

A.I.D. EVALUATION SUMMARY - PART I

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

IDENTIFICATION DATA

A. Reporting A.I.D. Unit: Mission or AID/W Office <u>USAID/Indonesia</u> (ES# _____)	B. Was Evaluation Scheduled in Current FY Annual Evaluation Plan? Yes <input checked="" type="checkbox"/> Slipped <input type="checkbox"/> Ad Hoc <input checked="" type="checkbox"/> Evaluation Plan Submission Date: FY <u>NA</u> Q _____	C. Evaluation Timing Interim <input checked="" type="checkbox"/> Final <input type="checkbox"/> Ex Post <input checked="" type="checkbox"/> Other <input type="checkbox"/>
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D. Activity or Activities Evaluated (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report.)					
Project No.	Project /Program Title	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)
497-0264	Provincial Area Development Program I	9/29/77	4/12/85	14,330	14,330
497-0276	Provincial Area Development Program II	6/1/79	12/1/89	39,250	39,250

ACTIONS

E. Action Decisions Approved By Mission or AID/W Office Director.	Name of Officer Responsible for Action	Date Action to be Completed
Action(s) Required Not Applicable (this is a summary of other evaluations)		

(Attach extra sheet if necessary)

APPROVALS

F. Date Of Mission Or AID/W Office Review Of Evaluation:			
Mission	(Month) July	(Day) 13	(Year) 1988
G. Approvals of Evaluation Summary And Action Decisions:			
	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer
Name (Typed)	Dennis Weller	NA	Margaret Bonner
Signature	<i>Dennis Weller</i>		<i>Margaret Bonner</i>
Date	7/14/88		7/29/88

ABSTRACT

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

This evaluation summarizes the findings of two 1986 evaluations of the Provincial Area Development Program (PDP). The program has three goals: (1) increasing opportunities for the rural poor to increase their productivity and incomes, (2) increasing the capacity of local government to plan and manage rural development activities which would increase the productivity and income of the rural poor, and (3) increasing the capacity of the Directorate General of Regional Development (BANGDA) to monitor and support decentralized rural development.

The primary findings and conclusions are: (1) More careful attention to project goals and working assumptions during design and early project management might have resulted in an earlier focus on institution building and disbursing less funds to local planning agencies that could not effectively absorb them. (2) The project has had a significant positive impact on beneficiaries: its targeting success has been quite high, average real net beneficiary gain represents an 11-18% real increase in average annual household income for recipients reporting a gain, and the sustainability rate for beneficiary gains is an estimated 58%. (3) The capacity of local institutions has improved as measured by increasing beneficiary gains, the share of total project funds administered at or below the district level, case studies illustrating that local learning has occurred, and the numerous innovative sub-projects and structural innovations initiated. (4) It appears at this early point in time that there is less cause for optimism about the prospects for sustained gains in institutional performance than other aspects of the project. (5) PDP was judged to be worth doing from: the high percentage of relatively poor people who increased their incomes as a result of the project and the many reported cases of non-beneficiaries who adopted PDP's techniques; the technical assistance, equipment, and learning opportunities provided to local agencies and BANGDA; and the sub-projects' very favorable rate of return. (6) In addition to its significant contribution to rural development in project provinces, PDP may have had a positive impact far beyond its operating areas and associated institutions.

The recommendations for beneficiary impact are: (1) The beneficiary and sub-project selection process in future rural development programs should be more rigorous and explicit, (2) much more needs to be learned about which sectors, kinds of activities, and planning management approaches have worked in the project, and (3) a well planned and small-scale longitudinal study of a cross section of beneficiaries would be helpful. For institution building, it is recommended that efforts be made to ensure that the skills, techniques, and approaches learned in PDP are disseminated as widely as possible at every level of government.

