

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT IDENTIFICATION DOCUMENT
FACESHEET (PID)

1. TRANSACTION CODE
A = Add
C = Change
D = Delete
Revision No.

DOCUMENT CODE
1

2. COUNTRY/ENTITY
Indonesia

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Asia and Near East
A. Symbol ANE
B. Code 04

5. PROJECT TITLE (maximum 40 characters)
Higher Education Development Support

6. ESTIMATED FY OF AUTHORIZATION/OBLIGATION/COMPLETION
A. Initial FY 8|9
B. Final FY 9|2
C. PACD 9|5

7. ESTIMATED COSTS (\$000 OR EQUIVALENT, \$1 =)
FUNDING SOURCE LIFE OF PROJECT
A. AID 20,000
B. Other U.S. 1.
2.
C. Host Country 7,000
D. Other Donor(s)
TOTAL 27,000

8. PROPOSED BUDGET AID FUNDS (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. 1ST FY 89		E. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) FN	601B	700		4,000		17,225	
(2) EH	601B	700		1,449		2,775	
(3)							
(4)							
TOTALS				5,449		20,000	

9. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)
631

10. SECONDARY PURPOSE CODE
660

11. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)
A. Code DEL PART
B. Amount

12. PROJECT PURPOSE (maximum 480 characters)
To improve the quality of public and private university academic staff and their programs to support the qualitative expansion of employment opportunities in national development.

13. RESOURCES REQUIRED FOR PROJECT DEVELOPMENT
Staff: USAID/Jakarta: Project Committee (4 USDH, 1 FSN).
Outside Consultants: Higher Education Development Generalist, Science/Engineering Educator, Education Economist, Education Administration Specialist, Private University Development Specialist (3 US, 2 local).
Funds
FY88 PD&S : \$75,000.

14. ORIGINATING OFFICE CLEARANCE
Signature: David N. Merrill
Title: Director USAID/Indonesia
Date Signed: MM DD YY 05 04 88

15. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
MM DD YY

16. PROJECT DOCUMENT ACTION TAKEN
S = Suspended CA = Conditionally Approved
A = Approved DD = Decision Deferred
D = Disapproved

17. COMMENTS

18. ACTION APPROVED BY
Signature
Title

19. ACTION REFERENCE

20. ACTION DATE
MM DD YY

HIGHER EDUCATION DEVELOPMENT
SUPPORT (HEDS) PROJECT

(497-0358)

Project Identification Document

USAID/Indonesia

April 1988

CONTENTS

Page

PROJECT IDENTIFICATION DOCUMENT FACE SHEET

EXECUTIVE SUMMARY	i
1. PROJECT DESCRIPTION	1
1.1 Development Problem	1
1.2 Project Goal and Purpose	3
1.3 Project Components	3
1.3.1 Strengthen Academic Disciplines	4
1.3.2 Professionalize Faculty	4
1.3.3 Provide Policy Support	5
1.4 Expected Achievements/Accomplishments	6
1.5 Project Framework and Implementation	7
2. PROGRAM FACTORS	8
2.1 Conformity with GOI Strategy and Programs	8
2.2 Relationship to CDSS and Agency Priorities.....	9
2.3 Relationship with Other Donors' Activities	9
3. FACTORS AFFECTING FUTURE PROJECT DEVELOPMENT	10
3.1 Selecting Subject Areas	10
3.2 Selecting Target Project Institutions	11
3.3 Using Local Resource Institutions	11
3.4 The Role of the Private Universities	11
3.5 Social Considerations	12
3.6 Economic Considerations	12
3.7 Relevant Experience with Similar Projects	13
3.8 Estimated Costs and Methods of Financing	14
3.9 Design Strategy	14
3.10 Requested Authorization	15
3.11 Recommended Environmental Threshold Decision	15

ATTACHMENTS

1. Preliminary Logical Framework
2. Planned Obligation & Commitment Schedule
3. ANPAC Concept Paper Approval (87 STATE 148152)
4. Response to ANPAC Issues
5. Initial Environmental Examination or Categorical Exclusion

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Executive Summary

Indonesia is at an important crossroad regarding higher education. In increasing numbers, senior secondary school graduates are demanding university places, while to an increasing degree the government finds itself unable to afford continued system expansion. While the Directorate General of Higher Education (DGHE), in the Ministry of Education and Culture (MOEC), considers future options, it faces not only this unrelenting demand for higher education, but also voices of discontent among employers over relevancy and quality of university graduates. Moreover, with government purse-strings being drawn tighter and tighter, the issues of relevancy and efficiency in the heavily subsidized public tertiary system is becoming more critical.

But such constraints are providing opportunities for major changes in the system. Stringent budgets are encouraging close examination of system efficiencies, both internal and external, as well as system financing. Demands for job-ready graduates, especially by the private sector, foster explorations into quality improvements and the establishment of cooperative linkages between academia and the marketplace. The higher education system, which currently stands at 44 public universities and over 700 private tertiary institutions, is becoming so difficult to manage and finance from the center that issues of university autonomy, local resource mobilization and control, and decentralized decision making are now being openly considered.

The Higher Education Development Support Project (HEDS) is an effort designed to help the DGHE address many of the problems it is facing, both through inputs aimed directly at selected university campuses as well as by assisting with investigations of policy options at the center. The goal of HEDS, in conformity with overall GOI and Mission objectives, is to help the GOI achieve an efficient and high quality human resources development system that effectively links both public and private higher education outputs to national and regional manpower requirements. Its specific purpose is to improve the quality of public and private university academic staff and their programs to support the expansion of employment opportunities in national development. Private universities will be included for the first time in this type of higher education project in Indonesia.

The project starts implementation in FY89 and will continue for six years. It will be funded at approximately US\$27,000,000, with AID's portion totalling US\$20,000,000. A maximum of 15 higher education institutions will receive assistance under HEDS, comprised principally of those located on Sumatra and Kalimantan which meet established selection criteria. HEDS will be divided operationally into three principal components:

- the upgrading of academic staff from selected universities in disciplines of importance to Indonesia's economic growth and employment generation through training both in country and abroad

- assistance to program and administrative support units at selected universities which can demonstrate their capacity and willingness to embark on quality and efficiency improvement efforts
- support to the DGHE for policy related investigations aimed toward overall system improvements, particularly those regarding efficiency, costs and financing, university autonomy and private university relationships and functions.

Specific project outputs will include:

- Approximately 175 staff members at selected institutions will have received masters and PhD degrees by the end of the project
- Advanced training, performance monitoring and evaluation activities, research opportunities, and "after-care" programs will lead to a professionalization of faculty members.
- Policy studies and operations research activities will be undertaken and recommendations acted upon regarding autonomy, improved efficiency and financing of higher education.

PP design for the project will be completed during CY1988. A three person team will visit the country in late FY88 for approximately two months to conduct the required analyses for the PP and resolve, along with their Indonesian counterparts, remaining design issues, develop firm operations and implementation plans. One member from the Mission's Program and Project Support Office will also be a part of the team, assuring that the project implementation strategy conforms to AID policy and procedures. Outstanding design issues of importance include the final selection of universities and disciplines which will be supported by HEDS, the structure and operations of an overall project management unit, the project strategy for forming inter-university and university-region-industry cooperative linkages, the operational framework for supporting policy related studies of the DGHE as well as procedural or program improvements initiated by participating universities.

A unique feature of HEDS project preparation will be the participation of JICA (Japanese International Cooperation Agency) representative(s) in the design process, in the expectation that the Japanese will subsequently be developing a parallel or complementary project based on the lead to be taken by HEDS.

