<p>Inputs:</p> <p>For participating provinces, outside assistance in the form of technical advisors (both from abroad and in-country); training both overseas and within Indonesia; select commodities and equipment (including appropriate rural development technology); and financing of implementation of a small-scale, pilot nature. GOI contributions for administration operations, and financing of pilot activities.</p> <p>For central government support, technical assistance and training.</p>	<p>Implementation Target (Type and Quantity)</p> <p>See budget tables in the Project Paper for a detailed breakdown of inputs by quantity, cost, implementing agency, AID financing category, source of financing, and time phasing.</p>

MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Socio-economic evaluation reports by Bappeda, regional academic institutions and national, academic/research institutions.</p>	<p>Assumptions for achieving goal targets:</p> <ol style="list-style-type: none"> 1. Increased income is perceived by the people as improving their well-being. 2. Conditions of political stability will continue. 3. Expansion into a total of at least eight provinces will provide the critical mass of experience for the FDP to be mounted on a nationwide basis.
<ol style="list-style-type: none"> 1. Socio-economic evaluation reports by Bappeda and regional academic institutions. 2. Provincial government records, observations, outside evaluations. 3. Central government records, observations, outside evaluations. 	<p>Assumptions for achieving purpose:</p> <ol style="list-style-type: none"> 1. Appropriateness and validity of local government intervention points. 2. National level support for the FDP. 3. Sufficient flexibility in program design to allow response to local initiative.
<ol style="list-style-type: none"> 1. Implementing agencies records, budgets and reports. 2. Program and subproject plans and documents. 3. On-site inspections and evaluations. 	<p>Assumptions for achieving outputs:</p> <ol style="list-style-type: none"> 1. Ministry of Home Affairs and BAPPENAS support for FDP continues. 2. Participating local government institutions with technical and other assistance continue to exert the creativity, initiative and dedication required to undertake the outputs. 3. No unusual natural calamities.
<p>Budget submissions, financial reports, contracts, contractor records, inspections.</p>	<p>Assumptions for providing inputs:</p> <ol style="list-style-type: none"> 1. The GOI (national and local levels) and AID make budget provisions and provide inputs on a timely basis. 2. Adequate consultant capability available for technical assistance during implementation.

ANNEX 3

Structure of Government: Central, Provincial and
Local Levels, Republic of Indonesia, 1989

ANNEX 4

"Decentralization and Rural Development:
Elements of Analysis"

Elliot L. Tepper

DECENTRALIZATION AND RURAL DEVELOPMENT: ELEMENTS OF ANALYSIS

Two core questions emerge from the perspective of decentralization theory as it relates to rural development and to PDP. To what degree has decentralization occurred as the result of the experimental project; and are the results (whatever they may be) sustainable without USAID funding? A third core question also exists: does decentralization matter in terms of directly benefiting the rural poor? That is an issue pursued by other components of the evaluation. Here the focus is the successful implementation of an effective delivery mechanism, rather than the quality and quantity of what is being delivered.

I. The Dimensions of Decentralization

A. Deconcentration

This refers to the transfer of administrative authority from central to more local administrative units. It implies extending the reach of government machinery deeper into the country side, both at urban and rural levels.

In Indonesia this becomes a question of increasing the effectiveness of administration at all levels beyond the central government: provincial, kabupaten, kecamatan and desa. It means increasing the quality and the quantity of rural administration with special reference to its ability to plan and implement development programs.

To what degree is PDP directly responsible for a "thickening" of rural administration in its areas of operation? What institutions exist that would not otherwise exist? How do they qualitatively affect the operation of government?

B. Devolution

This refers to the transfer of governmental authority from a central agency to a local body or institution. In most places in the developing world, it refers to the transfer of a central government activity to agencies which are closer to the people. Put simply, the term refers to local government and other agencies of popular participation.

To what degree has the existence of PDP led to devolution? In a country with a recent history of centralization, and a limited role for popular participation, what activities are now being done outside of the center, that would not be done without the experimental program? Beyond local government, what consultative mechanisms have been called into existence or strengthened as part of the operation of PDP?