C O S T S

I. Evaluation Costs

1. Evaluation Team		Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (U.S. \$)	Source of Funds
Name	Affiliation			
James W. Schiller	AID/I PSC	497-0249-S-00 7038	\$ 7,100 \$ 1,500	PD&S PDP II
2. Mission/Office Professional Staff Person-Days (Estimate) _____ 10		3. Borrower/Grantee Professional Staff Person-Days (Estimate) _____ 60		

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A.I.D. EVALUATION SUMMARY - PART II

SUMMARY

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

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

Mission or Office: USAID/Indonesia	Date This Summary Prepared: July 14, 1988	Title And Date Of Full Evaluation Report: Learning from PDP: Evaluating the Provincial Development Program (A Synthesis of
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PDP Evaluations). April 1988.

Purpose of Evaluation and Methodology Used

This evaluation summarizes what has been learned from the Provincial Area Development Program (PDP) in Indonesia. It relies heavily on two major evaluations conducted in 1986: a study of PDP's impact on beneficiaries conducted by Survey Research Indonesia (SRI) and a study of PDP's institutional impact carried out in six provinces by a multi-disciplinary team. The study also draws upon interim evaluation reports, consultant reports, sub-project budgets and other documents, and the ideas and comments of USAID and Government of Indonesia project staff and advisors.

Purpose of Activity(ies) Evaluated

PDP has three goals: (1) increasing opportunities for the rural poor to increase their productivity and income, (2) increasing the capacity of local government (provincial planning boards, district sectoral agencies and local branches of central sectoral departments) to plan and manage rural development activities which could increase the productivity and income of the rural poor, and (3) increasing the capacity of the Directorate General of Regional Development (BANGDA) to monitor and support decentralized rural development. Pre-1982 activities emphasized experimentation while post-1982 activities stressed institution- and system-building.

Findings and Conclusions

Are Program Goals Compatible? While PDP's goals are mutually reinforcing in the long run, they can conflict in the short run. More careful attention to project goals and working assumptions during project design and early project management would probably have resulted in an earlier focus on institution building and on disbursing less funds to provincial and district planning agencies that could not effectively absorb them. There is general agreement that too much money was disbursed -- especially in credit sub-projects -- in the early years of PDP. As USAID and BANGDA became aware of the need for more emphasis on institution building, institutional performance (as measured by beneficiary results and reimbursement rates) improved.

Has PDP Had Significant Beneficiary Impact? (1) The SRI Beneficiary Household Survey for FY 78-85 shows that PDP had about 333,000 direct beneficiary families: 56-88% of these were in the bottom 50% wealth and income group in their province. Compared to other rural development programs, PDP's targeting success has been quite high. (2) Although there was considerable variation in beneficiaries' net gain from PDP assistance, the average real net gain represents an 11-18% real increase in average annual household income for the 77% of recipients who reported a gain. (However, it must be noted that the sectors and provinces which reported the best results in net average gain tended to do less well at targeting the poor.) (3) Despite soft data, the results of the SRI survey suggest a sustainability rate for beneficiary gains of 58%, and that this rate was improving during the years studied. These data suggest that institutional performance was probably more important than the behavior of individual beneficiaries (or their willingness to persevere with a new activity) in determining whether an activity would be sustained. Data for the final four years of sub-project implementation (which are not included in the SRI survey), during which institution building was

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emphasized, should show even greater sustainability gains.

Has PDP Build the Capacity of Local Institutions?

(1) Between 1978 and 1985, the percentage of rural poor targeted rose, the percentage of beneficiaries with a low average annual net gain fell, and the estimated number of beneficiaries able to sustain gains rose. (2) The share of total project funds administered at or below the district level increased from 64% to 75% over the period studied, indicating increased decentralization of project activities. Also, the share of PDP direct beneficiary impact sub-projects managed at the district level or below grew from 78% to 90%. This devolution of project management was accompanied by a significant improvement in the achievement of all project beneficiary impact goals, indicating that local governments have acquired many of the skills and resources necessary to absorb increased management responsibility. (3) Correlated with these improvements, case studies of actions taken by individual project managers or PDP staff illustrate that institutional learning has taken place. (4) The project yielded numerous innovative subprojects in addition to structural innovations such as the creation of a system-wide planning system and regional experiments in monitoring and evaluation.