1. PROJECT DESCRIPTION

1.1 DEVELOPMENT PROBLEM

Over the past forty years Indonesia has made important strides in increasing the capacity of its education system. At independence there were only about 300 foreign trained college graduates and the country had not yet founded its first university. Since then 45 public and over 700 private institutes of higher learning have been established, and there has been tremendous growth in student numbers: 1.1 million enrolled and 70 thousand bachelor degrees attained in 1986 alone. Strenuous efforts have been made to provide qualified instructional staff and physical facilities, laboratories, equipment and libraries have been vastly improved. Despite these efforts less than 1 percent of the labor force has a college education, a figure judged vastly inadequate according to several analyses. (When Korea reached the fast take-off stage in 1975, over 6 percent of its workforce had university degrees.) The workshop on Science and Technology Planning and Forecasting for Indonesia sponsored by the GOI and National Academy of Sciences in 1982 concluded, "Within the next 5-year plan, Indonesia's development policy will require a dramatic expansion in scientific and technical manpower."^{1/}

The recent AID financed "Education and Human Resources Sector Review,"^{2/} (EHRSR) Chapter 9 "Higher Education," while noting enormous accomplishments in the higher education system, found several shortcomings, most of which have no quick or simple solution, and which will likely be carried over into the mid-1990s even if immediate action is initiated to alleviate them. There is urgent need and genuine will to tackle the system's problems based on recognition that the country will be very slow in modernizing without the pushing force of a well trained, diverse and dynamic human resources base that is produced by an efficient and quality conscious university system. A recent report of the Ministry of State for Research and Technology states, "It is clear that the technology of the future, and in particular the jobs needed for future economic and industrial growth, will rely on more personnel trained in all areas of science and technology, as well as in agricultural and civil engineering."^{3/} Recent studies have shown with consistency the positive effect education has in contributing to per capita economic growth, industrialization and the diffusion of technology. In their follow-on work to the EHRSR, McMahon and Boediono state, "Technology is a major engine of growth as skills are embodied in persons through up-to-date education and as productive technologies are diffused and put into use more widely. Higher Education provides a cutting edge."^{4/} In this study, social rates of return for workers with 3 years of higher education were calculated

^{1/} National Academy of Sciences, "Proceedings: Panel Discussions on Science and Technology Planning and Forecasting for Indonesia: Special Emphasis on Manpower Development," 1983.

^{2/} Improving the Efficiency of Educational Systems, "Indonesia Education and Human Resources Sector Review." 1986.

^{3/} OFPIU Monitoring and Evaluation Section, "Building a Nation through Human Resource Development," 1988.

^{4/} McMahon, W. and Boediono, "Universal Basic Education: An Overall Strategy of Investment Priorities for Economic Growth," 1988.

at 22 percent, indicating strong demand for such skilled labor and the significant returns to the economy of society's investment in education. The conclusion is clear: Indonesia's economy is currently being constrained by quantitative and qualitative deficiencies in particular critical fields of its university system.

HEDS will assist the Directorate General of Higher Education (DGHE) to address, at least in part, each of the broad problem areas which follow.

1. The Education and Human Resources Sector Review (EHRSR) and other recent studies argue that the economy is suffering from the lack of capacity to produce bachelors degree and higher level graduates efficiently and in sufficient numbers and quality to meet current and projected manpower demands. However, the post-secondary system can absorb only about 250,000 new entrants and produce about 70,000 new undergraduate degree holders annually, or about 1 for every 2500 of the population. When one considers only the fields most relevant to the demands of a modernizing society, e.g., applied sciences, engineering, processing and communications technologies, and business administration, the yearly output of graduates dwindles in proportion considerably. To illustrate, Japan, with a population seven tenths the size of Indonesia, graduates 80,000 engineers per year compared to only 3500 for Indonesia.
2. The number of well trained academic staff is insufficient to meet Indonesia's needs. With the exception of a few excellent schools, all of which are located on Java, most faculty members at Indonesian universities lack depth and breadth of technical knowledge. The latest Ministry of Education and Culture (MOEC) data indicate that in terms of faculty members holding degrees higher than the S¹ (bachelor's degree), Indonesia is in last place among ASEAN member countries. It is estimated that about 3 percent of the faculty hold Ph.D's, 11 percent hold masters degrees, and about 7 percent of the medical faculty hold specialist degrees. Faculty shortages are most acute in the scientific and engineering sectors, which are prime instruments for supporting the national development goals of the next Repelita (5 Year Plan).
3. A variety of financial distortions retard the effective and sustainable improvement of higher education programs. The GOI recovers few of its costs in higher education, where it subsidizes about 87 percent of public universities' budgets.
4. Internal operating efficiency and productivity are low. Because salaries are relatively low, and given the country-wide shortage of instructors, many instructors work at more than one university, often having little time for contact with students outside of formal class sessions. Most university administrators are also academicians and often lack the time and resources to keep pace with advances in management sciences, administrative procedures and automation processes. This is reflected in the need for standardized procedures and formats for student records, accounting and other routine operations. Low productivity is reflected by the fact that, at many universities, it takes six to eight years to attain a bachelors degree.
5. Once graduates find jobs (with little or no assistance from the universities), they are often ill prepared because of inadequate instruction and many new employees require extensive on-the-job training. The career path of a typical university graduate is seldom tracked to provide the university and the end user with data to improve manpower training for employment.

6. In Indonesia, once a faculty member returns from overseas study, he/she has limited opportunity for continued professional growth. Contacts outside of the particular post of assignment are infrequent; professional associations are few in number and limited in scope; travel funds are quite restricted; and often there is not a "critical mass" of professional colleagues. This situation is unlike the US system where there are many opportunities for professional growth through conferences, seminars, research and similar intellectual activities.
7. Currently Indonesia lacks a sophisticated system of peer research review and publication as well as the means to communicate research findings effectively.
8. As a percentage of total student body enrollment, as well as total number of lecturers, women are greatly under-represented in the higher education system.

Although this listing of problems appears formidable, it must be emphasized that significant progress is evident in each of the areas identified above, and previous and present AID projects are successfully assisting the GOI in addressing these issues in a variety of disciplines and institutions. Of particular importance is the recent attention being devoted by the MOEC to major national policy changes in the structure and administration of higher education. These changes center on decentralization and the granting of greater autonomy to individual institutions in key areas, including: student selection and admissions; curriculum design; personnel recruitment, evaluation and promotion; budget development and program implementation; and the search for external, non-government sources of financial support for institutional development. Thus, there is a favorable environment for innovative initiatives to be undertaken at this time, and the GOI has requested AID inputs in this effort.

1.2 PROJECT GOAL AND PURPOSE

Goal. The project goal is to achieve an efficient and high quality human resources development system in Indonesia that effectively links both public and private higher education outputs to national and regional manpower requirements.

Purpose. The project purpose is to improve the quality of selected public and private university academic staff and their programs to support the qualitative expansion of employment opportunities in national development.

1.3 PROJECT COMPONENTS

HEDS contains three inter-dependent components. Component one involves training to improve the knowledge and skills base of staff of important (and qualifying) program and support units of selected universities. Component two provides technical assistance and limited funds to support programs effecting quality and efficiency in selected universities. Component three provides support, technical assistance and finances required to undertake studies in key policy areas related to higher education such as government subsidies, university autonomy, relationships between public and private university and internal and external efficiencies of higher education.

In the first two components, the project will develop and test models for effective and efficient production of qualified manpower in selected disciplines and specialties. It will operate primarily in regions of the nation where human resources development has been lagging. By supporting

institutions off-Java, where future economic growth opportunities are still great, the project will be promoting the production of local graduates who, studies show, generally stay to work in their provinces. The university usually represents the single most important source of skilled human resources in the province, and thus investments in the development of the university and its faculty have strong spillover effects to the entire economy. These resources are utilized not only by other government agencies, which draw liberally upon local university resources in the formulation and implementation of development plans, but also by private firms in the region.

The large islands of Sumatra and Kalimantan, containing 12 of Indonesia's 27 provinces and 14 of its 45 public universities, will be the principal geographic focus of HEDS activities. In most of this area the Mission has been supporting university development under the Western Universities Agricultural Education project (WUAE), establishing relationships with the institutions and their leaders from which HEDS will benefit, as well as models for program and staff improvements which HEDS will use.

In the third component, the project will support new approaches within the Directorate General of Higher Education (DGHE) and the selected universities to redirect higher education planning, programming and funding to meet Indonesia's future manpower needs.

1.3.1 Strengthen Academic Disciplines (Component 1)

The project will devote most of its resources to graduate-level overseas training of university lecturers, with some in-country scholarships also being offered. Advanced training is a fundamental and pressing need which is particularly acute in outlying universities. With a public university full-time teaching staff at about 25,000, of which about 85 percent possess an undergraduate degree or less, and with a private university system of almost equal size but even less qualified staff, HEDS will not change the nation-wide percentage of advanced degree holders significantly. However, by concentrating on specific disciplines or departments within selected universities, critical masses can be developed.