This aspect of decentralization may be interpreted narrowly or broadly. It is advantageous--that is, for PDP evaluation objectives--to interpret the term broadly. What voluntary organizations, such as co-ops or NGOs, have been brought into existence or enhanced as an integral part of PDP? What organized activity exists which allows individual or collective participation in decisions promoting self-reliance rather than reliance on central authority.

C. Decentralization

This term combines the other two terms. It implies a mixture of the two forms of authority, transferred to levels outside the center, closer to the general population. It means both rural administration and local government. Has PDP the experiment led to simultaneous expansion of both; in roughly equal measure; in ways which lead to interaction which effectively promise economic development goals of the project? Using this set of distinctions, can it be said that the PDP has been more successful in one dimension than another (administration but not participation)? Are economic goals better met where there is a successful blend, (decentralization) as where there is one stream (deconcentration) but not another (devolution)?

In the context of post-colonial developing states, the imperative need for development sometimes leads to innovative experiments in creating decentralization. Special institutions are invented to enable the mixture of rural administration and local participation. This is deemed necessary in order to encourage the line agencies and the regular rural bureaucracy to work together, in a horizontal fashion, and also to be sensitive to expressed needs of the local population.

Has the PDP experimented with this form of decentralization? Has it worked to overcome the separation of the delivery arms of government services, to concentrate scarce resources on development goals set by PDP? Has it made the regular (non-service delivery) rural bureaucracy more understanding of development priorities? Has the experiment made the branches or types of rural administration more responsive, in an institutional fashion, to expressed needs and wishes of the local population?

Experiments of this type hinge on a few elements. Assuming political will and some level of ability (which are beyond the scope of an evaluation of rural decentralization) things to look for include:

1. Deconcentration authority: Who in the local level administration can write reports about whom? (Who controls records and bureaucratic rewards and punishments?)

2. Devolution authority: Who has the final say in what projects are accepted or recommended at the local level--the administration or the local level participants, representatives of the population?

3. Training: For development tasks to be planned and implemented, both sides in the decentralization equation usually require training: rural administrators and representatives of the local population. What provisions are built in to the system for training in skills and attitudes?

Summary, Question I:

1. What institutions of administration and participation exist, at what levels, that would not exist without existence of PDP?
2. What indications of effectiveness exist for:
 - a. new or strengthened institutions of administration;
 - b. new or strengthened institutions of participation; and
 - c. new or strengthened institutions which combine administration and participation?

II. Sustainability of Innovation

Any advance in institutionalizing deconcentration, devolution or decentralization would be an advance for Indonesia and a successful outcome of the decade-long experiment under PDP. Some indicators of sustainability may be outlined.

A. Political and administrative will

How committed to PDP goals are key decision makers? Would they pay for them out of existing funds, or pledge to devote future external funding to PDP, rather than to other desirable activities? Will PDP, if shown to be successful, be fully integrated into national development planning (i.e., go from a specially funded experiment to a regularly funded component of long range planning)?

B. Administrative entrenchment

How ephemeral is the present structure of the program, at each level of its operation? (Will important components be easily discontinued in the absence of special funding?)

C. Political entrenchment

How much is PDP now a part of the operation of government, at provincial and lower levels? Would there be a political (or administrative) cost to its sudden, or phased, disappearance. (Do people outside the central level value the program enough to find its absence disruptive, or worthy of maintaining?)

D. Structural strengths

Is PDP as presently designed, inherently able to sustain itself over a long period, without USAID direct involvement? There are at least the following factors to consider.

1. Decentralization: rural administration

a. Training of administrative personnel

Human resource constraint are frequently seen as a primary bottleneck in Indonesia's development efforts. Does PDP have a built-in program to enhance the skill levels of the people who are required to operate it? If the program becomes a national on-going component of BAPPENAS/REPELITA planning are there concomitant plans for the level of training required?

b. Attitude training

Development is more than the upgrading of technical skills. Does PDP contain, in a replicable manner, the means to alter the ethos, or administrative culture in ways conducive to PDP goals (reaching the poor, local participation in planning)?

