

ADMINISTRATIVE ANALYSIS OF THE CENTRAL JAVA  
PROVINCIAL AREA DEVELOPMENT PROJECT (PADP)

REPORT ON FINDINGS  
OF  
TEMPORARY DUTY ASSIGNMENT  
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Appended to this report are three documents composed by the author. The first, entitled "Comments on PDP Conceptual Framework," is a preliminary response to Mr. Richard Patten's (at the time, employed by the Department of Transmigration, Indonesia) ideas regarding the PDP concept. It was roughed-cut around June 23, 1977 and was never completed due to two reasons: a) Mr. Patten never completed his thoughts--at the time; and b) time did not allow.

The second Appendix (Assignment #1) are comments on up-grading the initial Central Java Provincial Planning Body/ Provincial Area Development Project-USAID (BAPPEDA/PDP) teams' Provincial Profile for Central Java.

The third Appendix (Assignment #2) are comments--in aggregate-- on the Kabupaten profiles submitted to the BAPPEDA/PDP team during the month of June, 1977. (They were submitted in bahasa Indonesia and in rough concordance with BAPPEDA/PDP team requests).

Obviously, each of the three appended documents are reflections on field work development on the project. They are also the product of only one late-comer on the project, one who departed before the project design was completed. The major analysis, itself, was completed long before final project design or submission to USAID-Washington occurred.

ADMINISTRATIVE ANALYSIS OF THE CENTRAL JAVA  
PROVINCIAL AREA DEVELOPMENT PROJECT (PDP)

The Provincial Area Development Project (PDP) for Central Java includes the five Kabupaten (Regencies) of Demak, Kudus, Jepara, Pati, and Rembang. Of the many government levels, bodies, and institutions which ultimately will be involved in some way in the PDP, there are several principal ones; these are easily identifiable regardless of the particular sub-projects eventually selected or the administrative thrusts designed to implement the sub-projects. They are the Regional Development Planning Body (Badan Perencanaan Pembangunan Daerah, BAPPEDA), the Regional Development Bank (Bank Pembangunan Daerah, BPD), the Kabupaten (Level II) Regional Government--particularly, the office of the Regional Head (Bupati), the Regional Secretary (Sek Wil/Da), the Regional Secretariat and its Sub-Directorates, the relevant regional service offices, the Sub-District Office (Keamatan) headed by the Camat, and finally the Village Head (Kepala Desa or Lurah).

There are other existing administrative institutions, offices, and positions, important in their own right, which will enter into the picture as specific administrative thrusts of PDP are decided upon and specific sub-projects identified. Some of these will be mentioned momentarily when the four tentative administrative thrusts are outlined, others will be raised later in the analysis of the administrative thrusts when relevant.

1. Four Administrative Thrusts/Programs for PDP (Tentative)

There are four administrative program thrusts identified in the BAPPEDA-USMID conceptual framework. Each of these are intended to either directly impact upon the rural poor or provide the framework for sub-project selection targeted at the rural poor. These are:

- 1.1 Extensification and Intensification of Credit Available to the small borrower. The particular existing credit institution identified for the PDP is the Badan Kredit Kecamatan (BKK) or Kecamatan Credit Board. This BKK is funded and financially monitored by the Regional Development Bank (BPD);
- 1.2 Establishment and Capitalization of a Perusahaan Daerah (Regional Enterprise) or other type of foundation at the Kabupaten level for selecting and funding special and ongoing programs and projects at lower levels (Keamatan or village) within the Kabupaten;
- 1.3 Providing additional funds for capital and extension to Special Dinas (Service Offices) programs. At present, based upon sub-projects already identified, these Special Dinas Programs will probably be in the areas of Live Stock/Animal Husbandry and Fisheries;
- 1.4 Provide increased funding and support for a Kecamatan level priority planning and implementation program aimed at strengthening administrative coordination on the part of the Camat (Sub-District Head). The administrative vehicle tentatively identified for implementing such a program is the UDKP (Unit Daerah Kerja Pembangunan or Regional (in this case, Kecamatan)

Unit for Development Work, a pilot program sponsored by the Central Department of Interior. Under the leadership of the Camat this Unit will select sub-projects (falling under guidelines guaranteeing impact on the rural poor) and submit them to the Bupati and BAPPEDA for approval. Once approved, this Unit will guarantee the coordination of sub-project implementation.

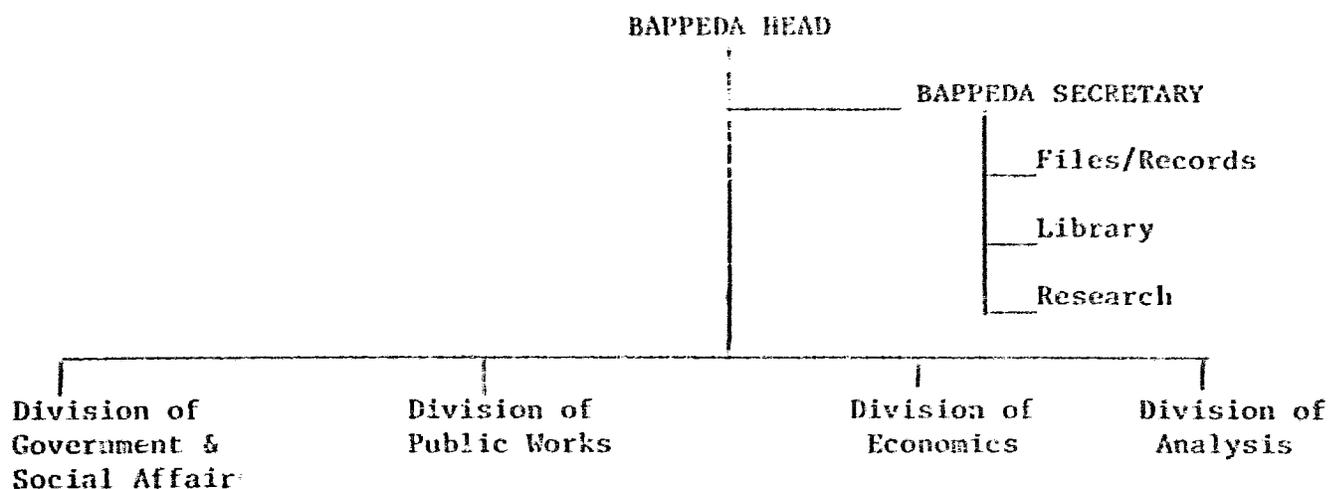
After a survey and administrative evaluation of the principal institutions certain to be a major part of any PDP administrative program thrust, each of these above administrative program structures will be analyzed and evaluated as to strengths and weaknesses.

## 2. Principal PDP Administrative Institutions in Central Java

2.1 Of the principal administrative institutions necessarily to be involved in the Central Java PDP, BAPPEDA (the Regional Development Planning Body) is the most important; and, in one sense, it is the target of the Program. Therefore, some of BAPPEDA's weaknesses outlined below should not be viewed as negative aspects of the PDP as such. They should be seen as one of the purposes of the PDP.

The Head of BAPPEDA is a staff assistant to the Governor of the Province and is directly responsible to him. Within the context of PDP this is a very important point because the authority of BAPPEDA and its Head derives from the governor; it has little or no control over external resources. Without support from the Governor it is impotent. BAPPEDA is legally the only staff body in the Province which has the responsibility for Area Planning and Evaluation of Plan Implementation. Specifically, it has the following duties: composition of the Basic Framework for the Five-Year Provincial Development Plan; formation of the Five-Year Provincial Development Plan; preparation of both the Income and Expenditure Development budgets; coordination of the planning and supervision of the preparation of the final annual Provincial Development plans; and carrying out research and other activities as assigned by the Governor.

The formal organization of BAPPEDA is as follows:



Under each division there are three to four sections, so that, for instance the Analysis Division is divided into the four sections of Reports, Analysis, Investigation, and Statistics. It is not possible to state how strongly manned each of these Divisions and sections are;

however, the Public Works and Economic Divisions probably have the best technically trained people.

The BAPPEDA-USAID team working together on the PDP consists of USAID consultants and BAPPEDA members apparently drawn from different Divisions and Sections. There is also one member from the Provincial Office of Animal Husbandry, the Head of Planning in that Office. The team leader apparently is from the Division of Government and Social Affairs as he exhibits no technical skills and formerly was a line executive in the region. The strengths and weaknesses of the BAPPEDA PDP Team will be addressed momentarily.

The current Head of BAPPEDA is a strong, hard-working, experienced administrator who reflects commitment not only to the PDP, but to all activities the BAPPEDA engages in. There are at least two important considerations, however. First, as initially mentioned in this section, until now the effectiveness of BAPPEDA in the whole sphere of Development Planning and Implementation monitoring has depended upon its authoritative relationship with the Governor. As is well known, formal authority is as effective as the informal relationships underlying it. There are rumors to the effect that the relationship between the current Governor of Central Java and the Head of BAPPEDA are at best luke warm. Second, in a year the term of the Head of BAPPEDA expires and he will be leaving this post.

It is not as easy to generalize about internal and informal relationships in BAPPEDA. In addition to lacking much if any control over external resources, including incoming quality information from other Provincial and lower level offices, it seems to be short of human resources. Since BAPPEDA is assigned numerous activities as well as participating in several projects with outside agencies such as USAID, it has to stretch thinly its good personnel. Case at point is the BAPPEDA PDP team; it needed more personnel earlier, but did not receive two additional team members until only recently. Furthermore, neither of the newcomers possess the requisite skills still lacking on the BAPPEDA Team. There is no one on the Team capable of performing statistical, systematic, or cost-benefit analysis. The Team leader, while exceptionally good at following Indonesian protocol and therefore smoothing the Team's visits to other government offices, has no planning or analytic skills--he can barely read. The BAPPEDA PDP Team could benefit by both improved leadership and increased analytic talents.