Overseas training will be targeted to selected disciplines which are important to Mission program interests and where there is a scarcity in the nation as a whole such as in agriculture, forestry and environmental sciences, public health, business education/administration, basic and applied sciences, and engineering. (See Section 3.9, Design Strategy, for a description of how determination of the particular disciplines for support will be made.) Fellowships will be provided to staff of public universities, principally from Sumatra and Kalimantan, and possibly to staff of selected private universities (in these same regions) of sufficient status and relevance to the communities they serve.

During project design, criteria will be formulated to ensure that HEDS training support is targeted properly. Approximately 10 to 15 institutions will be affected. The upgrading of carefully selected units (disciplines, programs, departments, support offices) is in contrast to previous USAID supported higher education projects which have provided faculty wide assistance with particularly heavy doses of outside technical assistance.

1.3.2 Professionalize Faculty/Improve Operations (Component 2)

The HEDS project will address the need to develop a higher degree of professionalism among faculty members -- particularly those participants returning from advanced studies overseas as well as in-country -- through a

number of initiatives. The specifics for addressing the professionalization issue will be developed more fully during PP preparation, based in part on the innovations in this area pioneered under the WUAE Project, and on consultations with DGHE, other donor groups, and university representatives. In order to encourage staff professionalization HEDS could support activities as follows:

Research. The research capacities of recent overseas or in-country graduate degree holders will be strengthened by offering competitive research grants and incentive awards managed by a project supported research network and utilizing, in part, the resources and facilities of the World Bank supported Inter-University Research Centers. Project funds will also be provided to allow university staff to participate in subject-specific inter-university networking activities.

Incentives. The HEDS project will establish a Special Studies and Incentives Fund to support investigations into innovative applications of higher education system improvements. Part of these funds will be reserved for academicians and administrators in the targeted HEDS institutions to fund their own explorations into program and operations improvements, or to "reward" these institutions for initiatives taken which have resulted in verifiable improvements. The "rewards" might consist of awards, scholarships, graduate assistantships, travel grants, work/study opportunities for students, book/equipment gifts, etc. The other part of these funds will be available to the DGHE to assist with policy studies aimed toward system-wide application of the positive outcomes of the campus specific innovations.

Linkages and Networks. The HEDS project will promote the formal linking of public universities with each other and with private universities, other educational organizations and businesses in order to further regional and national development. This will involve establishing and maintaining outside connections for: sharing research problems and outcomes, servicing needs of local commerce and industry, assessing manpower demands and employment realities, deriving benefits from alumni associations, and building mutually useful community relationships. To promote university-private enterprise relationships, approaches which have proved successful in the US will be explored. These include private sector funded scholarships and departmental chairs, research endowments, career days, joint research boards, etc.

1.3.3 Provide Policy Support (Component 3)

The recent economic downturn in Indonesia is forcing a re-examination of several key policies affecting enrollment levels, system operations and financing. This project will support policy dialogue and reform in areas of particular concern to AID, notably those related to government subsidies, private universities and other tertiary institutes, and internal and external efficiencies of the system. It will also assist the DGHE in examining a special set of issues and problems concerning the need to deliver different and appropriate kinds of educational activities in less developed regions of the nation. For example, the project will explore emerging relationships among the selected disciplines and departments and between the outer island universities and the Inter-University Research Centers under the World Bank financed \$147 million Second University Development Project and other donors' programs.

As noted above, a policy issue of great current importance is one of increased autonomy for institutions of higher education to manage their academic and fiscal programs. The MOEC recognizes that centralized administration of a complex system of 45 public and over 700 private

institutions of higher education with a combined enrollment in excess of 1.3 million students is an overwhelming task. A consensus is emerging among academic administrators and policy makers that one approach to more effective and efficient management of the system is to delegate to individual universities some of the authority and responsibility previously reserved to the Directorate General for Higher Education. When this policy change is accepted by the relevant agencies of the government, there will be major tasks to be carried out in implementing these changes. Some of the more important issues to be addressed will include: 1) What kind of autonomy should be granted? 2) To which universities or academic units? 3) What form will it take and what legislation will be required? 4) What forms of control, evaluation, financial accountability will be required? 5) What will be the impacts on quality of education, on government budgets, and other areas? 6) What criteria will be used to determine which institutions will be granted increased autonomy and how will it be phased into the system? 7) What kinds of administrative re-organization will be required, both centrally and within the individual institutions?

This project will assist the GOI as it struggles with these and other issues through a variety of means, including: 1) provision of short term consultants in critical policy areas; 2) assistance in conducting policy studies, including assessments of existing institutional strengths and weaknesses; 3) academic administration workshops, seminars, and conferences; 4) and sending key administrators abroad for short term observation/study programs.

Several donors are now concerned with policy issues within the field of higher education. There is sufficient coordination between AID, the Asian Development Bank (ADB), the World Bank, the Japanese, the Australians, the Dutch, the Canadian and the British to ensure that programs do not overlap.

1.4 EXPECTED ACHIEVEMENTS/ACCOMPLISHMENTS

The project will have developed and tested a mechanism for strengthening faculty competencies in selected disciplines of economic importance to the region and/or the nation, and will have identified those innovations and approaches which appear to have merit for broader application in the higher education system. Individual institutions and selected disciplines and departments will have in place more effective academic programs in research and teaching, and mechanisms for incorporating inputs from the private sector (both business firms and educational institutions) will be functioning. A program of educational policy research studies will be institutionalized within the DGHE, and a mechanism established for identifying priority policy research areas, conducting appropriate studies, and disseminating the results. A system of participant after-care and professionalization of faculty members will have been developed, tested, and those components determined to be successful will be shared with other institutions, projects, and donor agencies.

Specific project achievements will include:

1. Approximately 175 staff members at selected institutions will have received masters and PhD degrees by the end of the project. This will lead to better qualified faculties in selected disciplines (e.g., forestry, engineering and agroprocessing). Better qualified faculty, who have been exposed to different pedagogical methods, will in turn lead to improved methods of instruction that result in more, better trained graduates in areas targeted to Indonesia's economic development.

2. Advanced training, monitoring and evaluation activities, research opportunities, and after-care activities will lead to a "professionalization" of faculty members, including deeper commitments to their disciplines, their students, the quality of their intellectual endeavors, and the nation's development goals.
3. Several policy studies will be undertaken and recommendations acted upon regarding the improved efficiency and financing of higher education. In particular, the DGHE will have a more effective structure and policy framework for utilizing the services of the private university system.

1.5 PROJECT FRAMEWORK AND IMPLEMENTATION

Although it is suggested that the life of this project will be six years (FY1989-FY1995), the PP design team should recommend if this is, in their judgment, a sufficient period of time. The Ministry of Education and Culture will implement the project. During FY 89, upon completion of the Project Paper (PP) and project agreement, a project steering committee will be named and activated. The steering committee will be composed of the Directorate General of Higher Education (Chair-person), Indonesian Project Director, USAID Representative, Representative of the Consortium of Western Universities and Expatriate Contractor Representative. The committee's responsibilities will be to provide overall guidance on policy and programming issues, and to bring lessons learned from demonstration activities and policy studies to the attention of GOI decision makers.

Upon signing of the project agreement the HEDS Project Management Unit (PMU) will be established with an Indonesian director and a complement of qualified staff. The personnel of this unit, to be located in the DGHE/MOEC, will be hired under contract. A former or retired senior level DGHE official would be sought for the position of Director. Support staff would be contracted based on skills needed in the management of the project. It will operate along the lines of the PMU under the Mission's Faculties of Public Health Project which has proven effective for reducing the Mission's project management burden. Acting as the implementing unit for the project, the PMU will examine the most appropriate means of carrying out the participant training program, including the use of the Overseas Training Office established under the General Participant Training II Project; the need for and role of Indonesian and foreign consultants in the implementation of activities/studies carried out under research support and policy support funds; and the scope, nature and extent of networking necessary to facilitate and expedite the interactions among departments, faculties, Inter-University Research Centers and others.