2. Devolution: local participation

a. Has real authority been transferred to representatives of the population in the country-side? Has a means been found in keeping with present Indonesian realities, to have organized, institutionalized non-governmental expression of opinion, in a structured fashion?

b. Skill Training--whatever the mechanisms of consultation and participation--does Indonesia have a built-in mechanism for imparting skills, to large numbers of people in all strata of the locality?

3. Decentralization: administration and participation

Decentralization in the West rests on the prior existence of on-going and accepted institutions of local administration and local government. Indonesia starts with

different baseline parameters. To succeed as decentralization, specifically designed to carry the load of PDP goals, the design itself must work. These goals are ambitious: aiding the poorest of the poor, through local participation by representatives of the people, working in conjunction with a reorganized and revitalized rural bureaucracy.

The structure is cleverly designed to accomplish these multiple goals. Centering on the planning function and need for effective development, the BAPPEDA network attempts to establish the horizontal and vertical linkages which are required. There are potential weak points at various points in the apparatus.

a. In the coordination of administrative functions, is the present technique for enforcing cooperation by line and regular agencies effective and replicable?

b. Are present means of consultation between local people and rural administrators effective and replicable?

c. Does the experiment, if successful, have an inherent capacity for evolution? The program rests on today's perceived needs and possibilities. The experiment may become a regular program of government. Can the institutions evolve, or will they be obstacles to changes which will be required in order to meet tomorrow's needs and possibilities?

Summary, Question II

1. Is there sufficient commitment at all levels, to institutionalize and perpetuate PDP goals without USAID involvement?

2. Does the experiment contain built-in inherent qualities, such as training, sufficient to sustain it without extraordinary external assistance?

3. Are the components replicable, as designed without extra-ordinary external assistance?

4. Is the design itself flexible enough to evolve?

Dr. Elliot L. Tepper
Associate
Devres, Incorporated

September, 1989

ANNEX 5

Devres PDP Evaluation Team

DEVRES PDP EVALUATION TEAM

THE EVALUATION TEAM

1. Team Leader: Sherwood O. Berg

Academic Qualification:

PhD, Agricultural Economics, University of Minnesota, 1951
MS, Cornell University, 1948
BS, South Dakota State University, 1947

Dr. Sherwood Berg is a senior institutional management specialist and agricultural economist with over forty years of worldwide experience contributing to the strengthening of institutions at the national, regional and local levels. He has been asked to provide his technical assistance to education ministries, agricultural ministries and rural development bureaus in the area of management analysis and training. In his capacity as institutional specialist, he has analyzed systems, procedures, manpower development, and communications for many university systems and government offices. Dr. Berg has been team leader on countless evaluations of institutional development projects and has extensive experience as a manager and policy analyst. Dr. Berg has fair language proficiency in Bahasa Indonesia and is an Associate of Devres.

2. Economic Analyst: Edmund L. Auchter

Academic Qualification:

PhD, (ABD), Economics, Claremont Graduate School, 1965
MA, Economics, Claremont College, 1963
MA, Asian Studies, John Hopkins University, 1959
BS, Political Science, Xavier University, 1957

Edmund Auchter is a senior development economist with extensive experience in agricultural economics, including both micro- and macro-economic policy planning and analysis. His more than 20 years of experience working in developing countries has included the design, implementation and evaluation of a wide range of USAID agricultural and rural development projects. As author of the economic component of many project designs, he has proven competence in projecting their economic

requirements. Strategies and mechanisms to encourage sustainability have been an integral component of the projects Mr. Auchter has designed and evaluated. His areas of expertise include: economics of agricultural research and extension, production, credit, and marketing networks. Throughout his 25 year career, he has served as Chief of Party for short-term technical assistance teams and as Head of a USAID Mission's Economics Division. He was Economic Advisor to the AID Mission in Indonesia. Mr. Auchter speaks good French and fair Bahasa Indonesia. He is an Associate of Devres.