Finally, a possible constraint on the Team's performance is the administrative environment. At the Provincial level there is always underlying if not overt competition between offices. Insofar as most Provincial Service Offices engage in their own planning, a project such as PDP directly eliciting ideas for sub-projects from lower level service offices may be viewed as competition. There has already been one minor example of this. More important, however, is that directly under the Governor in the Provincial Secretariat is the Bureau of Development/Operations Room. This office is legally assigned the responsibility of controlling the implementation of all Provincial Development projects. In actuality this office administers and oversees all INPRES projects as well. There is strong probability this office will react to BAPPEDA in its attempt to monitor implementation and even re-tool implementation as well as undertake planning in the context of the PDP. (PDP aims at giving BAPPEDA this power of control through an information monitoring-funding approval process).

- 2.2 The Regional Development Bank (BPD) will be the funding conduit to most if not all PDP administrative thrusts. As such, it will be responsible for the technical aspects of financial administration and auditing.

The top leadership of the Regional Development Bank are positive about this role and the Bank's past participation in the BKK demonstrates its commitment to participating in truly developmental programs. At the same time, its personnel will have to be strengthened both in number and ability, especially at the lower ex-Keresidenan level (an administrative/level unit encompassing about five Kabupaten). The Bank leadership is aware of this and is not afraid to admit there are still administrative problems.

If a Perusahaan Daerah or its equivalent is established in each Kabupaten and/or if the UDKP and special Dinas Programs are funded by the BPD through the Kabupaten government, the load placed on the BPD is going to be greatly increased. Assuming financial responsibility and integrity is critical to the success of PDP, considerable more attention needs to be given this subject. The BAPPEDA PDP TEAM will no doubt carry out and contract other institutions to carry out spot checks of the financial expenditures in these various administrative program thrusts; BAPPEDA, however, clearly does not have the manpower or the qualified personnel to conduct financial audits.

- 2.3 The Kabupaten is the second level of Regional Government, the Province being first. Besides possessing delimited autonomy in certain spheres of government as guaranteed by the constitution and State law, it also serves as an important level in the Center and Provincial Governments' administrative hierarchy in the implementation of programs. In order to place the Kabupaten in perspective in the most expedient way, it is possible to draw upon a recently written background statement from USAID's Kabupaten Management and Planning Program (Project Proposal pp. 4-8). Following the excerpt is an organizational chart and then further detailed description and analysis of elements of Kabupaten administration relevant to PDP.

- a. "The Kabupaten and its Management Problems. The Kabupaten in Indonesia is constitutionally one of the four significant levels of government at which elements of all three aspects (executive, legislative, and judicial) of government appear. The four levels are National, Provincial, Kabupaten, and Village (Desa). The Kabupaten is, therefore, a key level for the implementation of both national and provincial programs and policies designed to reach the people. It is particularly significant in that it is the lowest level at which a full range of national and provincial administrative and technical services are provided through Kabupaten-level offices of all administrative, financial, and technical ministries and departments. These Kabupaten-level offices of national and provincial departments are separate from the Kabupaten government's own administrative, financial, and technical departments, in most of the same fields, which also exist in the Kabupaten headquarters' town or city.

"The Kabupaten in Central Java fit within an additional complex set of levels of administration, not all of which

are found in the outer islands, or in other areas of Java. Looking up the administrative ladder the Kabupaten government must deal with the Residency, a level of government between the Province and the Kabupaten, comprising several Kabupaten, at which significant offices of the major central government ministries and departments (including Finance, Public Works, Manpower, Agriculture, etc.) are located. The Resident, or chief governmental officer at this level, has the status of a Deputy Governor. Looking downwards, the Kabupaten government reaches the villages through two additional administrative layers: The Kewedanaan and the Kecamatan. Each Central Java Kabupaten is divided into three to six Kewedanaan, headed by a Wedana or Deputy Bupati, with a range of other Kabupaten offices having branches at that level. Every Kewedanaan is divided, in turn, into three to five Kecamatan, headed by a Camat, also with a range of sub-offices of Kabupaten.

"The focal point for Kabupaten operations is the office of the Bupati, the senior governmental officer at the Kabupaten level. The Bupati is, at one and the same time, the representative of the Governor of the Province; the appointee of the Central Minister of Home Affairs and, thus, the chief central government officer in the Kabupaten; and the spokesman for the desires of the people of the Kabupaten, as expressed through the Kabupaten legislature, the DPRD. To support him in these responsibilities, the Kabupaten government, as noted above, has a secretariat and a large number of its own administrative, financial, and technical offices, with staff primarily at the Kabupaten level, but also at the Kecamatan and other local levels. The total number of civil servants now reporting to the Bupati in all these staffs often amounts to more than 2,000 in each Kabupaten. This represents a large expansion of staff from the level of, say, ten years ago, and the expansion is not yet completed.

"The expansion of staff is only one reflection of the expansion of activity which is taking place at the Kabupaten level. At this time, as the mid-point of the second Five-Year Plan is approaching, the Kabupaten is in the throes of dealing with a huge increase in the number of tasks it must accomplish, both for itself, pursuant to its responsibility to carry out functions officially delegated to the Kabupaten level; and, more significantly, for the central and provincial governments, pursuant to its responsibility to plan and implement certain major projects at the Kabupaten level as executive agent for the national or provincial governments. The most significant of these major national programs whose execution is dependent on implementation by Kabupaten government and/or levels of government below the Kabupaten include the regular IMPRES (Kabupaten Works) Program; the INPRES Primary Schools program; the INPRES Health Services program;

the Village Subsidy Program; the Padat Karya labor-intensive works program; and various aspects of other national programs in fields such as family planning, education, agriculture, etc. Measured in fiscal terms, it is estimated that the "load" on the Kabupaten government has tripled in just four years, from 1973-74 to the budget for the 1976-77 current year, when measured in terms of total expenditures for which the Kabupaten is responsible.

"The financial resources available to each Kabupaten from its own tax and other revenue sources have expanded, but by no means fast enough to finance the great increase in development expenditures. The Central and Provincial governments collect all significant taxes in Indonesia. Only minor taxes are assessed and collected by Kabupaten. Even the IPEDA land tax which is a major item of Kabupaten revenue, is a national tax, assessed by units of the Central Department of Finance located at the Residency level of government, and collected by units of the Central Department of Finance located at the Kabupaten level. The major source of finance for the increased development-project fiscal load on each Kabupaten is, therefore, from major Central Government grants-in-aid or subsidies specifically directed at certain development programs (INPRES, Village Subsidy, Padat Karya, etc.) The share of development expenditure for which the Kabupaten is responsible and, indeed, of total expenditures at the Kabupaten level and below which are financed by locally raised revenue, has consequently fallen sharply over the last few years.

"The management problems faced by the Kabupaten are, thus, severe. A much heavier load of project planning and implementation must be carried out than before. The Kabupaten has less freedom of action than it did years ago to determine its own development priorities, since the priorities and conditions for a much larger share of development expenditures are now set by the central and provincial government levels. These Kabupaten expenditures must themselves be carried out in the context of a more pervasive set of central and provincial projects being carried out simultaneously in each Kabupaten than was previously the case. Finally, this higher Kabupaten workload must be carried out by a staff which, though greatly expanded, has not had much training or experience in the management of large numbers of projects and people, or of large sums of money for complex and multifaceted development programs.

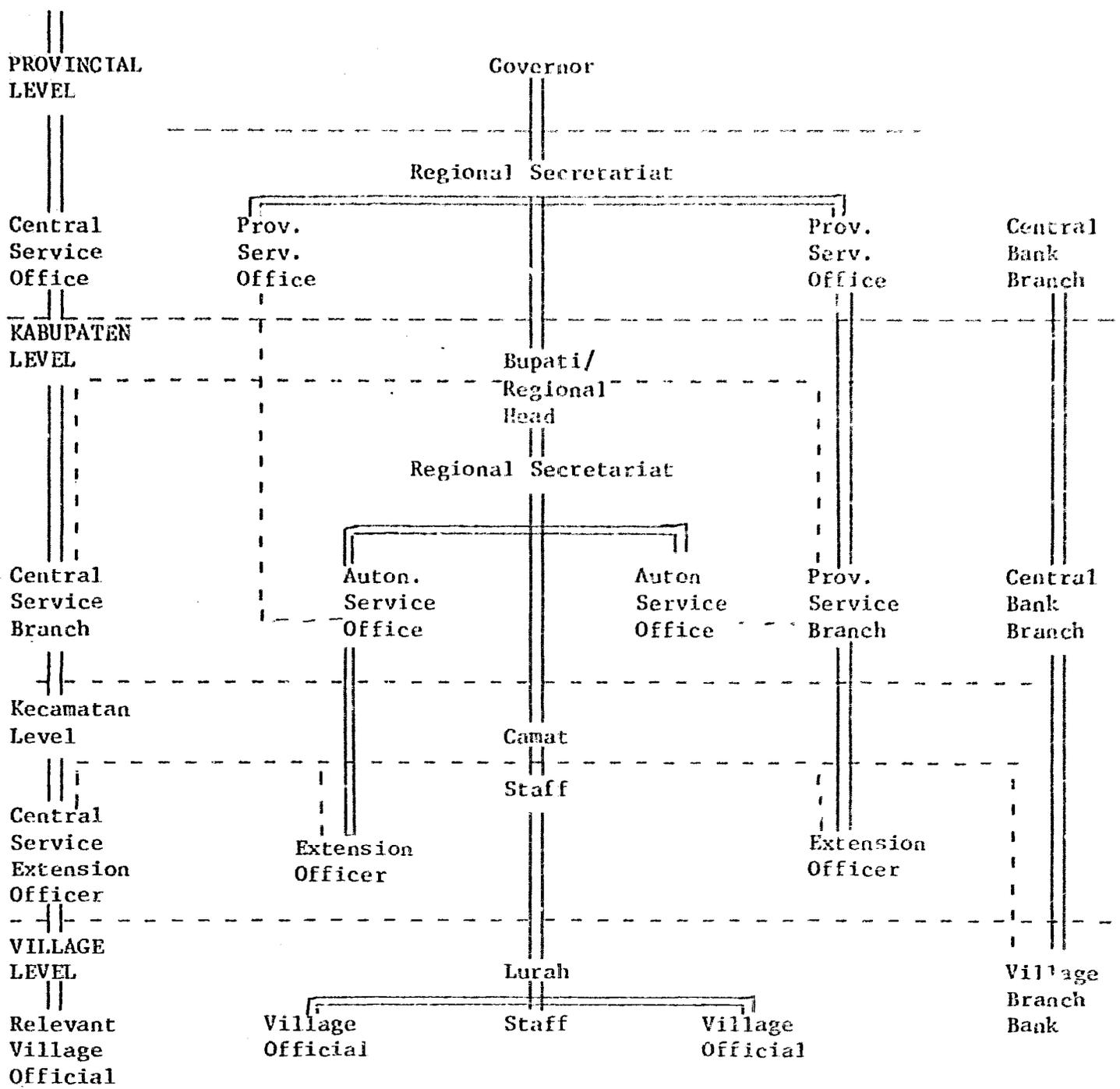
"The mechanism used by most Bupatis for dealing with management problems is usually a committee of senior staff personnel, often comprised of the Deputy to the Bupati, the Chiefs of the Kabupaten Government's Sub-Directorates of