Within the Mission, this project will require part-time services of one USDH and one FSN. While daily project implementation will be the responsibility of the PMU, the AID project officer will be responsible for all financial matters, project adherence to AID policies and regulations, and evaluation and audits. There is potential for Grey Amendment institutions to provide a portion of the technical assistance and/or a share of the participant training since some of the academic disciplines ultimately selected for project support are likely to coincide with fields in which HBCUs are traditionally strong. This possibility will be explored during the design of the Project Paper.

The project will utilize a long-term TA contract for both long- and short-term needs. It is anticipated that this contract will be awarded in FY89 and that, under it, one long-term advisor will be placed in the PMU for a minimum of four years to coordinate the program, and particularly to assist in

the recruitment of short-term consultants and provide guidance on placement. A second long-term advisor will work primarily with the DGHE Policies Study Group in implementing Component 3. Detailed scopes of work for the long-term TA team will be developed during PP design. Short-term TA will be called upon as needed to assist in specific disciplines targetted for upgrading and to participate in the policy studies.

The project will use some of the stronger Indonesian institutions to assist with the upgrading of target university staff and to provide expertise for the selected disciplines and universities. This will provide important opportunities for the more advanced institutions on Java and elsewhere in Indonesia to assist less developed universities and regions. Many of these intitutions (e.g., the Institute of Technology at Bandung, Institute of Agriculture at Bogor, and the University of Indonesia) have developed utilizing both large-scale foreign assistance including USAID and domestic investments. Using their staff as trainers and consultants will also help build their own expertise while furthering local economic and campus development.

2. PROGRAM FACTORS

2.1 CONFORMITY TO GOI STRATEGY AND PROGRAMS

In Repelita IV education received high priority as a major instrument for national development. It is likely to receive the same emphasis, but more directed toward quality and efficiency, in Repelita V (1989-1994).

The GOI views research and professional scientific training in universities as vital elements in the development process. Repelita IV called for stimulating the interest of higher education institutes in scientific information; promoting cooperation between research and higher education institutes; conducting research on development, the environment and technology; expanding opportunities for post-graduate study in various fields of science and technology.

In addition, discussions with the DGHE and interviews with Indonesian planners and educators indicate that improvements in higher education should include promoting, integrating, and increasing the utility of research in the basic and applied sciences; strengthening the ability of universities to grow as institutions through training, upgrading and professionalizing staff, particularly in those fields crucially linked to employment and national and regional needs; improving the ability of private and public universities to contribute to economic growth; conducting policy studies designed to determine the most efficient and effective approaches to a more decentralized system of higher education; and identifying potentials for non-government funding alternatives for universities.

An important policy concern cited is the geographically unbalanced development of higher education, coupled with the uneven distribution of development resources between Java and the outer islands. The DHGE has suggested that attention be directed to those universities outside Java that have not received much foreign donor support and that demonstrate a willingness and potential for fostering quality and efficiency improvements on their campuses. There is also concern about the role of women, particularly regarding equity and economic (employment) issues. The DHGE is interested in improving women's access to higher education and to fields of study where they have not previously participated in large numbers. The recent amendment to

the WUAE project providing exclusively for the graduate degree training of women faculty is evidence of such interest.

2.2 RELATIONSHIP TO CDSS AND AGENCY PRIORITIES

The goal of the Mission's FY 1989-1993 CDSS is to improve long-term sustainable employment and income opportunities through means which promote efficiency and productivity. The education sub-goal is to achieve an efficient, high quality human resources development system which effectively links system outputs to market requirements. Within this sub-goal this project most directly relates to objective number 2:

"Address the most critical current and projected deficiencies in high-level trained manpower, through overseas training and strengthening critical programs and units within selected institutes of higher education."

The CDSS further specifies that in its HRD pursuits, the Mission will increase private/independent sector involvement and emphasize sectoral program areas such as agriculture, natural resources management, science and technology, engineering, public health and business education. These represent the principal areas of focus for HEDS.

HEDS will also address objective number 1 under the educational sub-goal, "improving efficiencies in planning and policy formulation," by supporting DGHE policy dialogue and reform related to government subsidies, private universities and other tertiary institutes, and internal and external system efficiencies.

Specifically the project meets two fundamental criteria of the CDSS -- management effectiveness and leveraging.

Management effectiveness: the PMU concept is designed specifically to minimize USDH day-to-day management responsibilities. The effectiveness of this model has been proven under the Faculties of Public Health Project which, like HEDS, involves the DGHE as the implementing agency.

Leveraging: the project is not designed to solve a complete set of development problems. Rather the project will work in specific areas of influence where quality and efficiency improvements can be demonstrated, with the expectation that they can and will be replicated. Policy or procedural changes will be promoted which affect both university programs and administration system-wide. Coordination with the Japanese during design also offers the opportunity of influencing other donor resources. Thus the "return" to AID's investment is potentially very high.

The project is consistent with Agency policy, including the recent ANE/HRD strategy statement, which mandates working toward more efficient education systems, improving policy and planning functions, promoting decentralization and private sector/community involvement, participant training, technology transfer and, where warranted, higher education.

2.3 RELATIONSHIP TO OTHER DONORS' ACTIVITIES

The project will focus upon selected institutions of higher education in Sumatra and Kalimantan. The major donor activities in this area, in addition to the AID WUAE project, are Asian Development Bank educational loans for the Universities of Sriwijaya and North Sumatra and a World Bank loan for two

teacher training colleges at Padang and Medan. These projects involve construction and academic program development and are receiving technical assistance under contracts from U.S. educational institutions. It may be feasible to utilize selected staff members from the more advanced of these institutions as local consultants to the HEDS project.

The British are currently examining the agricultural laboratories in the public universities in Sumatra prior to a laboratory equipment procurement loan of up to \$20,000,000. ADB is finalizing a loan on development of fisheries faculties which complements the current WUAE project assistance to the faculty of fisheries at the University of Riau. ADB is in the initial stages of identifying a future (CY1989) project which may include one or two Universities in Kalimantan. They will coordinate with AID on HEDS so that there will be no overlap. The Japanese are currently assisting with technical assistance to the Faculty of Forestry at University of Mulawarman in Kalimantan.

Five major universities on Java are currently receiving substantial support from the World Bank XVII project to develop 14 Inter-University Centers which will focus upon specific disciplines (e.g., life sciences, micro-electronics, bio-technology, etc.). The HEDS project will draw upon the faculty, staff and other resources of these Centers to support HEDS project activities at target institutions. This is very much in line with the GOI policies and philosophy which led to the establishment of the centers, i.e., that they would serve as resources for developing other Indonesian institutions. In addition, and assuming a positive outcome from an upcoming evaluation, HEDS plans to assist with the expansion to its participating universities of a program to assess and restructure course curricula currently being implemented on Java under Dutch assistance.

In the macro-educational policy studies component of the project, efforts will be made to establish linkages with the World Bank, Australian, Dutch, British, and Canadian development assistance programs in order for them to share experiences and participate in policy research activities which are considered critical by the DGHE.

A unique feature in this project is that the Government of Japan has expressed interest in developing a parallel activity which will complement HEDS efforts and objectives. They have asked to take part in the design of the HEDS Project Paper and have already identified possible participants. Drafts of the SOW for the USAID PP team have been given to representatives of JICA along with copies of this PID in order to establish at the outset a strong collaborative relationship in this undertaking. Initial indications are their support could include faculty scholarships, short-term consultancies and the upgrading of facilities.

3. FACTORS AFFECTING FUTURE PROJECT DEVELOPMENT

3.1 SELECTING SUBJECT AREAS

Final selection of particular disciplines to be strengthened within targeted universities will be made during the preparation of the PP based upon input from the USAID, DGHE, university administrators, other government agencies (including BAPPENAS, the National Planning Agency) and private enterprises, and the results of surveys to be conducted in the regions over the next 3 months. Actual determination of disciplines shall conform to the Mission's interest in generating long-term employment and sustainable incomes. Thus the subject disciplines must fit the needs of the regions in

promoting economic growth. From available information, however, disciplines most likely to be selected include engineering, basic and natural sciences, specific branches of agriculture (such as forestry, fisheries, ecology, agro-businesses and food technology) and business administration.