3. Institutional Analyst: Elliot L. Tepper

Academic Qualification:

PhD, Political Science, Duke Univ., 1970
MA, International Affairs, American University, 1964
BA, Political Science, University of Michigan, 1962

Dr. Tepper is an institutional development/decentralization specialist with extensive field work experience in Asia, including Indonesia. He is an internationally recognized authority on development administration, decentralization, local government and rural development. He has conducted numerous program evaluations for such international agencies as the Ford Foundation, the International Development Research Center, the Canadian International Development Agency (CIDA) and the Canadian Council for International Cooperation. He is a professor of Political Science at Carleton University, Ottawa, Canada, where he teaches South and Southeast Asian studies.

Dr. Tepper's involvement with Indonesia goes back more than 25 years. Since specializing in Indonesia at the Master's level he has gone on to conduct program evaluations and research in Indonesia on numerous occasions. The majority of his fieldwork in Indonesia has centered on institutional and human resource development. Dr. Tepper has analyzed, evaluated and made proposals in such areas as: the effect of non-governmental organizations (NGOs) on Indonesian development; human resource scarcity and donor effectiveness, and; CIDA/ODA programming in Indonesia. Dr. Tepper has conducted a number of briefing sessions on Indonesia for CIDA, and taken part in seminars focusing on Indonesia at CIDA's request. Dr. Tepper is an Associate of Devres.

4. Social Development Specialist:: Gerald F. Becker

Academic Qualification:

MBA, International Business; Rural Development minor,
University of Wisconsin, 1984

BBA, Finance, University of Wisconsin, 1971

Mr. Becker is a rural development and institutional management specialist with eighteen years of experience in Southeast Asian countries including Indonesia. His work has consisted primarily in technical assistance toward the improvement of labor intensive programs to strengthen rural infrastructure. He has worked at national, regional and local levels to build institutional linkages so that planning and policy implementation may be carried out effectively and bring concrete benefits to the rural poor. He has conducted multiple analyses of and rural credit institutions and has participated as rural development specialist on numerous agricultural and fisheries projects. Mr. Becker has excellent language proficiency in Bahasa Indonesia and Bahasa Malay and is an Associate of Devres.

5. Rural Sociologist:: Loekman Soetrisno

Academic Qualification:

PhD, Rural Sociology, Cornell University, 1980

MSS, Rural Development, Institute of Social Studies,
Holland, 1976

Diploma, Rural Development, Institute of Social Studies,
Holland, 1975

Doctorandus, English, University of Gadjah Mada,
Indonesia, 1970

Diploma, English, University of Leeds, England, 1962

Dr. Loekman Soetrisno is a senior rural sociologist experienced in the appraisal and evaluation of programs for upland and irrigated small-scale agriculture and institutional development. He has examined the impact of development projects on intended beneficiaries and their level of participation in the development process. His experience includes participation in short-term consultancies for AID, the West German development agency, FAO, the World Bank, and private organizations. He has been a Lecturer and Senior Researcher at the Center for Rural and Regional Studies of the University of Gadjah Mada from 1980 to the present. Dr. Soetrisno speaks Javanese, Bahasa Indonesia and English fluently. He has good command of Dutch and fair German. He is an Associate of Devres

6. Social Development Specialist: Dan C. Tucker

Academic Qualification:

Agricultural Estimation, Social Science Research, USDA
Graduate School, 1965
Estimating Methodology, American University, 1962
BS, Agricultural Economics and Statistics, University of
Nebraska, 1951

Mr. Tucker is a senior rural development specialist and agricultural economist with over 35 years of experience in his field in the United States and Asia. He has been a key player in the area of agricultural research and data collection and has worked for the USDA at the state and local levels strengthening institutional linkages and coordination between them and between these levels and the farmers themselves. As his career progressed, Mr. Tucker moved from performing agricultural surveys and research himself, to training and supervising others to do this work, to setting policy and guidelines for agricultural research and extension, to acting as public relations expert to heighten farmer awareness of the value of agricultural information and extension services. Finally, due to his achievements and reputation in the field, he has been asked to contribute his expertise to agricultural policy determination and technology transfer efforts by various foreign governments in Asia and the Middle East. Mr. Tucker is an Associate of Devres.