Development, Finance, General Government, and Public Works, and the head of the Kabupaten's Operations Room (an embryonic coordination office which attempts to keep tabs on all activities going on in the Kabupaten which receive public financing from any source), supported, as the case might be, by the heads of various Kabupaten technical offices. This team is supplemented by the heads of the Kabupaten-level offices of the various central/provincial administrative and technical departments, as needed. It is this group that is usually involved in drawing up the annual budget for each Kabupaten.

"There has been general concern with the adequacy of Kabupaten management machinery, and with the qualifications and number of adequately trained and experienced officials to fill Kabupaten positions. As the national BAPPENAS expanded in staff and in functions, the inadequacy of planning and management institutions concerned with development programming and implementation at the Provincial and Kabupaten levels became more and more obvious. One major step taken in response to this felt need was the establishment of BAPPEDAs at the provincial level, pursuant to central government decrees issued in 1974 for this purpose by President Soeharto and by the Minister of Home Affairs. In accordance with these decrees, the Governor of Central Java established the Central Java BAPPEDA on September 30, 1974, to assist in meeting the needs noted above at the Provincial level. Once this step had been taken, the continuing problem at the Kabupaten level became more obvious."

In the five Kabupaten of Demak, Kudus, Jepara, Pati, and Rembang, however, BAPPEDA were only established in the first two before the process was stopped due to questions about adequate staff. At present, only Kabupaten Demak has a fully operating BAPPEDA Tingkat II; Kudus has not fully operationalized its BAPPEDA Tingkat II.

Based upon the above overview, a formal organization chart of a Kabupaten within the context of higher and lower levels of government is as follows:



Note: This is highly simplified. Also, the less important ex-Keresidenan and ex-Kewedanaan levels have been left out of the chart.

- ==== = lines of control
- - - = lines of coordination

The Regional Secretariat, headed by the Regional Secretary, in practice has anywhere from four to eight Sub-Directorates. From the standpoint of the PDP the most important of these are Sub Directorates of Government, Economy, and Development. In those Kabupaten where there is no on-going development body like the BAPPEDA-Tingkat II, the Bupati draws on one or more of these Sub-Directorate Heads and/or the Regional Secretary to chair any needed ad hoc development committee--as for instance the ones meeting with the BAPPEDA-USAID Team.

The constraints on Kabupaten planning are quite evident; besides all of these officials being tied to other offices and activities, and hence within the Indonesian context overworked, none of them really possess the minimal skills and experience for sophisticated planning. The only asset they possess is a relatively good intuitive understanding of their region. On the other hand, many of these officials do not reflect a strong commitment toward real planning for development or serving the people. Rather many officials' goal orientations are of serving the government in general, and the Bupati in particular.

It is within the various Central, Provincial, and Kabupaten service offices (dinas) that occasionally are found Office Heads who either possess a strong commitment toward the people and their development or the necessary technical knowledge to plan and implement worthwhile realistic development projects, or both. The Heads of the Kabupaten offices for Live Stock and Fisheries tended to manifest these orientations and abilities more frequently than Heads of other offices, but in general, the quality and orientation of service office heads and personnel varies greatly from Kabupaten to Kabupaten. As with the Bupatis and their important staff, personality is often the most important factor in who is and can be successful in planning and implementation of projects.

It is even more difficult to forward accurate generalizations about lower echelon Kabupaten officials. Most are not highly trained, but on the other hand the tasks they are assigned usually do not require many skills. Excepting very basic and routine job activities necessary to maintain government administration as it is on an every day basis, job descriptions are either too imprecise or ignored. Subordinate officials are used as the superior desires, or as they understand their job from past experience. Whichever, again the personality factor in leadership is overriding.

The first administrative constraint at the Kabupaten level, then, is institutional as reflected in the attitudes, orientation, and behavior of many officials, sometimes even first echelon. It is hard to differentiate between this institutional constraint and the more frequently recognized and cited constraint of a lack of capable, technically qualified personnel. In fact, however, it is the administrative environment rather than particular individuals that have and will probably continue to compromise governmental effectiveness at the Kabupaten level.

Two other very important constraints on this level of government administrative are finances and information. First, with regard to finances, the problem is two sided. The Kabupaten governments lack control over most of their development budgets since most of the funds come from above and are earmarked for specific expenditures. Conversely, those funds available from completely autonomous sources (sources of income reserved solely to the Kabupaten) are spendable with so few restrictions and so little financial monitoring or effectiveness evaluation that they are often fiddled (or funneled) away. Planning frameworks in which these funds are allocated and any later impact evaluations are almost non-existent. The lack of any relationship between planning, monitoring, and evaluation only further weakens the Kabupatens' financial situation.

In this context, the administrative thrusts of PDP may prove quite effective. Additional funds can be made available to Kabupaten dinas heads who in conjunction with the Bupati and his top staff can use their knowledge and some discretion to expend; but, all targets of expenditure would be subject to the approval of BAPPEDA, restricted to several broad program areas, required to impact on a specific target population (the rural poor), and be tied to specific types of information feedback which must be forwarded to the BAPPEDA before additional funds are released. In effect, a framework for planning, budgeting, and reporting is needed at the Kabupaten level; and some of the PDP administrative thrusts are designed to provide this framework for the PDP sub-projects.

The third constraint on Kabupaten administrative effectiveness is that of accurate and adequate information (data) on the activities of the Kabupaten population and on government programs. In some cases good information is available but it is often not shared between offices, and it is usually not used for planning. Its principal purpose seems to be to feed as called for to higher levels of government. One argument for decentralizing planning and project identification to the Kabupaten (and even Kecamatan) level is the assumed better knowledge and understanding of the region and its problems by officials at this lower level. The drawback to this argument is that this better knowledge and understanding is idiosyncratic. As such, it provides no temporal or comparative criteria for an individual at any level to evaluate with regard to planning or implementation evaluation. This opens the door to all the administrative misuses of funds often noted at the Kabupaten level.

In conclusion, leadership is available if often misused at the Kabupaten level of government; the administrative environment is presently poor and non-reinforcing for the dedicated and talented official; the potential for commitment to development projects is present, but needs encouragement; and, administrative resources are both inadequate and misused. What is needed is not arbitrary decentralization, but decentralization within a systematic framework of guidance and monitoring where lower officials are given real responsibility and then made to be held responsible.

- 2.4 Below the Kabupaten is the Sub-District Office (Kecamatan). This office serves as the link between all higher levels of government and village government; as such, the Kecamatan is well recognized as a very important unit of government administration. To the present, however, the principal function of the Kecamatan office and its Head, the Camat, has been that of monitoring activity at the village level, passing instructions down, and reporting information up as requested. The Camat has played only a very minor role in development planning or even implementation. There are approximately 15 field officers, extension agents, and other representatives of various central, Provincial, and Kabupaten level departments and banks at the Kecamatan level. The Camat is legally authorized to coordinate the activities of these various officials at this level, but due to a lack of control over many resources he is unable to successfully perform this assignment.

There are 15 to 20 Kecamatan in a Kabupaten. Each Kecamatan includes approximately 15 villages and a total population of around 40,000. Since the typical Kabupaten population is around 500,000, this means

the Camat and other officials at the Kecamatan level are better informed about local problems and potentialities than Kabupaten level officials. In particular, the Camat is in direct and regular contact with village heads. The quality of the relationship between the Camat and the village headmen, however, is a critical variable in how much good information is forwarded to the Camat.

Although the quality of Camats has been increasing over the last decade, some still lack technical or leadership skills, or both. In addition, the Camat has few resources available to him to coordinate and elicit cooperation from the field representatives and extension agents of the higher service of Dinas that are based at his level; he only has the resource of formal authority, i.e., the prerogative of forwarding negative reports by to the higher level. Similarly, the Camat is often at a disadvantage against the often well-entrenched and wealthy village heads and office in eliciting compliance to directives coming from above.

To review, in the last ten years the quality of Camat has improved vis-a-vis education and administrative skills. However, the Camat, however, has not been significantly up-graded from the point of control over resources sufficient to successfully carry out assigned duties.

Generally, the Kecamatan office staff are less well trained and educated than the Camat. A tremendous amount of the workload is borne by the Camat since he cannot and will not delegate duties and concomitant responsibilities to his staff which lack both skills and, more important, the personal authority requisite in dealing with extension officials, field representatives, and village heads.

The quality of the various dinas extension workers located at the Kecamatan level varies greatly, but one thing is clear, there is generally a lack of extension workers. Some Kabupaten dinas(s), for instance Industry, have no extension workers at the Kecamatan level. It is difficult to envision successful sub-projects in PDP if villagers are not given assistance through direct contact. Some central Departments such as Agriculture have tried to overcome this problem by relying upon special contact villagers and village groups. This may be a partial solution, but an increase in extension workers is also needed.