3.2 SELECTING TARGET PROJECT INSTITUTIONS

Detailed criteria for the selection of participating institutions will be established and applied during the preparation of the PP based upon the results of the surveys mentioned above. While firm decisions must await outcomes of further analysis, some general criteria for university participation in HEDS have been specified at this time. These include judgments on the quality of the existing faculty and physical plant, administrative and managerial qualifications, and commitment of the institution's leadership to excellence; economic/social needs of the region; past history of performance of the institution and the particular candidate discipline(s); interest, support, and willingness to participate with other local government agencies and the private sector; opportunity for linkages with existing or proposed future development activities and resources; potential for spillover/multiplier effects; interest on the part of key personnel in participating in the project; existence of a plan for university development and evidence of participation in local or regional development activities; and demonstrated effectiveness in recruiting and supporting new faculty members.

3.3 USING LOCAL RESOURCE INSTITUTIONS

In the implementation of this project, there are a number of existing resources that can be tapped. For example, the Institut Pertanian Bogor (Agricultural Institute of Bogor) has developed considerable expertise in academic planning, space planning, curriculum development and related areas. IPB staff could be used as short term consultants in these and other areas. The 14 newly established Inter-University Centers at five leading universities represent reservoirs of highly trained and experienced faculty members who could serve as consultants in technical areas ranging from the biological sciences through the engineering sciences to economics. The Overseas Training Office, a GOI participant placement and support unit created under AID's General Participant Training II Project, can provide assistance in preparing participants for graduate and short term study abroad (orientation, language preparation, and placement). The Curriculae Contortia of the DGHE can provide assistance in assessing existing curriculae and other resources in a number of key disciplines, and in developing recommendations not only for curricular revision but also for staffing, equipment, library, and other needs. The existing networks established with assistance of AID's WUAE project can provide valuable assistance in a number of areas including evaluation of research proposals, upgrading of instructional practices, and upgrading English language facilities and teaching materials.

3.4 THE ROLE OF THE PRIVATE UNIVERSITIES

In Indonesia, both public and private higher education institutions are responsible to the MOEC. Private universities have proliferated in recent years and, although the vast majority are weak institutions, there are a number of good ones. It is common practice, where both private and public universities are situated in the same city, for private institutions to draw heavily on the public institutions for part time faculty and even for top administrators.

The Government has not discouraged the sharing of resources since the demand for higher education is so great and available space in the public institutions is far less than the number of applicants. In general, students prefer to enter public universities where tuitions are lower, and facilities and programs generally better. On the other hand, private universities enjoy more autonomy and flexibility in their operations than public institutions. With wide latitude in raising and administering resources they are able to tap private sources of support much more effectively. This, in turn, reduces pressures on central government education budgets.

With the projected move towards greater autonomy for the public institutions, there is much to be learned from private universities in fund raising, budgeting, personnel recruitment and retention, and similar management issues. The incorporation of a few carefully selected private institutions into this project has the dual advantage of testing the effectiveness of closer formal links between private and public institutions and facilitating the sharing of resources and experience as the whole system moves towards greater decentralization. It may be feasible to allocate academic programs within a given city, among public and private institutions, to reduce duplication of effort and resources, and increase efficiency, reduce costs, and improve educational programs. This will be looked at more closely during PP design.

3.5 SOCIAL CONSIDERATIONS

Equity of access to tertiary education is receiving increasing GOI attention. Because the primary and secondary school systems in cities on Java are generally superior to those on the outer islands, and because admission to public universities is determined by performance on standardized national examinations, applicants from the more remote areas are disadvantaged. To address this, the GOI is attempting both to strengthen primary and secondary education and to provide higher quality university programs in the outer islands. The HEDS project is designed to strengthen selected institutions and programs in Sumatra and Kalimantan, thus providing more equal access for these less privileged groups of potential students.

Social constraints have been a primary reason why fewer women have continued their education through the university. Where women have entered universities they have tended toward traditionally female professions -- nursing, secretarial studies, education, etc. The HEDS project will improve opportunities for increased participation by women and will also encourage greater numbers to enter traditionally male dominated areas -- engineering, technology, the basic and life sciences. Specific areas of women's participation will be examined during the Project Paper design.

By strengthening the outer island institutions, many of which are located in more rural settings, greater access will be provided to students with agricultural backgrounds -- farms and small villages. Since higher education is a major route to upward mobility, this will contribute to the development of a more egalitarian society.

While the above relates to broad social benefits, there will be direct and indirect benefits accruing to individuals. Approximately 175 lecturers will directly benefit through participant training. Many others will attend short courses, serve in networks or conduct project sponsored research. Indirect beneficiaries will be the undergraduate students who are taught by those who have been trained under the project.

3.6 ECONOMIC CONSIDERATIONS

Long range economic plans of the GOI emphasize industrialization within the framework of a more open and competitive economy, and reduced dependence on export of primary products (petroleum, rubber, coffee, etc.) as the engine of growth. To support this development strategy, educational priority is placed on increasing enrollment and strengthening programs in the basic sciences, engineering and technology (including agriculture), and to a lesser degree economics and business management. In implementing this strategy, the DGHE is stressing staff development in these areas through advanced training, and increased research opportunities and support to faculty members.

The close link which exists between investment in human capital and increases in economic growth and productivity has been demonstrated consistently in numerous case studies throughout the world. World Bank manpower studies on Indonesia suggest a substantial imbalance in the supply and demand for qualified graduates in key scientific areas. It is recognized that a scarcity of trained human resources represents a serious constraint to efforts to increase the value added component of Indonesian exports. The HEDS project will help to relieve this constraint by increasing the institutional capacity of selected universities to produce better prepared graduates in the priority disciplines. The design team for the HEDS Project Paper will include an educational economist. The design effort will pay particular attention to selecting fields of study for project support which have clear current and/or projected impact on incomes and employment. The economic analysis in the Project Paper will include estimates of the return to investments in manpower development for a representative range of fields of study considered and chosen.

3.7 RELEVANT EXPERIENCE WITH SIMILAR PROJECTS

USAID assistance to Indonesia's higher education system began in the mid-1950s when programs were initiated at Bogor in agriculture and Bandung in technology and engineering. Other activities were soon undertaken on Java in the fields of medicine, public health, education, administration and general graduate study. More recently, work was undertaken in agricultural education in the eastern islands and among the western island universities (Sumatra and West Kalimantan). Thus, a bank of knowledge and experience has been amassed within the Mission and DGHE upon which to draw and which, in turn, will assist in bringing issues into focus more readily, in identifying emerging opportunities, in evaluating structural and related constraints, and in formulating policy options for system improvement.

The Mission also has a history of strong participant training programs and is planning to transfer many of its functions to the GOI Overseas Training Office. USAID models for effective "networking" have demonstrated their utility and effectiveness, particularly in the Western Universities Agricultural Education project in soil science, instructional methods, research methodology, and in the GPT-II project in English language instruction at various levels.

The HEDS project is a logical extension of past AID experience and will incorporate a number of lessons learned in its design. Past projects had specific sectoral concentration focusing solely on developing institutional capabilities. HEDS will cover a broader span of disciplines, driven not by the desire to develop a specific facility but rather to meet critical manpower needs. In addition, in line with CDSS criteria, it will use those project activities to demonstrate that quality education, in an efficient education system, is possible on a national level.

3.8 ESTIMATED COST AND METHODS OF FINANCING

The project will finance participant training, technical assistance, research, policy studies, networking costs, workshops/conferences, publications, minor amounts of equipment and materials, and project evaluations. The GOI will provide approximately \$7 million for logistic and administrative support, counterpart personnel, funds for in-country training and professionalization activities and will continue salaries for faculty during their long-term training programs. Details will be worked out during PP design. The following table shows the preliminary budget for AID's contributions to the project.