ANNEX 6

Field Visit Schedule, Devres Final Evaluation Team
2-15 November 1989

DEVPDP FINAL EVALUATION TEAM
Field Visit Schedules

Team A: 1. Sherwood . Berg (Devres)
2. Dan C. Tucker (Devres)
3. Agus Widiyanto* (USAID)

Jakarta - Semarang - Jakarta - Banda Aceh - Jakarta - Jambi - Jakarta =
Rp766.800,- each person.

10/2	Jakarta - Semarang: (1 hour flight)	06:30, 08:20, 10:20, 12:20, 13:20, 14:20, 15:20, 16:20
10/7	Semarang - Jakarta	06:25, 08:10, 10:10, 12:10, 13:10, 14:10, 16:10, 17:10
10/8	Jakarta - Banda Aceh	08:50 - 12:50 (GA 24)
10/12	Banda Aceh - Jakarta	13:45 - 17:50 (GA 35)
10/13	Jakarta - Jambi	07:00 - 08:15 (GA 110)
10/15	Jambi - Jakarta	11:50 - 13:10 (GA 111)

* 10/2 Jakarta - Semarang
10/7 Semarang - Jakarta

Team B: 1. Edmund Auchter (Devres)
 2. Loekman Soetrisno (Devres)
 3. Soeri Soeroto* (USAID)

Jakarta - Mataram - Denpasar - Kupang - Denpasar - Jakarta =
 Rp498.000,-

10/2	Jakarta - Surabaya - Mataram	07:30 - 08:50 (GA 330) 09:35 - 11:35 (GA 620)
10/7	Mataram - Denpasar (Merpati Airlines)	07:55 - 08:20
10/8	Denpasar - Kupang (Merpati Airlines)	11:45 - 15:05
10/12	Kupang - Denpasar (Merpati Airlines)	09:10 - 12:40
10/15	Denpasar - Jakarta	15:55 (90 minutes) (GA 871)

* 10/2 Jakarta - Surabaya - Mataram
 10/4 Mataram - Surabaya - Jakarta

Team C: 1. Gerald Becker (Devres)
2. Elliot Tepper (Devres)
3. Prijanto S.* (USAID)

Jakarta - Surabaya - Banjarmasin - Palangkaraya - Jakarta =
Rp363.200,-

10/2 Jakarta - Surabaya 10:30 (GA 334)

10/8 Surabaya - Banjarmasin 13:20 (2 hour flight)
(GA 536)

10/12 Banjarmasin - Palangkaraya 08:30 - 09:30
(Merpati Airlines)

10/15 Palangkaraya - Jakarta 12:00 - 13:50
(GA 513)

* 10/2 Jakarta - Surabaya
10/4 Surabaya - Jakarta

ANNEX 7

Individual and Agencies Contacted

10/1-

INDIVIDUALS AND AGENCIES CONTACTED

<u>Name</u>	<u>Title/Position</u>	<u>Agency</u>
<u>DKI Jakarta:</u>		
R. Karina Brahmana	Secretary	MOHA/BANGDA
S. Is. Sihotang	Chief	BANGDA
Fasli Siregar, MSc	Chief	BANGDA
Amin Djafar, MPIA	Head	BANGDA
Soeyanto	Staff	BANGDA
Mohamad Hanafi	Staff	BANGDA
Sigit Pudjianto	Staff	BANGDA
Wilson Sihole	Staff	BANGDA
Ayub Ahmad	Staff	BANGDA
Umbu Sappiateduk	Staff	BANGDA
T.A. Salim	Head of Section	BAPPENAS
Sarwahadi	Secretary	BAPPENAS
Rosediana	Analyst	BAPPENAS
E. Edwards McKinnon	Chief of Party	HED/Jakarta
Jim Schiller	Team Leader	PADCO/HRDUP
Jay Rosengard	PDP Credit Advisor	HIID
Richard Patten	PDP Credit Advisor	Bank Rakyat
Gary Holm	Field Team Leader	U of Guelph
Michael V. Connors	DCM	American Embassy
David N. Nerrill	Director	USAID/Jakarta
Lee Twentyman	Deputy Director	USAID/Jakarta
Curtis Christensen	Controller	USAID/Jakarta
George Lewis	Program Officer	USAID/Jakarta
James Hradsky	PPS	USAID/Jakarta
Edward Greeley	PPS	USAID/Jakarta
Michael D. Hamming	EPSO	USAID/Jakarta
Marcus L. Winter	Chief ARD	USAID/Jakarta
J. Edwin Faris	ARD Economist	USAID/Jakarta
Robert Navin	ARD Economist	USAID/Jakarta
Graham B. Kerr	Chief ARD/RRM	USAID/Jakarta
Richard Nishihara	PDP Project Officer	USAID/Jakarta
J. Victor Bottini	Project Consultant	USAID/Jakarta
Eugene K. Galbraith	Chief TRII	USAID/Jakarta
Johannes Soebroto	Training Officer	USAID/Jakarta
Agus Widiyanto	Project Assistant	USAID/Jakarta