- 2.5 The village government and its leadership may prove one of the best administrative assets of any provincial development program, or it may prove the biggest constraint. The village head, the Lurah, wields great authority and influence in most villages. He is the principal contact between the village and higher levels of government and basically the sole conduit of information. Essentially, all the information (data, statistics) the Kecamatan, Kabupaten, and Provincial offices now possess were collected at his instruction, screened by his office, and passed up to the Camat on his approval. In other words, the Lurah controls the flow of information from the village to above on a routine basis.

Although increased information input from the Lurahs would no doubt improve sub-project identification, design, and possibly even implementation, there is one over-riding consideration: village heads come from the elite sector of the village economy and this affects their behavior in many respects. Lurahs often tend to favor their relatives in any programs coming down from above and, as mentioned above, the Camat often lacks the ability to oversee and control village headmen's actions. In any sub-project aimed at the rural poor, one requirement will be to design it so as to reduce the possibility of sub-project re-direction to other than the target population or leaving unmet resource leakage. If the Lurah is brought into the sub-project selection process vis-a-vis the monthly meetings with the Camat and various Kecamatan level extension agents, this may serve to gain greater support from them for the implementation of the sub-projects; it may also increase the Camat's control over them by increased information.

To summarize, the principle institution at the village level is the office of the village headman. It is an office the PDP in its various administrative thrusts and sub-projects cannot avoid. At the same time, it is an office which has at times thwarted or undermined programs of higher levels of government. Nevertheless, some village headmen possess considerable knowledge of their village, are paid considerable respect, and have the leadership skills to increase the prospects for success in development projects.

3. The four proposed Administrative Thrusts/Programs of PDP as outlined in the beginning of this report each require further description and evaluation. By the end of my field visit, none of these four Administrative Thrusts/Programs had been fully worked out. Both the description and evaluation of each, therefore, must be partial and tentative.

3.1 The First Administrative Thrust/Program identified is the intensification and extensification of credit available to the very small borrower. One of the major constraints on the rural poor in the regions under consideration is lack of capital and lack of collateral to obtain credit. The Provincial government became aware of this constraint on the rural poor nearly a decade ago and in the early 70s established a new credit program aimed specifically at the rural small borrower, the Badan Kredit Kecamatan (BKK, Kecamatan Credit Board).

The BKK is focused at the Kecamatan level in order to increase access to credit by the rural small borrower. It was originally financed by the Provincial Government working through the Regional Development Bank (BPD), which continues to financially supervise the BKK. Each participating BKK was originally extended Rp. 1,000,000 (\$2,400), but most have far more in credit circulation now due to the interest continually accruing on the base sum. Although some BKK have lost nearly all their original start-up funds due to fraud, mis-management, and poor loan collection, the vast majority of the approximately 250 BKK in Central Java have increased the amount of money in circulation by 2 to 10 times the original amount by reloading half of the interest which accrues on each loan--turn around time is very high since all loans are short term (weekly, monthly, and seasonally). The whole program began with

Rp. 100,000,000 (\$240,963) from the Provincial Government in 1972; by the end of 1976 total assets in the program had grown to Rp. 494,787,399 (\$1,192,257). Of this amount, Rp. 364,895,721 (\$879,265) derives from a "forced" savings component built into the payback installments each borrower must accept as a condition of the loan. Even after taking into consideration inflation over this four-year period, this reflects substantial achievement for the program as a whole. If it is also kept in mind that the major problems of fraud, mismanagement and poor collection policy were greater in the program's first several years than at present, this growth in total assets is even more impressive.

There is another angle in evaluating the success of the BKK and its usefulness as an administrative trust in the PDP, that is from the standpoint of the recipient of the credit. Is the credit reaching the intended borrower and how is it being used? Before addressing this aspect of the BKK, however, it will be helpful to look at both the structure of the BKK program and credit guidelines and policy.

- 3.1.1 Being intended for the small borrower, the BKK was designed with certain restrictions and guidelines which would increase access to the rural poor, stimulate loan activity, and yet maintain the integrity of the credit program. First, and one of the key aspects of the program, is that the borrower need not put up any collateral for his loan. All that is required is the signature of the village headman on his loan application. The BKK loan officer at the Kecamatan level then determines the amount to be loaned--whether the amount requested or a smaller amount should be granted. In large measure this is based on the borrower's past credit record. Finally, and almost automatically, the Camat signs his approval and the loan is then made. As intended, the whole loan process is quick and simple and the small borrower can receive his loan within a week after application.

There is a flat ceiling on the size any one loan can be. When the BKK program began in 1972, the ceiling was Rp. 5,000 (\$12.00), but it has been raised several times and as of July, 1977, it stands at Rp. 15,000 (\$36.00). The intended and/or unintended consequences of this ceiling are several: money is made available to more borrowers since money in any one BKK is not tied up in large loans to a few borrowers; the small size of the loans keeps away the borrower who needs more credit but directly because of this probably has the assets to put up as collateral for one of the many other government and private loan programs; and, keeps the small borrower from assuming more credit than he can afford to repay within the short time period of the loan.

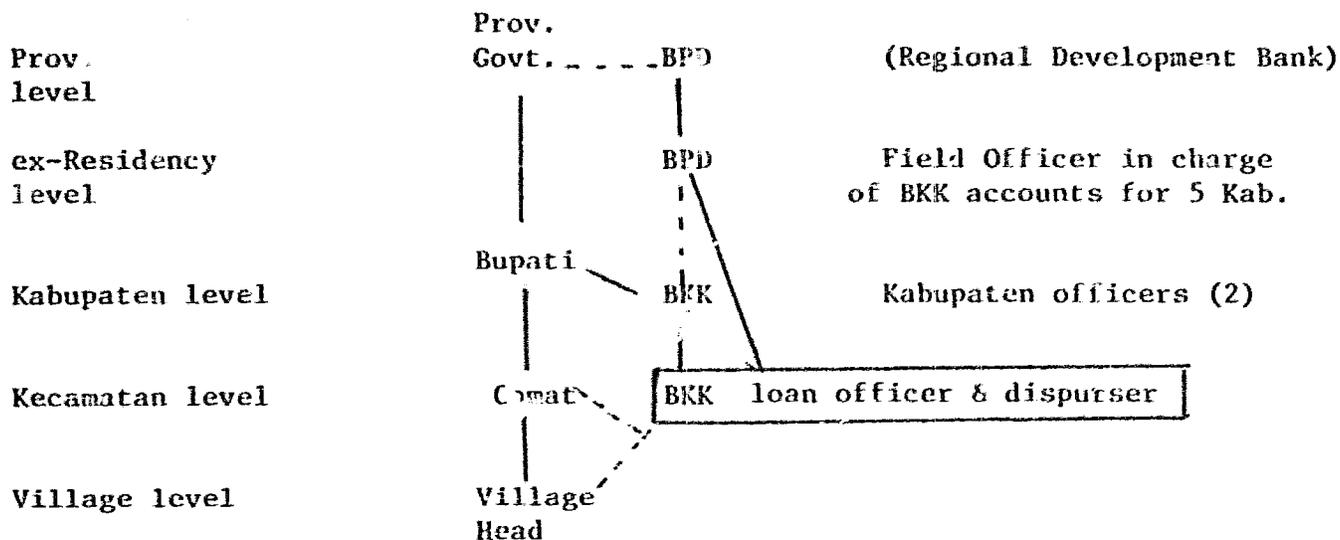
In fact, almost no loans reach the ceiling. The new borrower is started out with a very small loan--usually around Rp. 1,000-3,000 (\$2.40-7.20)--and as he establishes

a good repayment record is allowed to increase the size of his loan. In most BKK the average loan seems to be around Rp. 8,000-12,000 (\$17-29).

There are three types of loans: one on a weekly basis; one on a monthly basis; and one on a seasonal basis. In each case loan repayment is on an installment basis--respectively, for each type of loan, on a daily basis, every five days, and weekly--where the first installment is the "forced" saving required of the borrower, and the second installment is the interest on the loan. All further installments pay back the initial credit. The effective interest rate is quite high, 24% a year or 2% a month. This is justified, however, on the grounds that these small borrowers, due to a lack of collateral, would not qualify for any other government or bank loans and would therefore have to borrow from private money-lenders at an even higher rate, if they could get a loan at all.

The interest on the loans not only pays the administrative costs of the entire program, but 50% of the interest is put back into the program, increasing the amount in circulation.

The administrative structure of the entire program is as follows:



Beginning at the bottom of the diagram, and as mentioned previously, the small borrower applies for his loan after formal approval of the village head. The BKK loan officer at the Kecamatan level determines the amount the loan should be and then the Camat gives the final approval. Once this is done, the loan monies are released to the borrower. There are two BKK officials at the Kecamatan level, the loan officer and the loan dispurser; however, the cash box requires two keys to be opened

and each officer only has one. This measure was instituted several years ago to reduce the potential for misuse of funds and seems to work fairly well.

Supervision of the Kecamatan level BKK officials is threefold. Most directly, the Camat is in a position of overseeing the two BKK officials' activities on a daily basis and a good and honest Camat can serve as a strong deterrent on misuse of funds or poor loan decisions. Unfortunately, most Camat are too busy or not well enough informed to carry out this supervision adequately. At the Kabupaten level there are two BKK officials, both paid on an honorarium basis like the two BKK officials at the Kecamatan level, and appointed by the Bupati. In theory, these two officials are in charge of the actual supervision of how the BKK program is managed at the Kecamatan level. Actual financial accounting and auditing is performed by the BPD (Regional Development Bank) ex-Residency officer in charge of the BKK program for the Five Kabupaten in the bounds of the Residency branch bank. The BPD top officers are adamant, however, that their ex-Residency officers are not responsible for anything other than financial integrity as maintained through balancing of the books. Poor collection performance, bad loans, and other types of management problems on the part of the Kecamatan level BKK officials, the Camat, and the village head are the responsibility of the Kabupaten level BKK officials.

The fundamental problem in this sort of administrative arrangement is that the Kabupaten level BKK officials, generally, are not well-trained and as honorarium officials are neither given adequate remuneration or job security to be highly motivated. In addition, by separating financial management from overall program management, the power of the account ledger in continual program monitoring and evaluating is weakened. On the other hand, these Kabupaten level BKK officials are closer to the management of the BKK program at the Kecamatan level and, while generally not very active, have been the prime actors in turning-up gross fraud and misuse of funds in the program.