<u>Illustrative Grant Budget</u> <u>(AID Inputs - \$000)</u>		<u>Total</u>
1. Technical Assistance (long and short-term)		3,000
2. HEDS Project Office Support		300
3. Participant Training (long and short-term)		12,000
4. Faculty Professionalization Activities		800
5. Policy Improvement Activities		1,500
6. Supplies & Equipment		300
7. Project Evaluations/Audits		<u>200</u>
	Sub-total	18,100
Contingencies		<u>1,900</u>
	Grand-total	20,000

3.9 DESIGN STRATEGY

In conformance with its Project Agreement, the Western Universities Agricultural Education (WUAE) Project is undertaking a series of on-site studies and reviews aimed at improving university and faculty planning, organization and administration in order to make the universities more efficient and responsive to local needs in Sumatra and Kalimantan. These studies will be available to the HEDS PP design team. Based on an analysis of this and other available data, the HEDS PP design team will match and rank disciplines with universities. Using this ranking system the team will conduct an on-site investigation of each potential university prior to recommending which universities and which disciplines will receive project support. Determining the demand side of the manpower equation -- including the needs of academic institutions, industry, private businesses and government -- will help the project focus its resources more efficiently and effectively. The previously cited EHRSR and other studies comment on the relationship between investments in higher education and the economic returns to those investments. The PP team will explore more specifically the link between education in particular disciplines and economic growth and employment in specific regions. In this regard, an educational economist has been included on the design team.

The PP design team will then determine the models and parameters for the industry/community relationships to be established, the procedures for administering the fellowships, general configuration of research, criteria for policy and incentive programs and systems for the effective coordination of project activities. The MOEC/DGHE will assign one or two officials to work with the PP design team in the tasks outlined above. Their participation is deemed critical to a mutually-agreed upon project design. In addition, Indonesian consultants will be funded to assist in the field-work as necessary.

The PP design team will be funded from the Mission's FY88 PD&S allocation, including three expatriate and one or two Indonesian consultants in addition to the representatives from the MOEC. One member from the Mission's Program and Project Support Office will also be a part of the team, assuring that the project implementation strategy conforms to AID policy and procedures. No assistance of AID/W personnel is anticipated.

The composition of the team in addition to USAID participation is as follows:

- A higher education development generalist with a broad academic background and experience in university management/public administration, educational development in developing countries and private universities. Prior experience in Indonesia and knowledge of its educational system is desirable. (US)
- An educational economist with manpower planning/projection skills. Overseas experience, preferably in Indonesia, is highly desirable. (US)
- An individual fully knowledgeable of AID regulations and HB requirements in developing a PP. This individual would be responsible for pulling together the recommendations of the design team into a coherent PP fully meeting all AID requirements. (US)
- One or two senior level DGHE administrators/educators with project management experience and prior higher education teaching and research responsibilities. Someone with private university experience would be a useful additional resource at least on a part-time basis. (Indonesian)
- One or two Indonesian consultants who would assist in the data analysis and subsequent field visits. (Indonesian)

3.10 REQUESTED AUTHORIZATION

Given that there are no Agency policy-related issues, Mission requests authorization to approve the PP in the field. Based on this authorization we expect an early FY89 obligation.

3.11 RECOMMENDED ENVIRONMENTAL THRESHOLD DECISION

The activities of this project meet the criteria for categorical exclusion in accordance with 22 CFR Part 216, paragraph 216.2(c)(2)(i). (See attachment 5.1)

LOGICAL FRAMEWORK

NARRATIVE SUMMARY	OBJECTIVE VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><u>Project Goal:</u></p> <p>To achieve an efficient and high quality human resources development system in Indonesia that effectively links both public and private higher education outputs to national and regional manpower requirements.</p>	<p><u>Measures of Goal Achievement:</u></p> <ol style="list-style-type: none"> 1) Increased ratio of higher degree university staff to bachelors staff in the university system 2) Increased production of qualified graduates for industry 3) Increased communication and coordination between research departments and industry/commerce 4) Improved geographical distribution of the nation's high quality institutions 5) Policy improvements, especially regarding system quality and efficiency issues 	<ol style="list-style-type: none"> 1) Records maintained by DGHE/ Office of Educational Research and Development 2) Evidence of the establishment of joint planning committees; interchange of staff/students on part-time bases with industry 3) Statistical records showing mix of staff in affected universities 4) Increased number of practical short courses taught by industry experts 5) Statistical records showing staff credentials, research and public service by institution 6) Policy pronouncements made by the Minister, minutes of the Rakernas; records of individual university development plans 	<p><u>Assumptions for Achieving Goals:</u></p> <ol style="list-style-type: none"> 1) That GOI continues to maintain its stated commitment to upgrading its human resources at all levels 2) That GOI maintains its commitment to strengthening the ties between its educational system and its development program 3) That GOI and industry continue to improve communications and joint efforts 4) That multi-national industries cooperate with GOI efforts to enhance its human resource base

NARRATIVE SUMMARY

OBJECTIVE VERIFIABLE INDICATORS

MEANS OF VERIFICATION

IMPORTANT ASSUMPTIONS

Project Purpose:

To improve the quality of public and private university academic staff and their programs to support the qualitative expansion of employment opportunities in national development.

End of project status:

- 1) Selected disciplines will have teaching staffs with higher educational qualifications
- 2) In-house research will follow guidelines pertaining to relevance and quality
- 3) Management and administration of selected departments will have undertaken initiative to improve efficiency of their operations
- 4) Teaching staff will spend more hours/week on campuses and with students
- 5) New professional organizations will be formed
- 6) Faculty interaction with local industry will be occurring
- 7) A mechanism to investigate policy issues will exist in DGHE and several policy studies will be completed and implemented
- 8) Students will be assisted in job preparation and search through counseling, tracer studies, etc.
- 9) Mechanism established for adopting "innovative" ideas into nationwide practice

Examination of records of relevant organizations show increases in outputs which can be attributed to project, in particular:

- 1) Contractor's records
- 2) Placement agency records
- 3) DGHE & MOEC records
- 4) MOEC and university data on research
- 5) USAID periodic evaluations
- 6) USAID records
- 7) Industry & commerce records on exchanges of staff/hiring of graduates

Assumptions for achieving purpose:

- 1) That project institutions and disciplines meet proposed criteria and exhibit commitment to quality improvements
- 2) That DGHE and selected institutions nominate qualified staff for scholarships
- 3) That selected staff are released for scholarship at the scheduled time
- 4) That contractor, AID and DGHE can provide the necessary linkages with US universities
- 5) That regional industry/commerce groups show active interest and participate in joint applied research relevant to local problems

NARRATIVE SUMMARY	OBJECTIVE VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<u>Outputs:</u>	<u>Magnitude of Outputs</u>	<u>Indicators to Verify Output Attainment:</u>	<u>Assumptions for Achieving Outputs:</u>
1) University staff trained in MS, PhD and short-term programs both abroad and in-country	(Quantities to be determined by PP team after selection of specific institutions by DGHE/MOEC and USAID/Indonesia)	1) HEDS/PMU records 2) Contractor's training records	1) That qualified applicants are available for training
2) In-country research strengthened both in institutional basic research and in applied research with industry/commerce		3) Coordinating universities training records	2) That English language training courses can be established and staffed to meet project needs
3) Improved network of communication among peer organizations with members working cooperatively in solving shared problems		4) Selected Indonesian organizations records	3) That qualified candidates are able to obtain leave for scholarship/short courses
4) Special policy and efficiency studies funded and conducted resulting in improved policies in higher education		5) Contractor's periodic and final reports	4) That joint research projects, both in-house and with industry, can be agreed upon
5) Improved instructional programs in targeted disciplines based on better curriculae and teaching practices		6) USAID project reports	5) That industry/commerce demonstrate positive interest and support of project
6) Linkages formed between public and private universities, and local employees		7) USAID/GOI periodic project reviews and external evaluations	6) Upgraded staff apply their skills in order to improve instructional content and methods
7) Improved operations of university administration and support units with improved systems adopted nationwide as appropriate			
8) Incentives/awards provided in support or recognition of quality/efficiency improvements			