Prijanto S.
Soeri Soeroto
Tuti Mundavdjito

Project Assistant
Project Assistant
Admin. Assistant

USAID/Jakarta
USAID/Jakarta
USAID/Jakarta

Province: Aceh

Dr. Syamsuddin Mahmud
Drs. Djakfar Ahmad
Ir. Muzakkir Ismail
Azhar Amin
Abdullah Yahya

Chairman
Staff Specialist
Economist
Economist
Economist

BAPPEDA TK I
BAPPEDA TK I
BAPPEDA TK I
BAPPEDA TK I
BAPPEDA TK I

M. Djamil Akhmad
J.T. Setia Budi
Syarifuddin ZA
Mukri Siregar
Nur Aini Saleh

Staff Specialist
Staff Specialist
Staff Specialist
Agriculture Service
Agriculture Service

BAPPEDA TK I
BAPPEDA TK I
BAPPEDA TK I
BAPPEDA TK I
BAPPEDA TK I

Razali Musa
M. Ali Mahmud
Wimson F. Purba
Fadhlon Miga
T.S. Hasan

Estate Crops Service
Industry Service
Irrigation Service
Chairman
Camat

BAPPEDA TK I
BAPPEDA TK I
BAPPEDA TK I
Aceh Besar, BAP II
Kec Seulimum

K. Syahbuddin
Si Mok
Ny. Cut Ratnawati
Natsir
Rohani Yakub

Village Head
Farmer
Goat Producer
Coconut Producer
Fabric Mfg Coord

Desa Lambaro Tuneng
Desa Lambaro Tuneng
Desa Bung Bah Jot
Desa Cot Beuet
Desa Lam Reh

Mariam
Yusnita
Asmah
Asisah
Eva Susanti

Weaver
Weaver
Weaver
Weaver
Head

Desa Lam Reh
Desa Lam Reh
Desa Lam Reh
Desa Lam Reh
LKK, Meuraxa

Ida Nursant
Nurlaili

Cashier
Bookkeeper

LKK, Meuraxa
LKK, Meuraxa

Province: Bali

Drs. Aryana

Chairman

BAPPEDA TK I

Province: Bengkulu

Muslim M. Zen	Vice Chairman	BAPPEDA TK I
Z. Bakri Dursmid	Division Head	BAPPEDA TK I
Drs. Basturi Masir	Division Head	BAPPEDA TK I
Drs. Musiardanis	Division Head	BAPEDDA TK I
Drs. Badawi Nuh	Division Head	BAPPEDA TK I
Syariffudin	Division Head	BAPPEDA TK I
Drs. Rasyidi Rauf	Chairman	B. Utara, BAP II
Masykur	Division Head	B. Utara, BAP II
Gunnar	Division Head	B. Utara, BAP II
Soehardi	Division Head	B. Utara, BAP II
M.Y. Herman	Secretaris	B. Utara, BAP II
Bachtiar Effendi	Vice Camat	Arga Makmur
Rachmawati	Manger	BKK, Arga Makmur
Marina	Cashier	BKK, Arga Makmur
Darwin	Bookkeeper	BKK, Arga Makmur
Saimidin	Field Supervisor	BKK, Arga Makmur
Nursapriana	Trainee	BKK, Arga Makmur
Yudi Sungkono	Representative	BPD, Arga Makmur
Soehardi	Kepala Desa	Sumber Rejo
Sunardi	Goat Producer	Sumber Rejo
Anzar	Irrigator	Sumber Rejo