The BPD actually controls the monies in the program and an additional safeguard has been built into the program. While the BKK officials at the Kecamatan level record loans and repayments as well as disburse and then collect the funds, and then report to the BKK Kabupaten officials and return collections to the relevant ex-Residency BPD officer, it is the Camat who personally must sign-out and pick-up from the BPD the monies to be loaned. As such, he puts his name on the line and becomes another check on misuse of funds in the credit program.

From the standpoint of financial integrity and gross

misuse of funds, then, many minor adaptations adding to the complexity of the BKK program have been made over the past five years. For the most part, these adjustments have proven successful and the program is beginning to work well. If more funds are to be pumped into the BKK program, additional measures will probably have to be taken. These will be taken up momentarily. First, however, the issue of how successful the BKK program is from the substantive standpoint of assisting the target population must be addressed. This includes what is being achieved at present, what is not known about present performance and how the PDP administrative thrust through the BKK may remedy this, and how an administrative thrust through the BKK may assist the PDP to achieve one of its two principle goals regardless of improving the credit situation of the rural poor.

- 3.1.2 Somewhere between 70 and 80% of all BKK standard loans are extended on the weekly basis (within the BKK program there are a significant amount of monies reserved for loans in special areas such as fisheries, but for sake of simplicity and brevity this issue is not being addressed here). The weekly based loan was intended for the small trader and the prospective small trader who needs a second source of income. All evidence suggests this is who is receiving these loans. How productive these loans are and whether they are actually benefiting the rural poor, the target population of the PDP, is a question which must be answered in a social analysis of the proposed administrative thrusts and sub-projects of the PDP. From the perspective of this analysis, the problem being raised is an insufficient amount of information being collected, or rather, recorded and compiled, for use in evaluation and future modification and planning. The information on loan activity reaching the Kabupaten BKK and BPD officials is all aimed at maintaining and evaluating financial integrity of the program. Aggregate information on whether the BKK program is assisting those it was intended to help, on who may really be benefiting, on whether increased productivity or only increased shared poverty is occurring is not available. The BKK program as presently designed could fairly easily be adjusted to provide this sort of information; the costs would be minor.

More important, assuming one of the principle goals of the PDP is to encourage decentralization in planning (and evaluation) and strengthen Provincial level planning, adjustments which feed more substantive information on loan activity up the hierarchy can only strengthen those agencies and officers involved in evaluation and planning. Without such information, any credit program aimed at the small borrower (let alone rural poor) will

prove ineffectual simply because there will be no relevant data to evaluate effect. With such information, planning officers at either/both the Kabupaten and Provincial levels will have data which confirm rumors and impressions or dispell myths and cover-ups. Without such information even the best trained and intentioned officials are helpless.

In this context, the BKK program may prove a very important administrative thrust for the Provincial Area Development Program. Pumping extra funds into the BKK in the five selected Kabupaten of Central Java will not only impact on the rural poor. If the proper adjustments are made, considerable more information on the rural poor can be generated which will then improve overall monitoring and planning. Moreover, top officers at the Regional Development Bank (BPD) have already committed themselves to compiling data on such topics as purpose of loan, occupation of borrower, etc., and transferring this data to BAPPEDA. This, in turn, should greatly strengthen BAPPEDA's role in monitoring and re-tooling as needed the BKK program.

- 3.1.3 Although the BKK program is just now beginning to operate smoothly, if it is selected as one of the administrative thrusts of the PDP several administrative changes may be needed. First, as referred to above, more information on loan activity and borrowers needs to be collected, compiled, and sent to BAPPEDA. Relatively simple modifications in the forms the Kecamatan level BKK officials now use could be made. Second, more incentives for the relatively low paid BKK officials at both the Kecamatan and Kabupaten levels need to be provided. It has been suggested these officers be given status as regional officials, taking them off the relatively insecure status of honorarium officials. This, however, would effectively eliminate any other type of incentives as their status would be locked into the regional civil service system. In order to reduce the potential for fraud and increase the incentive for managing the program well, monetary incentives might prove more effective. For instance, a financial incentive program could be designed for the Kecamatan level BKK loan officer based on the number of loans made and collected.

A third adjustment is an increase in personnel. At the Kecamatan level there is a need for a "recruitment" officer who could travel to the more isolated villages in the Kecamatan. Evidence suggests at present the greatest number of borrowers come from the Kecamatan headquarters and the surrounding villages. If funds are increased in the BKK program, there should be greater effort to extensify their distribution. For

the BPD, top officers at the bank say they will need one more officer at the ex-Residency level for the first \$100,000 pumped into the BKK and then possibly more officers at increments of several hundred thousand dollars. It is probably advisable to aim at one BPD accountant for each Kabupaten since this official is the last stop-gap in catching fraud and misuse of funds.

A fourth measure which should be arranged if the PDP pursues the BKK as an administrative thrust is contracting an outside institution such as a local university to conduct surveys and spot checks on the effect of increasing available credit in the BKK. This needs to be done not only to maintain financial integrity in the program, but equally important, to judge the effect of credit intensification and extension. The central question would always be whether the small borrower and rural poor really benefit by increased access to credit and how? To date, there is much positive speculation but little hard evidence available to answer this question.

<sup>Final</sup> BAPPEDA desperately needs someone with the analytic skills requisite for handling the potential bumper crop of data which can be generated from the BKK program. Without such an official, half of the purpose of selecting the BKK program as an administrative thrust in the PDP will be lost. Focusing on the BKK program must be justified not only in terms of increased credit made available to the rural poor, but also in increased information on the small borrower supplied to the planners.

Finally, one weakness in the BKK program at present is that there is no real linkage between extension of credit to the small borrower and extension of technical services or training. Many local officials have suggested linking the two together, but no workable institutional apparatus or technique has been identified. At present, the connection between extension of credit through the BKK and extension of services and training occurs haphazardly. There is even the potential that if some formal arrangements and requirements were established this could make the BKK program over rigid and decrease loan activity. This is an area, however, which needs more investigation and experimentation.

In conclusion, the BKK program offers a good alternative for an administrative thrust within the Provincial Area Development Project. It is already established with many of the bugs worked out; it should be easily adaptable to the goals of the PDP. The one element presently lacking in the BKK program, central oversight

and leadership, could be filled by BAPPEDA taking a leadership role through the PDP. Through the infusion of extra funds for intensification and extensification of credit, the BAPPEDA can both move into the position of providing central oversight and evaluation and at the same time acquire considerable new information for improving its planning function. In addition, this new source of information may prove valuable in identification and selection of other sub-projects to be part of the other three administrative thrusts.

- 3.2 The second Administrative/Thrust Program tentatively identified is the establishment and capitalization of some sort of regional enterprise at the Kabupaten level. This body would select and then fund specific sub-projects tailored to the particular problems, constraints, and resources of the rural poor in the region. Initially, a yayasan or foundation was proposed, but due to legal difficulties with regard to their establishment only upon the approval of certain central government authorities in Jakarta an alternative body was identified. This alternative is a perusahaan daerah (PD) or regional enterprise. Whereas a yayasan would have encountered funding difficulties from AID, the PD can be established directly upon the authority of the Regional Head (assumedly, with the approval of the Central Java Governor) and be funded by AID vis-a-vis one of several banks. There are, however, certain potential complications of a legal nature with the perusahaan daerah which will be raised later in the analysis.

As initially suggested in a rough draft of the PDP conceptual framework, the PD or regional enterprise would focus upon one or two types of program areas such as animal husbandry/livestock (peternakan). The justification for a PD was the need for an institution which could be self-perpetuating--i.e., supply services or goods to a beneficiary who later could pay back all or part of the services and goods received. The funds returned, for example a fee for animal vaccinations, could be used to purchase/supply additional goods and services. It is even suggested such a market orientation by those running the PD will increase attention to comparative evaluation of sub-projects and priorities in the continuing years of the program.

As later understood by some of the BAPPEDA-USAID team, these perusahaan daerah as administrative thrusts

of the PDP would go a bit further and that, in fact, special Dinas (service office) programs in the areas of fisheries and animal husbandry/livestock might be separated out for special consideration. (These are discussed in the third PDP administrative thrust below). It is very possible that the perusahaan daerah could be established to plan, monitor, and fund both the special dinas programs in the areas of fisheries and animal husbandry/livestock (3.3 below) and the more regionally specific sub-projects referred to at the beginning of this sub-section. Of course, one fundamental question to this point hardly raised let alone answered, is to what extent these perusahaan daerah are to be self-perpetuating? If self-perpetuation is the goal, how many years (years of external funding) will or should be needed? Is self-perpetuation the real goal or are there other overriding justifications for establishing and capitalizing these perusahaan daerah? This later question leads back to a discussion of the purpose/justification for the perusahaan daerah as one administrative thrust in the PDP.

In addition to the specific justifications for a perusahaan daerah or its equivalent in terms of a "self-perpetuating" development enterprise aimed at assisting the rural poor and flexible enough to adapt to regional vagaries, a PD it has been suggested could operate to have profitable activities subsidize activities not profitable, at least in the short run. Another justification for the PD or equivalent is to create a Kabupaten level institution which could draw together the talents and interests of various government office heads who through cooperation might best be able to identify, select, and set up sub-projects most practical and beneficial to the rural poor. The directors of such a perusahaan daerah need not solely come from the Kabupaten staff, but also various Kabupaten service officers, possibly one representative from a Provincial service office, and several individuals from the Kecamatan and/or village levels. With the exception of differential status/authority problems, this mix of directors could improve both sub-project selection and financial integrity in funding the implementation of projects.