NARRATIVE SUMMARY—	OBJECTIVE VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<u>Inputs:</u>	<u>Implementation Target:</u>		<u>Assumptions for Achieving Inputs:</u>
USAID/Indonesia	USAID/Indonesia (\$000)	USAID/Indonesia	USAID/Indonesia
1) Finance L/T scholarships, S/T technical training, local workshops	1) \$12,000 for long-term scholarships and short-term training	Grant Agreement USAID/Indonesia records Project records	Grants funds available Qualified TA available
2) Funding for required technical assistance and project administration	2) \$3,000 for long-term and short-term technical assistance	Contractors records	
3) Funding for specified policy studies, university incentives program	3) \$1,500 for policy improvement and incentives programs		
4) Funding for networks and professionalization activities	4) \$800 for networks & professionalization activities, research		
5) Equipment and supplies	5) \$300 for commodities		
6) Funding for project administration	6) \$500 for project administration and evaluation		
7) Technical short courses developed and delivered in-country			
G O I	G O I	G O I	G O I
1) In-kind support through existing involved institutions	1) \$7 million for staff salaries, counterpart personnel, operating expenses and in-kind support. Details to be determined during PP design.	Records of DGHE, and targeted institutions	Funding is made available and counterparts are assigned as required
2) Counterpart support of TA personnel, policy investigations and project administration			Recurring costs will be provided
3) Staff support in targeted institutions			

19

Planned Obligation & Commitment Schedule
(\$000)

** = approx. point of obligation
* = approx. point of commitment

9/88	9/89	9/90	9/91	9/92	9/93	9/94
**Oblig(5,450)	**Oblig(6,650)	**Oblig(4,700)	**Oblig(3,200)			
PMU-PIL *(300)						
	TA-Contr. *(3,000)					
ELT-PIL *(350)						
O/S TRG-PIL (OTO) *(1,200)	*(2,200)	*(3,500)	*(3,500)	*(1,000)		
	Professionalism-PIL *(200)	*(150)	*(150)	*(150)	*(150)	
			In-C Res-PIL *(250)			
Equip-PIL *(100)	*(100)	*(100)				
			Eval-PIO/T *(100)		Eval-PIO/T *(100)	
Policy Act's *(100)	*(200)	*(300)	*(300)	*(300)	*(300)	
		Contingency-? *(300)	*(400)	*(600)	*(600)	

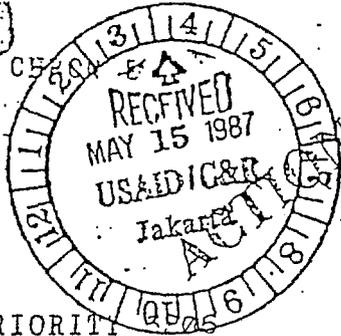
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SUBJECT: PROPOSED FY 1988 HIGHER EDUCATION DEVELOPMENT
SUPPORT PROJECT (497-0358): ANPAC REVIEW

REF: (A) ACTION PLAN SEPTEL

1. THE ACTION PLAN REVIEW, CHAIRED BY AA/ANE FLOCH, DECIDED THAT THE MISSION MAY PROCEED TO PREPARE A PID FOR AID/W IF THE MISSION FINDS THE PID AN INTEGRAL PART OF THE NEW COUNTRY DEVELOPMENT STRATEGY STATEMENT. THE ANPAC, CHAIRED BY A-AA/ANE NORRIS ON APRIL 20, APPROVED THE FOLLOWING GUIDANCE FOR PID DEVELOPMENT.

2. AGENCY POLICIES. THE PID SHOULD ADDRESS HOW THE PROJECT RELATES TO AGENCY POLICIES, PARTICULARLY ON EDUCATION.

3. RELATION TO INDONESIAN ECONOMY AND RECURRENT COSTS. THE PID SHOULD DISCUSS THE APPROPRIATENESS OF THIS INITIATIVE AS AGAINST ALTERNATIVES THAT MIGHT HAVE GREATER SHORT-TERM IMPACT ON THE INDONESIAN ECONOMY DURING THE PRESENT ADJUSTMENT PERIOD. THE INTERRELATIONSHIP BETWEEN THE PROPOSED FACULTY UPGRADING AND SUPPORT FOR RESEARCH ON GOI RECURRENT COSTS SHOULD

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ALSO BE ADDRESSED.

4. PROJECT FOCUS. THE PROJECT SHOULD FOCUS ON A LIMITED NUMBER OF SPECIALTIES THAT ARE SUPPORTIVE OF THE MISSION DEVELOPMENT PROGRAM. THE MISSION MAY WANT TO DEVELOP A NUCLEUS OF SPECIALISTS IN A SMALLER NUMBER OF QUALITY INSTITUTIONS FOR GREATER IMPACT.

5. NEED FOR ADDITIONAL TRAINING FUNDS. THE PID SHOULD INDICATE HOW THIS PROJECT RELATES TO OTHER PROJECTS IN THE PORTFOLIO, INCLUDING AN ANALYSIS OF AVAILABLE FUNDS FOR TRAINING HIGH-LEVEL UNIVERSITY AND TECHNICAL PERSONNEL.

6. PRIMARY CONSTRAINT. THE ANPAC RAISED THE ISSUE OF WHETHER THE PRIMARY CONSTRAINT TO THE IMPROVEMENT OF

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3.2.

HIGHER EDUCATION IN INDONESIA IS THE QUALITY OF CURRICULUM RATHER THAN THE QUALIFICATIONS OF FACULTY. THE PID SHOULD ADDRESS THIS ISSUE.

7. HISTORY OF WEAKNESSES IN EASTERN ISLAND INSTITUTIONS. GIVEN PAST PROBLEMS WITH WEAK INSTITUTIONS IN THE EASTERN ISLANDS, THE MISSION SHOULD ADDRESS HOW THIS PROJECT WILL ACHIEVE ITS OBJECTIVES OF INTER-UNIVERSITY COOPERATION, ETC.

8. PARTICIPATION OF WOMEN. THE PID SHOULD INDICATE HOW OPTIMAL PARTICIPATION OF WOMEN WILL BE ENCOURAGED.

9. CRITERIA FOR SELECTION OF INSTITUTIONS. THE ANPAC EXPRESSED SOME SKEPTICISM ABOUT THE QUALITY OF PRIVATE INSTITUTIONS AND THEIR PARTICIPATION IN THIS PROJECT. THE PID SHOULD INCLUDE CRITERIA THAT ENSURE SELECTION OF INSTITUTIONS THAT MERIT UPGRADING. ARMACOST

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RESPONSE TO ANPAC CONCEPT PAPER ISSUES

The following responds to the concerns raised during the ANPAC review of the concept paper as reported in 87 State 148152:

1. Relationship of the project to AID policies on education.

See Section 2.2.

2. Relationship of project to the Indonesian economy and its recurrent cost implications for the GOI. Relationship between faculty upgrading under the project and support for research on GOI recurrent costs. Appropriateness of this initiative as opposed to others with greater short-term impact during the present adjustment period.

The scarcity of recurrent funds in the overall budget for higher education remains a major concern. However, the GOI has assigned priority to the upgrading of faculty competencies, attraction of additional qualified students, and implementation of applied research activities in the disciplines most likely to be assisted under the HEDS project. Furthermore, the government has assigned priority to addressing the "equity issue" in terms of geographic decentralization of educational development efforts towards the outer islands. Thus, it appears that the activities proposed under this project will receive GOI operating budget support, perhaps at the expense of the "development" (physical plant) budget and of those disciplines which are already producing a surplus of graduates. With regard to HEDS as opposed to initiatives with greater short-term impact, the Mission has concluded, per the recently approved CDSS, that both long- and short-term investments are necessary and that the promotion of long-term efficiencies in education and redressing current and projected critical manpower needs are appropriate investments now. Other Mission activities such as those directed towards trade and investment and ARSSP are geared to short-term impact.

3. Project should focus upon a limited number of specialties that are supportive of the Mission's development program. Perhaps focus on fewer quality institutions for greater impact.

Correspondence with Mission development priorities is built into the institution and discipline selection criteria, as is the requirement that the unit to receive assistance meets minimal quality standards. Mission now estimates a maximum of 15 institutions will receive direct assistance, not 25 as originally conceived.

4. How does this project relate to other Mission projects? Include analysis of available funds for training high level university and technical personnel.

The explanation of how HEDS fits into the overall Mission program is addressed in Section 2.2 and 3.7 and described in detail in the new CDSS. The current Mission portfolio contains no projects which could be tapped to meet the overseas training needs of HEDS, including GPT II.