Have Institutional Gains Been Sustained? It appears, at this early point in time, that there is less cause for optimism about the prospects for sustained gains in institutional performance than other aspects of the project. While local planning boards are now better staffed and equipped and better understand their roles, the project's impact on planning, monitoring and evaluation systems seems less likely to be sustained. A number of sub-projects seem likely to persist, and some provinces and districts have begun to contribute financially to PDP activities. Further, a number of PDP-initiated sub-projects or institutions have been adopted by other agencies or have gained support from other donors.

Was PDP Worth Doing? (1) From the individual beneficiary's perspective, a high (77%) percentage of relatively poor people increased their incomes and many cases were reported of non-beneficiaries adopting the income and employment generation or conservation techniques initiated by PDP. (2) Local agencies benefited from technical assistance and new equipment, and gained opportunities to plan and manage locally sensitive rural development and to learn from rural development experience. The major problem may be that after project funds cease, provincial and district governments may not have the financial resources to continue these activities. (3) BANGDA staff have also acquired training and new skills, as well as a range of new responsibilities. (4) An analysis of PDP's costs and benefits reveals that the project's direct beneficiary sub-projects yielded a very favorable rate of return of 69% per year, much of which occurred in the early years of PDP and presumably under-reflects improving institutional performance. A calculation of cost-benefit ratios based on total regional PDP spending (rather than just direct benefit sub-projects) yields a ratio of .31. When compared to other donors' projects or to GOI sectoral projects, PDP, as an income or employment generation project, seems to be many times more cost effective.

Has PDP Contributed to Rural Development? In addition to its significant contribution to rural development in the eight target provinces, PDP may have had a positive impact far beyond its operating areas and associated institutions. Further, despite its institutional and administrative complexity, PDP has been a successful experiment in decentralizing planning and management and in productive employment generation for the rural poor. If attention can be focused on the practical, operational lessons from PDP, it can become a launching pad for something much more valuable.

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Recommendations

In terms of beneficiary impact, the recommendations are:

- o The beneficiary and sub-project selection process in future rural development programs should be made more rigorous and explicit. The use of PVOs to provide information about community needs and desires, and to assist in beneficiary selection and participant training should be encouraged.
- o Much more needs to be learned about which sectors, kinds of activities, and planning and management approaches have worked in each province and district.
- o Much could be gained from a well planned small-scale longitudinal study of a cross-section of beneficiaries from two or three provinces and all sectors.

In terms of institution building, the recommendations are:

- o Efforts should be made to ensure that the skills, techniques, and approaches learned in PDP are disseminated as widely as possible at every level of government. The following actions should be considered to promote the sustainability of gains in institutional performance: (1) a study of the credit program aimed particularly at institutional questions, (2) attention to how the multi-year planning systems developed might provide a useful tool for planning locally-funded and external project funds at the district level, (3) encouraging the Ministry of Home Affairs to commit a portion of current Government of Indonesia PDP funding to PDP provinces for a transition period of two to three years, (4) encouraging the local cost/benefit analysis of various PDP activities, and (5) analyzing and publicizing PDP achievements and weaknesses.

Lessons Learned

(1) Early funding levels were probably higher than local institutions could effectively absorb. (2) Training has contributed considerably to PDP's institutional gains, but the lack of a clear overall training strategy has probably weakened the project's institutional impact. (3) Too little information was gathered on the cost effectiveness and economic rate of return on project activities. (4) In some provinces, PDP may have spread into new areas too quickly and diluted its institution building capacity. (5) Technical assistance support should have been given earlier to BANGDA and been more intensive. (6) PDP has been too optimistic about how quickly it could promote institutional change.

ATTACHMENTS

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

Schiller, Jim. Learning from PDP: Evaluating the Provincial Development Program (A Synthesis of PDP Evaluations). Presented at the National Conference on Area Development Program, Ditjen Bangda Depdagri - P3PK UGM - USAID, Yogyakarta, 12-15 April 1988.

COMMENTS

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

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