The broader justifications for establishment and capitalization of these perusahaan daerah, however, are twofold. On the one hand, the planning function of BAPPEDA would be strengthened vis-a-vis its

control over the financial resources fed into these PD and some as of yet unworked out set of guidelines and approval processes prior to sub-project implementation built into this administrative thrust. On the other hand, there would be real decentralization in the substantive aspects of project planning without capricious decentralization of responsibility for evaluation of effect and financial integrity. One body actually handles and expends the funds, but a higher body (BAPPEDA) provides oversight and releases funds incrementally based on short-run past performance. Although many assumptions are yet to be spelled out and then implemented, the objective seems sound: substantive decentralization but with regular and timely oversight with a financial mechanism to catch misuse of funds.

Some of these points will be returned to after brief attention to some politics-administrative details and considerations.

3.2.1 Probably the biggest unknown factor concerning the establishment of a perusahaan daerah at the Kabupaten level is its legal status with regard to finances. First, as a regional enterprise it is probable that all monetary/budgeting issues will be subject to the approval of the Regional Representative Assembly (Dewan Perwakilan Rakyat Daerah, (DPRD)). In addition to this, possibly introducing increased politicizing in the sub-project selection process, it is not clear all sub-projects would have to be selected only at one time each year just prior to budget approval in the Spring. Will this cut down on the flexibility of sub-project selection, re-tooling, and even cancellation if proving unsuccessful?

A second legal arrangement yet to be clarified is the approval process whereby BAPPEDA maintains oversight and control through the funding process. Although it has been suggested that funds be released in tranches upon the approval of BAPPEDA, once these perusahaan daerah begin to build their own assets as intended as "self-perpetuating" institutions, what control will BAPPEDA then have over sub-project selection?

3.2.2 Although the PDs will be headed by a Board of Directors, ideally of diverse

backgrounds, if only for reasons of protocol, the Regional Head will have to be the Chairman. As with all other activities at the Kabupaten level, the success of these PDs will depend heavily on the support and leadership the Regional Head provides. It cannot be forgotten that although a new and somewhat innovative institution is being established, it is within the same administrative environment in which that exists at present. Existing status and authority relationships will continue to strongly influence the decision-making process with regard to sub-project identification, selection, and implementation. For this reason, the proposed arrangements for BAPPEDA playing an evaluation and approval role absolutely must be made fool-proof.

3.2.3 Again, since the entire control as well as planning process in the arrangement between these perusahaan daerah and BAPPEDA will rest on a flow of information (a trade of information for funds), it is critical that BAPPEDA's analytic talent be strengthened. Both a statistician and an economist would probably be needed for compiling, monitoring and evaluating up-coming reports. If funds are to be released in tranches after receiving reports from the perusahaan daerah at different stages in sub-project implementation, BAPPEDA will have to be expeditious in its report reviews so as not to disrupt sub-project implementation. Timing, in other words, will most likely be a continual challenge in the arrangements of this particular administrative thrust.

3.3 The third administrative thrust/program tentatively identified in the Central Java PDP is additional funding for special Dinas (service office) programs. At present, based upon sub-projects already identified by the BAPPEDA-USAID Team, these special dinas programs will probably be in the areas of livestock/animal husbandry and fisheries. In the original (and tentative) PDP conceptual framework, it was suggested that special programs, for instance in the area of livestock/animal husbandry, be selected and funded through the perusahaan daerah discussed above. Later when some of the team members were compiling and systemizing the sub-project concepts elicited

from Kabupaten service offices and Camats it became clear that there was considerable uniformity in the proposals in the two areas mentioned above. Because of this, it was thought Provincial level dinas are more likely to be cooperative and supportive if they feel they are working solely with their lower level counterpart than with some "planning" body at the Kabupaten level with representatives from other service areas.

3.3.1 Whatever the final arrangements between these special programs in livestock/animal husbandry and fisheries and the perusahaan daerah, a critical area in the success of these programs will be cooperation from the equivalent Provincial level office and coordination with other Kabupaten agencies and service offices. BAPPEDA will have to assist in bringing about cooperation and the office of the Regional Head will be instrumental in executing the latter mentioned coordination.

3.3.2 Administrative leadership in these special programs should not be a serious problem for, as mentioned earlier in this report, generally the herds of livestock/animal husbandry and fisheries service offices at the Kabupaten level are well-educated and relatively dedicated to their work. A larger problem might be in recruiting more skilled and dedicated extension workers. Needed training may result in some time lag between initial implementation of these programs and the first signs of success and this will have to be kept in mind when BAPPEDA begins to evaluate results of these special programs. Finally, when it comes time to evaluate these programs, BAPPEDA either will have to request technical assistance from some of the Provincial level technical service offices or contract such assistance from a local university.

3.4 The fourth administrative thrust identified for the Central Java PDP is to give funding and support to a planning/implementation program first at the Kecamatan level. Before identifying the administrative vehicle tentatively selected for working through, some background comments on the needs, advantages, and constraints on such an administrative thrust need to be made.

First, the Kecamatan is the lowest unit of central and Kabupaten government above the village and as such officials at this level are often the best informed about the problems and potentialities of the villages. Second, although the Camat formally is charged with coordinating the activities of all other government officials at or below the Kecamatan level, he lacks control over resources to successfully carry out this charge. By decentralizing planning to this level, in effect, <sup>in</sup> some say in project recommendation, if not selection, and by placing the Camat in the principal role in this process, his position vis-a-vis coordination of the other officials will be strengthened. Third, by holding large meetings where all government officials at the Kecamatan level and village heads attend, the Camat can both elicit more information and ideas and bring these people to feel they are participating in the project selection process rather than merely be instructed what to do. Fourth, because the Kecamatan is not an autonomous unit of government but rather an administrative extension of higher levels of government, it cannot plan or budget money as such. It can, however, forward recommendations up to the Regional Head who then officially can approve plan recommendations and funds for implementation.

There are several administrative implications in this proposed administrative thrust. One is whether Kabupaten officials including the Regional Head will treat seriously project proposals coming up from below. Another is whether in any large meeting the Camat can really bring the village heads to feel they can and are participating, that there is a two-way flow of information. This might also apply to the extension agents as well. Here the leadership skills and personality of the Camat will be critical.

The particular vehicle tentatively identified to implement this administrative thrust is the UDKP or Kecamatan Unit for Development Work. Since these are still in the development stage, it is difficult to generalize about their operation to date. Apparently, they have not been terribly successful to date.

On the other hand, by selecting these UDKP as an administrative thrust in the Central Java PDP, this might improve their effectiveness.

Funding, as suggested above, would go from USAID to a bank in the region and then the Kabupaten government. BAPPEDA would have to approve all projects and plans before the Regional Head could approve release of funds. A possible bottleneck, however, is that there will now be one more stage in the reporting process: The UDKP will have to report to the Regional Head who will then have to report to BAPPEDA. This will increase time lags and if not watched closely information distortion. BAPPEDA will have to be on guard, especially to make sure the UDKP proposed projects which adhere to the initial guidelines of the PDP regarding the target population (the rural poor) and the emphasis on non-infrastructure projects. BAPPEDA-USAID will also have to insist that as they increase funding to these UDKP that the Kabupaten and higher levels of government do not reduce their contributions.

## Appendix #1

## COMMENTS ON PDP CONCEPTUAL FRAMEWORK

Preface

The following comments--in outline format--take as a point of departure the rough outline drafted by Dick Patten. The Patten outline identifies the target population, the rural poor, what activities these people engage in, the constraints upon these people in shifting to higher income/increased productivity activities, and several general areas and specific alternatives for government intervention. This draft statement is organized as follows: first, it summarizes and then expands upon the general areas identified by Patten for government intervention to assist the poor; second, it briefly considers the present administrative system available to carry out such intervention with special attention paid to constraints and weaknesses; finally, it proposes and then critically evaluates several administrative procedures for implementing the PDP.

## I. Constraints upon the poor and areas for government intervention

## A. Patten identifies four general constraints on income activities of the poor:

1. Lack of land
2. Lack of capital
3. Uncertainty and lack of control over environment (natural disasters)
4. Lack of skills

## B. Patten suggests three general areas for possible intervention on behalf of the poor

1. Provisions for creating additional land available to rural poor/  
Provisions of resources to make available public land useful to rural poor

## a. Specific ideas proposed/identified:

- i) local settlement programs on non-productive lands--e.g., as part of reforestation projects as long as ecologically sound
- ii) fisheries--stocking public waters for general public use
- iii) Animal husbandry programs to supply livestock to rural poor, livestock capable of grazing on public lands
- iv) Use of vacant perimeters around government owned lands (e.g., Teak Forests)
- v) Intensification of use and productivity of houseyards/gardens (karangan)

- b. Comments. Except for the last specific proposal (IBla.v), each of these possible areas of intervention on behalf of the poor yield no long-run solutions but may result in increased administrative burdens and legal/sphere of authority problems.

--placing people on public lands (transmigration) and then

Integrating their activities so as to be consistent with the larger government programs to restore or preserve that land (reforestation, erosion control, productivity control) will require major administrative monitoring and policing over the long run. If done on any significant scale these costs and burdens--and potential consequences if not monitored and policed--must be calculated for the governmental units involved.

- Some of these areas of intervention (e.g., using vacant perimeters around government owned forests for growing "controlable" legumes) will involve decisions which ultimately can only be worked out at the central government level. If PDP is aimed at also developing local and regional government planning and implementing capabilities, these suggestions would seem to counter or inhibit such a secondary objective.
- providing resources such as livestock to the rural poor so that they can combine these with the resource of public land needs further analysis with regard to unintended repercussions which may involve additional administrative costs. For example, in Kabupaten Rembang a notable problem is the number of traffic accidents (even deaths) caused by sapi grazing along the roadside--public lands! Government is now expending resources to remove grass close to the highway in some areas--a labor intensive activity creating jobs, but how productive.
- under this general constraint of land and possible intervention by government on the behalf of the poor people from the standpoint of administrative costs versus increases in socio-economic productivity, intensification in land use rather than expansion of land under productive use is probably favorable. Garden intensification is especially attractive since even a large part of the poor have or have access to garden land. (Capital and extension service needed).