5. Is it possible that the quality of the curriculum is a greater constraint than the quality of the faculty in terms of improving higher education?

The need for curricular changes in the priority areas has been identified as an important problem by the DGHE. Effective changes in curriculum, however, require knowledgeable faculty in the respective disciplines to identify the key changes needed, design a re-structured curriculum, put it in place, and ultimately to teach the new courses which will be required. Thus faculty development and curricular reform are mutually interdependent.

For additional description of how HEDS will affect curricular changes, see Section 2.3 and 3.3.

6. Address how the project will achieve objectives of inter-university cooperation (given the problems encountered in the Eastern Islands project).

HEDS does not aim toward formal inter-university (i.e., institution to institution) cooperation. Instead, collegial associations of like minded professionals from various institutions will be supported along the lines which have demonstrated success under the WUAE Project, which in part built this model from the lessons learned under the Eastern Islands Project.

7. How will optimal participation of women be encouraged?

Although central government policies support gender equity and opportunities for women in higher education, the current situation in Indonesian public universities is as follows:

Degree/Status	Males	Females
	(in percent)	
Non-degree students	58.4	41.5
Degree students	68.1	31.8
Post Graduate students	69.6	30.3
Academic Staff	77.8	23.0

If these figures were broken down by region, province, university and faculty, even greater disparities would be revealed, underscoring women's limited access to higher education, particularly in certain

disciplines. The over-representation of women in other fields, such as letters, psychology, nursing and teaching, is reflected in university enrollments and graduates. This reflects traditional social and cultural factors of gender, family, status and ethnicity. In terms of overall employment, an extremely low percentage of women hold middle and upper level positions in government. Together, these factors severely limit economic rewards for a whole class of the population: the lifetime earnings of Indonesian women university graduates is estimated to be only 70% that of their male counterparts.

It is extremely difficult for any project to deal with a mass imbalance in educational development. However, trends may be affected or problems approached by the judicious use of selection factors, support, and special incentives. During project design, the following possibilities will be considered:

1. Recruit and encourage women with bachelors degrees to seek post-graduate work through scholarships, research grants, provisions of books, and a special allotment of overseas training places.
 2. Support undergraduate women with academic promise, particularly in science and technology, through special awards programs and other incentives.
 3. Recruit women into faculties and disciplines in which they are clearly under-represented.
8. Criteria for selecting institutions? Are there quality private institutions to be included in the project? How will the project ensure that those institutions selected for participation actually are of sufficient quality to merit upgrading?

See Sections 3.2 and 3.4.

INITIAL ENVIRONMENTAL EXAMINATION OR CATEGORICAL EXCLUSION

Project Country: Indonesia
Project Title and Number: Higher Education Development Support (HEDS)
and Number 497-0358
Funding: FY 1989 through FY 1995
Grant: \$20 million
IEE/CE Prepared by: Ernest C. Kuhn, Office of Education and Human
Resources, USAID/Indonesia

Environmental Action Recommended:

Positive Determination _____
Negative Determination _____
or
Categorical Exclusion _____ X

These activities meet the criteria for Categorical Exclusion in accordance with 22CFR Part 216, paragraph 216.2(c)(2)(i).

(Refer also to attached justification.)

Action Requested by: David N. Merrill Date: 5/4/88
David N. Merrill
Mission Director

Concurrence: Paula Stearns 5/4/88
Mission Environmental Officer

Approved: David N. Merrill
Disapproved: _____
Date: 5/4/88

Clearances: ARD:RGreenberg (draft)
EHR:CBonner (draft)

A. Project Description

The Higher Education Development Support Project (HEDS) is an effort designed to help the DGHE address many of the problems it is facing, both through inputs aimed directly at selected university campuses as well as by assisting with investigations of policy options at the center. The goal of HEDS, in conformity with overall GOI and Mission objectives, is to help the GOI achieve an efficient and high quality human resources development system that effectively links both public and private higher education outputs to national and regional manpower requirements. Its specific purpose is to upgrade the quality of public and private university academic staff and their programs to support the expansion of employment opportunities in national development. Private universities will be included for the first time in this type of higher education project in Indonesia.

The project starts implementation in FY89 and will continue for six years. It will be funded at approximately US\$27,000,000, with AID's portion totalling US\$20,000,000. A maximum of 15 higher education institutions will receive assistance under HEDS, comprised principally of those located on Sumatra and Kalimantan which meet established selection criteria. HEDS will be divided operationally into three principal components:

- the upgrading of academic staff from selected universities in disciplines of importance to Indonesia's economic growth and employment generation through training both in country and abroad
- assistance to program and administrative support units at selected universities which can demonstrate their capacity and willingness to embark on quality and efficiency improvement efforts
- support to the DGHE for policy related investigations aimed toward overall system improvements, particularly those regarding efficiency, costs and financing, university autonomy and private university relationships and functions.

Specific project outputs will include:

- Approximately 175 staff members at selected institutions will have received masters and PhD degrees by the end of the project
- Advanced training, performance monitoring and evaluation activities, research opportunities, and "after-care" programs will lead to a professionalization of faculty members.

- Policy studies and operations research activities will be undertaken and recommendations acted upon regarding autonomy, improved efficiency and financing of higher education.

B. Identification and Evaluation of Environmental Impact

The impact of this project on the environment is likely to be slight in overall magnitude and essentially indirect. The policy dialogue, technical assistance and training components will have no direct impact on the physical environment. The assistance to be provided to the Ministry of Education and Culture will be used primarily for staff upgrading through participant training in the United States, support to the project management staff and limited equipment. Grant funds will be used for technical assistance, in-country research grants to university staff, in-country travel and evaluations. No construction is included in this project.

C. Recommended Environmental Action

On the basis of the discussion above, it is recommended that the policy studies, technical assistance, training and staff professionalization components be categorically excluded from further environmental review pursuant with 22CFR Part 216, paragraph 216, 2(c)(2)(i). No Initial Environmental Examination is required.

INDONESIA

Higher Education Development Support Project (497-0358)

Issues Paper
for
May 18, 1988 PRC Meeting

- A. Does project purpose meet defined sector needs and conform to CDSS strategy?
1. What are the policy constraints and policy agenda that this project is attempting to influence?
 2. Will benchmarks be outlined for the policy agenda and the planned outputs that the project expects to achieve?
 3. Has demand analysis been performed to identify the private sector's need for specific graduate specialties? If so, does the analysis support the project's identified academic fields that are to be supported?
 4. Are equity concerns being addressed by the project and how are they being balanced with the need for sound financial management practices by the educational institutions?
 5. Why is the project limited to Sumatra and Kalimantan? Why not cover the eastern islands?
- B. Are the development objectives reachable and sustainable under the project approach?
1. How will limited inputs emphasizing training impact on vast needs of mass education in quality and quantity terms? Are the narrow inputs sufficient to address the major needs?
 2. How are recurrent cost implications of other donor education construction efforts being addressed to avoid cutting into budgets needed for teacher salary and curriculum improvements?
 3. Are the financial flows adequate for higher education needs? What is being done to enhance fee/tuition structures and scholarship programs for needy?
 4. How are teacher salary shortfalls being addressed? Are salary levels adequate to retain the upgraded teachers trained under project?

5. Sector assessment identified constraints in higher education administration as a key factor, but it is not clear if this project or any other effort will address this major problem.

C. Concerns that need attention in PP design include:

1. Project appears to be traditional AID staff intensive approach to a problem. How will USAID implement activity to minimize direct staff involvement?
2. Will a realistic financial plan support the Bureau's 18 month forward funding guideline for commitments?
3. To what extent do the training efforts under this project (2/3 of inputs) duplicate those of the General Participant Training II Project? How will the Overseas Training Office (OTO) be used to carryout this project's training?
4. Are we working with weak institutions to bring them up to the level of better Indonesian institutions (which in a certain sense is a form of budgetary support) or are we working with the better ones in order to (1) help them maintain/expand/improve their capabilities and (2) set examples for the others? The PID narrative suggests the former, but based on the selection criteria for institutions on Page 11 it would almost have to be the latter.

ANE/PD/EA:JRMeenan:psw:05/17/88:79663:2462o