Province: Central Java

Dr. Herman Sumarmo	Head, Kabid I	BAPPEDA TK I
Drs. Suwarto	Coordinator	BAPPEDA TK I
YQM Yudhantoro, SH	Coordinator, Admin.	BAPPEDA TK I
Farida Nurihayati	Coordinator	BAPPEDA TK I
Mr. Soehartono	Coordinator	BAPPEDA TK I
Ir. Hari Tr. Hermawan	Agricultural Service	Dinas TK I
Voro Triyanto	Agricultural Service	Dinas TK I
Solwan	Fishery Service	Dinas TK I
J.B. Suprijadi	Industry Service	Dinas TK I
TaTik Hardiarti	Livestock Service	Dinas TK I
Sadiman Al Kundarto	Social Service	Dinas TK I
Ny. Sarninah	Public Health Service	Dinas TK I
Samiyono Rachmat	Public Health Service	Dinas TK I
Soegeng	Analyst	Biro Reg Planning
Bruce Harker	Chief of Party	Uplands Project

Soesiladi Firman B. Aji Colonel Saoed Drs. Moelyono Drs. Widji Saksono	Consultant Consultant Bupati Chairman Head Social Div.	Uplands Project Uplands Project Kab Pati Kab Pati, BAP II Kab Pati, BAP II
Soeharto Abdul Hadi, HS Hisom Prasetyo, SH Mr. Moestafa Mr. Robert M.	Camat Village Head Bupati Chairman Head	Kec Dukuhseti Desa Kembang Kabupaten Jepara Kab Jepara, BAP II Soc/Cul Div, BAP II
Sahuri M. Benoh Soebardi Kusdriyanto Sjofie Soedijatno	Industry Service Industry Service Industry Service Livestock Service Livestock Service	Kabupaten Jepara Kabupaten Jepara Kabupaten Jepara Kabupaten Jepara Kabupaten Jepara
Bambang Kumoro Muadhom Haryoto Drs. Hendro Martojo Adi Sutjipto	Livestock Service Livestock Service Livestock Service Camat Staff Sec.	Kabupaten Jepara Kabupaten Jepara Kabupaten Jepara Kec Mayong Kec Mayong
Wibowo. HW Moh Ali Soedaryoso Maskan Suharto P.	Agricultural Service Social Service Livestock Service Fishery Service Chr Committee of Five	Kec Mayong Kec Mayong Kec Mayong Kec Mayong Desa Mayonglor
Sudibyo Kusman Sardi Sokeh	Mbr Committee of Five Mbr Committee of Five Mbr Committee of Five Mbr Committee of Five	Desa Mayonglor Desa Mayonglor Desa Mayonglor Desa Mayonglor

Province: Central Kalimantan

H. Masran H. Masjuhur Arnold Yobi Bingan, SH Demam Tiup	Chairman Department Deputy Camat	BAPPEDA TK I BAPPEDA TK I Kec Rungan
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Province: Jambi

Rasai Drs. N.S. Segonang Ir. Azwar Drs. H. Siagian, SH Oemasin Zainudin	Deputy Chairman Head Staff Specialist Staff Specialist Head	BAPPEDA TK II BAPPEDA TK II BAPPEDA TK II BAPPEDA TK II BANGDES TK I
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Husni Jamal	Specialist	Dinas Livestock
Zarni Ilyas	Specialist	Dinas Livestock
Zul Zarin	Head	Bimas
Lubis	Specialist	Dinas Agriculture
Gasdinul Gazam	Specialist	Dinas Agriculture
Mumung Sukardi	Specialist	Dinas Estate Crops
Mardsani Gunawan	Specialist	Dinas Small Industry
Ubaidillah	Specialist	Dinas Fishery
M. Ali	Specialist	Dinas Livestock
Achmmadi	Livestock, Farmer	Kab Batang Hari
Rusali	Livestock, Farmer	Kab Batang Hari