## 2. Improve Availability of Capital

- a. General recommendations: make cash as well as credit in kind available, but keep small scale not only to allow access by poor, small borrower, but to make unattractive to larger borrower who otherwise might tie up available capital in program. In order to avoid duplication in credit programs (there are already a multiplicity of credit channels ineffectually operating), maintain regulations which force the established borrower who needs larger credit into existing government credit programs (e.g., BIMAS/IKMAS).
- b. Specific small scale credit programs to promote
  - i) BKK (More on this credit channel is provided in Parts II & III of this draft statement)
  - ii) Cendak Kulak (Cendak Kulak)
    - neither of these require collateral on part of borrower although the credit is in cash

iii) Credit in kind as now extended by Dinas Sosial in their AEM (Assistance to Poor Families) Program and by Dinas Peternakan with various types of livestock.

- c. Comments. Patten adequately deals with most of the administrative aspects/problems which now exist and which might develop if more money was forced into BKK. A "saturation" experiment could be tried to learn how many more poor can use and repay credit advances, etc. The concept of "special" credit areas within BKK already exists. From the standpoint of local government planners and administrators, the problem which may need more examination and improvement is that of linking together the extension of credit to extension services and skill training--but not in such a fashion that inhibits present entrepreneurial skills and knowledge. If local government capabilities in monitoring and planning are to be improved, a small scale credit program can be of tremendous service when properly used; it can serve as a barometer of local trade conditions, capacities, and directions, etc. Putting this information to use seems to be lacking at present. Justifiably, present concern is with the liquidity and integrity of these small scale credit programs. For future effective use they must be looked at from the rear end: not what they provide in terms of capital to the borrower, but what information they provide to the planner. (E.G., collecting information that a particular Kecamatan is only 25% in the red and has already multiplied the money in circulation by 3 times results in Provincial to Kecamatan officials losing 75% of the useful information for local/regional planning and reporting to higher levels). It is really non-productive to expand credit when very little information is available on its effects, who uses it, who benefits, and how.

3. Measures to relieve impact of natural disasters on small landowners, rural poor

- a) Patten concludes that major programs in this area must be handled by central government due to size of time, capital, and technical resources required.
- b) Projects underway and possibly subject to expansion fall into three categories:
- i) Crop substitution which is more adaptable to present water regime (e.g., sorghum).
  - ii) Supplemental water pumping for readjustment of growing seasons
  - iii) Shift from pekarangan and rice cropping to fish cultivation.
- c) Comments. These areas require technical evaluation for full potential. From standpoint of PDP the question is whether and to what extent these areas can be built into sub-projects by BAPPEDA and lower governmental planning/implementation units.

Crop substitution will require extension service and market information; supplemental pumping will require coordination/approval from central dinas--PUTL--and cost/benefit analysis on site locations for optimum usage; and, pekarangan or rice shift to fish cultivation will require several important considerations:

- long run plans for each region (will dam and new irrigation projects only result in wasted efforts after 5-7 years?)
- number of jobs for labor (e.g., tani buruh) lost and number of jobs for poor created
- extension and credit needs

C. Patten identifies four general constraints upon the rural poor in raising their income potential and productivity, but he identifies only three areas for possible government intervention, (time constraints on him being the reason). Additional government interventions on behalf of the poor are possible in the following two areas:

- skill training and human resources
- market identification, development, and access

1. Skill training and human resource development was proposed by officials of several Kabupaten and Kecamatan--referred to by some as "non-formal" education. The positive dimension to attempting to improve human skill constraints is the tremendous potential unleashed. The major drawback is the size of the investment per capita. Additional considerations for an effective development project are:

- a) Is there a market for such skills? How can the government stimulate both the market and interest in it sufficient to draw participation?
- b) As several local officials suggested, there must be some credit program immediately geared to serve those individuals who complete any skill training program. Besides being requisite to the short-run success of the program, guaranteed credit at decent rates could serve as an incentive to continue the program (above). Recall, the target population suggested for these skill training programs are SL and SMTP "drop-outs." These people dropped out of school in most cases due to perceived necessity; how does the government offer incentives to draw people without expending an inordinate amount per capita. (Presently, the Dinas for Industry in Kab Jepara has a training program which sends individuals off to Semarang. It handles about 8 people a year--roughly three month stays--at an estimated cost of Rp. 200,000-225,000/person including support given the individual's family. There is an additional well-recognized spread effect upon these people's return, but it is not easily quantifiable. Within the framework of the PDP, Rp. 225,000/person is not very feasible for skill training.)

- c) What target population is in mind? Available? Really possible? Feedback from some local officials made it clear that those individuals capable of "non-formal" skill training for new occupations (non-agricultural) must have at least completed 5th grade in SD and ideally were SMP dropouts. The children of the really poor often never make it this far. These "dropouts" are definitely a problem, add to the labor surplus, and often are classifiable under the rubric of rural poor. Within the context of PDP, this target population may offer the greatest challenge to local/regional planners and yet offer the greatest potential for self-sustained (initiated) productivity increases through non-intensive inputs in land and capital in the long run.
- d) The speculation above clarifies a PDP sub-project thrust in this area; there is no clear way of knowing the implications of definite skill training programs. Logic suggests there are great potentials, but local/regional officials need considerable time and finances to experiment in this area--with a higher planning body such as BAPPEDA monitoring the costs and effects continually.
- e) As a last consideration, markets must be treated as a separate constraint confronting the poor, particularly when keeping in mind the development strategy of human resource/skill improvement stimulated and funded administratively from outside.

## 2. Market Identification, development, and access

### II. Present Administrative System: Generalizations on Weaknesses and Constraints Relevant to PDP

- A. Patten identifies horizontal communications within government of all levels as major, persistent problem confronting improved coordination and planning. This problem derives from at least three sources--attitudes and skills of officials, positive and negative sanctions available to superiors for eliciting performance, and the particular structure of government and distribution of authority. This is a problem area PDP will have to adapt to in short run.
- B. At Kabupaten and Kecamatan levels there is an important lack of analytical skills necessary for program/sub-project evaluation. This constraint is tied together with relatively poor data. There are few signs that good, accurate data is called for from Provincial and Kabupaten levels in order to assist planning and development project selection. Data collection and transfer seems primarily engaged in for monitoring and policing present on-going government programs on the one hand, and for descriptive reporting to higher levels on the other hand. Even in the sub-project ideas (gagasan<sup>2</sup>) provided by various service offices and Camats, there was hardly a single attempt to justify a sub-project by some cost-benefit equation or comparison.

- a) With the large number of sub-projects being proposed in each Kabupaten, BAPPEDA should be encouraged to request each Kabupaten to list in terms of priority their sub-project ideas. Besides identifying the particular problem each sub-project addresses, BAPPEDA could request that some information on costs versus expected benefits be included in arranging the priority list. Emphasis in the beginning should not be on the technique, but rather the purpose--i.e., improved decision-making among alternatives.
- b) Sub-project identification, selection, and implementation probably requires less formal (cost-benefit) analysis at the Kecamatan level. Intuitive decisions on priorities will suffice if technical service people at Kecamatan level coordinate their decision-making with locally informed leadership (the lurahs and village staff); the Camat should serve as organizer. But, the Kabupaten staff responsible for planning and ultimately BAPPEDA will have to continually monitor and evaluate Kecamatan level planning and this leads back to the general problem of lack of analytical skills initially raised under this section. In other words, decentralizing planning and decision-making to the Kecamatan level may alleviate coordination problems in planning and implementation which presently exist, but it will not suffice for development of analytical skills for sub-project evaluation at the Provincial and Kabupaten levels.

C. Especially at the Kabupaten level, the Bupati, Regional Secretary, and Sub-Directorate Heads as well as Dinas heads are overburdened with decision making. There has to be more delegation of decision-making.

- a) This is not just a problem of decentralization to a lower level of government. Superiors must transfer more technical decision making to their immediate staff.
- b) In the context of PDP and sub-project planning and implementation, emphasis on cost-benefit analysis may force more decision delegation to subordinates simply because of the increased work required.

D. Work incentives are weak at present for many officials. Besides pay being quite low, job security and future mobility <sup>up</sup> hierarchy is not encouraging for some officials (e.g., those paid on honorarium basis). Short-term goal incentives should be built into the PDP sub-projects. (In effect, this would be a form of management by objectives where very material incentives are tied closely to sub-project success.)

E. There is a serious problem in the area of precise job descriptions--especially for subordinate officials and extension agents.

III. Specific Administrative Procedures and Programs for Implementing PDP at Kabupaten and Kecamatan levels.

A. The BKK (Badan Kredit Kecamatan)

1. Greatly increase the amount of credit available through these institutions in selected Kecamatan.
  - a) Write stipulations on per cent of credit for different sectoral loans--e.g., industry, trade, agriculture, and animal husbandry.
  - b) Maintain limit on size of loans (presently Rp. 15,000), provide some extension service (information) to those borrowers who have proven credit worthy and need larger loans in order to move them out of the BKK and thus free more capital for the small borrower, but do not write stipulations requiring a fixed percentage go to different income groups. To require, for example, that 40% of loans must go to landless labor would force the BKK personnel and others involved (Camat and Lurahs) to push borrowing. This could lead to greatly increased defaults in loan repayment which would compromise the relative success of the BKK in last several years and demoralize the small borrower. In the area of credit, government must identify the proper interest rate and other terms of the loan, but allow the market forces to decide when and how much to borrow.
  - c) Increase the BKK staff at the Kecamatan level from 2 at present, to 3 or 4 individuals. The original two officials should continue their roles as now defined. The additional personnel could be used for recruiting more borrowers and serving as liaison between the borrower and technical service officials at the Kecamatan level. At present, BKK loans are made with no coordination or information from the technical dinas people at the Kecamatan level. If a non-formal skill training program was developed at the Kecamatan level, the BKK could serve as the agency for credit extension for start-up capital. But this should be done in cooperation with the relevant technical dinas at the Kecamatan level. This expansion in activity would require that the BKK personnel at the Kecamatan level be expanded.
  - d) Improve the information collected from loan recipients and have the BKK officials at the Kecamatan level feed this information directly to the Camat as well as the Kabupaten BKK office for use in Kecamatan planning (see B below).
2. Do not tie the BKK directly into any planning and sub-project development body. Keep its assignment/function narrowly tied to credit expansion. This will greatly reduce the potential for leakage by keeping simple the inspection and supervision system.
3. The BKK personnel at present are paid on an honorarium basis. This results in job insecurity as well as relatively low pay. The BKK personnel should probably be employed as regional government officials and be given a significant pay increase. Short-run incentives for increasing the number of loans extended, amount loaned, etc. are probably not desirable. As mentioned above, loans should not be pushed, but rather adjusted to fit the market's pull. In addition,

short-run incentives could lead to manipulation in data reporting to higher-ups, thus distorting a potentially good source of information for Kabupaten and BAPPEDA planning and sub-project selection.