Province: East Java

H.M.O.B. Mohtadi	Vice Chairman	BAPPEDA TK I
Kurtini	Section Head	BAPPEDA TK I
Sapari Ranuwidjaja	Section Head	BAPPEDA TK I
Wiardono	Staff Specialist	BAPPEDA TK I
Ansor	Staff Specialist	BAPPEDA TK I
Soenyono	Department Head	BAPPEDA TK I
Heri Trianto	Section Head	BAPPEDA TK I
Asmuri Sjarif	Fisheries Service	BAPPEDA TK I
Bambang Markono	Food Crops Service	BAPPEDA TK I
Murti Wadjadiono	Social Service	BAPPEDA TK I
A. Mawardi	Estate Crop Service	BAPPEDA TK I
Didik Samoktohad	Small Scale Industries	BAPPEDA TK I
Sumaryuni	Livestock Service	BAPPEDA TK I
Dirk van Hook	Credit Advisor	KURK, BPD Surabaya
Emmy	KURK Officer	BPD, Kab. Blitar
Sukopranowo	Department Head	Kab Blitar, BAP II
Poni Susilo	Small Scale Industries	Kabupaten Blitar
Nyoto Priyanto	Estate Crops Service	Kabupaten Blitar
Bambang	Fisheries Service	Kabupaten Blitar
Karyono	Food Crops Service	Kabupaten Blitar
Jarno	Farmer	Desa Bacem
Suengep	Village Head	Desa Bacem
Masdoekie	Governor's Deputy	BAP II, Malang
H. Ernadi S.	Chairman	BAP II, Malang
Wayan Yona	Chairman	BAP II, Malang
Bruce Stewart	Consultant	Uplands Pro/Malang
Hoedarjo	Small Scale Industries	Bangkalan/Madura
Soetripno	Fisheries Service	Bangkalan/Madura
Nabsim	Livestock Service	Bangkalan/Madura
Hadi Benjamin	Bupati' Staff	Bangkalan/Madura

Abdul Sjakur Mochtar Machfud Timan	Department Head Camat Village Head	BAP II, Madura Kec Socah, Madura Desa Keleyan, Madura
--	--	---

Province: East Nusa Tenggara

Drs. Piet Jemarut	Chairman	BAPPEDA TK I
Drs. Domi	Department Head	BAPPEDA TK I
Frans Taneo	Coordinator PDP	BAP II, Kab TTU
Paul Nyoko	Staff	BAPPEDA TK I
Donni Djemaun	Coordinator PDP	BAPPEDA TK I

Esthon Foehay	Division Head	BAPPEDA TK I
Alo Unus Pasi	Staff	BAPPEDA TK I
Laiya Gauru	Staff University	U Nusa Cendana
A. Siahaan	Staff BANGDES	BAPPEDA TK I
R.N. Lantun	Staff	BAPPEDA TK I

Herman N. Ballo	Staff	BAPPEDA TK I
A. Gunawan	Division Head	BAPPEDA TK I

Province: South Kalimantan

Drs. Syahrir	Chairman	BAPPEDA TK I
Dr. Ismet Ahmad	Vice Chairman	BAPPEDA TK I
Eddy Riduan Waas, SE	Section Head	BAPPEDA TK I
Ir. Farkinsyah Arsyad	Department Head	BAPPEDA TK I
Hassan Marzuki	Section Head	BAPPEDA TK I

Samani	Department Head	BAPPEDA TK I
Firdaus	Section Head	BAPPEDA TK I
M. Zaini	Small Scale Industries	BAPPEDA TK I
Drs. Sofyan Noor	Division Head	BAPPEDA TK I
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Sanusie	Chairman	BAP II, Banjar
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107

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Machmun Asih

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ANNEX 8

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