4. The inspection and supervision of the BKK program is presently done by the Regional Development Bank and a BKK Kabupaten office. The latter seems relatively unimportant in the chain of supervision (it involves 2 or 3 officials) and probably should be strengthened. How is the question? As Patten mentions, some device or channel must be developed to spot check the integrity of the Kecamatan level BKK officials. The Regional Development Bank supplies the capital and performs audits on the program, but it really does not have the personnel to inspect loan activities at the Kecamatan level--and it is not in this type of business anyway. Therefore, loan activity inspection should be assigned to the Kabupaten level BKK officials.

#### B, Kecamatan Development Program/Board

1. It would be very desirable and should be possible to expand upon some present administrative activities (meetings) at the Kecamatan level. Specifically, the Camat meets regularly (monthly, I believe) with the Kecamatan staff and technical dinas officers stationed at the Kecamatan--in some cases with all the lurahs also present. These meetings could be used for sub-project identification and recommendations to the Regional head and BAPPEDA.

#### 2. UDKP

*(Due to time constraints, this commentary on the PDP conceptual framework was never completed.)*



## E. Central Java Development Budget (pp. 26-30, English version).

1. Rename this section "Development Finances," and place this section after the sections on Administration and Social Institutions.
2. Possibly add some information on financial administration including the Provincial Government's relationship with such banks as BPD, BJI, and BFD and how the latter administers the money for development and types such like the BKK.
3. Add a brief introductory paragraph on how the Provincial Budget is divided into Routine and Development Budgets for both income and expenditures. For additional perspective, it would be noted that the Routine or "fixed" income derives largely from the Central Government and capital items are provided by far on personnel salaries, allowances, etc. Finally, it is suggested some comment be made on the difference between planned and "realized" budget figures for both income and expenditures in the Development Budget-- add data from previous years to illustrate trends.
4. Explain--clarify--the three levels of government involved which are put together a budget--i.e., Level I (Province and Level II (Kabupaten/Kotamadya), and the Desa. In addition, explain the various sources of income for Province, clarify which sources of income go to which levels of government for budgeting expenditures. In general, this budget listing (Part I, p. 26, English version) regarding income sources for the Province is very misleading and unclear. It must be broken down and given clarification.
5. Present more refined data on Development Budget Income and Expenditures for Province only in raw and percentage form. Do for 1966/67 budget and several years before to give idea of trends. Finally, add a brief summary/analysis of trends and changes.
6. Do the same as #5 above for all Level II (Kabupaten/Kotamadya) Governments in Central Java in aggregate--rely on percentages in order to compare with distributions and trends at the Provincial level.
7. Clarify and sharpen the sub-section on overall trends in the Provincial Budget and the ratios of Central to Provincial Expenditures in the Province. (pp. 27 & top of 30, English version).
8. Add the sub-section on financial administration (reworded in 10 places) as well as some comments on the budget process at the end of this whole section. Although this is only intended as a practical provincial document, it is critical for FAO/UNEP that they have a basic description of how the Provincial Budget is put together, of how far income the various Provincial Dinas receive funds adequate for implementation of basic assigned programs and duties.

C. Administration (pp. 30-33, English version)

1. It would be best to break this Section into three distinct sub-sections:
  - Formal Organization (Levels, Bodies, and Offices)
  - Internal Organization of Levels and Internal Offices and Relationships Between Levels and Offices
  - Administrative Personnel, Planning, and Problems
2. The English version of this section is in need of considerable grammatical improvement; only after being edited can one judge whether some statements are in need of additional clarification.
3. The officially recognized (by GPN) distinction between a ministerial deconcentration and "politically" deconcentration needs to be brought out and then clarified. On p. 30 4th line (English version) in this section, the word "decentralization" should be replaced with the word "deconcentration," and then the second half of the sentence should be corrected/edited. This is an important distinction which will help the uninformed reader better understand the entire political/administrative situation in the Province as well as such problems as coordination, delineation of spheres of authority, and other administrative complications.
4. The role/function/activity of the Provincial Inspector (line 11, p. 30) requires clarification. (Otherwise, why include?)
5. What is the APDN (line #2, p. 31)? (I assume these initials are for the Akademi Pemerintahan Dalam Negeri, a Dept. of the Interior training academy located in most bigger Provinces for training lower level--especially damans--officials; however, most people including many government officials probably would not immediately recognize this institution by its ~~acronym~~).
6. Paragraph #2, p. 31 (English version) need more specification and clarification.
7. Paragraph #3, p. 31 (English version) does not make sense. I believe I understand what the REK paragraph is getting at, but how many others would? (If the distinction between deconcentration and decentralization had been made clear above, then it would not have been too difficult to make the second and in some ways related distinction between vertical and horizontal services (and service offices). The conclusion that the Governor has final responsibility, authority, and right for bringing about coordination among and between these various types of services (offices) would then be much clearer). Do not under-emphasize the need for clarifying this point, even in a more descriptive profile, if administration and planning in the Province are to be understood!
8. Considerably expand the paragraph on the Regional Development Planning Body (Badan Perencanaan Pembangunan Daerah) BAPPEDA since it is the crucial institution from the standpoint of both the initial purpose of this profile and any outside evaluator (e.g., USAID/W) who may rely on this profile to study the PDP. Describe the internal organization of BAPPEDA, its formal relationship to the governor and other Provincial Government offices, and to lower levels of government--e.g., Kabupaten planning bodies or offices within the Regional Secretariat. Include a note on how and where it acquires its information and how it implements its plans. Finally, a note on how it puts together special teams such as the one working with USAID on PDP should be included--this may sound tangential to the purpose of the profile, but it seems useful to both the BAPPEDA team members in reflecting on how they fit into the scheme of things and to outside evaluators who USAID is working directly with.
 

XXXXXXXXXX      (for understanding)
9. Paragraph #5, p. 31 (English version) makes reference to the "Area Revenue Service." In addition to giving greater clarification to this office, ~~XXXX~~ ~~XXXX~~ to its formal status, function, and operation, I think the term "Area" should be translated as "Region" since I strongly suspect the original Indonesian word is Daerah. If, in fact, the original Indonesian term is Wilayah, the translation as "area" may be sufficient, but then we go back to the importance of the distinction between deconcentration and decentralization; the former involves wilayah and the latter daerah. (I hate to be so picky, but this is an important point at which coordination and planning problems center around)
10. Lines 1-6, p. 32 (English version) need considerable grammatical work and then further clarification.

10. Lines 1-6, p. 32 (English version) need some grammatical clarification before it can be judged how much additional explanation is also needed. Probably some additional lines are needed clarifying who these incumbents to the Governor are--i.e., ex-Rajawatas.
11. Paragraphs #2 & #3, p. 32 (English version) need considerable expansion and clarification regarding the organization of the lower levels of government and administration. Special attention should be given to the planning bodies/offices/activities of these lower governmental units as well as to the Provincial Government's role in this (or each of) area them. (p. 32, English version)
12. Paragraphs #3 & #4 are redundant of the information provided in the section on Rural Institutions, etc. If these sections are rearranged, as suggested above, these paragraphs could be moved to fit directly into the next section, i.e., Rural Institutions, etc.
13. Clarify and expand p. 33, particularly, some considerable attention should be given to the office of the Camat, his legal authority, responsibilities and duties. Although, possibly too sweeping, some generalizations should be formulated on the importance of this level of government/administration in the province, the type of problems faced, and the programs/programs as is and has been made. Finally, it serves little value to list various vertical and autonomous offices located at the Indonesian level if they are not identified and their function/activity clarified. (Much of what PDP proposes to do in the way of sub-projects through involving this level of government administration; despite it's current more central.

Best Available Document

ASSIGNMENT #2: Comments on the five Kabupaten Profiles

Each Kabupaten included in the Provincial Area Development Program (PAD) in Central Java Province prepared a profile of their Kabupaten including demography, social organization, economic, animal husbandry, fisheries, health, education, rural institutions and credit, administrative, and governmental budget information. In general, each Kabupaten government went to considerable effort to accumulate and compile these data in one document. The quality of the information and data varies considerably, however, between different sections in any one profile and between the five Kabupaten profiles. The weakest sections in all five profiles were those dealing with rural institutions and credit, administration, and developmental finances. These are the sections this commentary broadly addresses.

I. Brief overview of these sections for each Kabupaten profile.

With the exception of Kudus, each Kabupaten profile included some information of a highly formal and descriptive nature on rural institutions. None of the profiles supplies any real detail; a particular lack of information is evidence of relationships between the various formal offices and positions identified. Finally, none of the profiles does more than list some of the governmental channels of communication or simply listing the initials of these institutions or programs.

The sections on administration, where they exist, are even poorer than the sections on rural institutions and credits. Jepara includes nothing in this area and what Kabupaten Demak offers appears to have no relationship to the topic. The other three Kabupaten profiles offer very formal outlines of government structure with little additional detail. In particular, the Kecamatan (sub-district) office and the kecamatan (District) offices receive little or no attention. In particular, there is a noticeable lack of information on both autonomous and vertical offices located at the Kabupaten and Kecamatan levels, of the number of their personnel, and their (formal) interrelationships.

The sections on Kabupaten Development budgets, where they exist, are weak both in presentation and analysis. Kabupaten Kudus and Rembang supply no budget information at all; Jepara provides budgetary data for 1976/77 which when converted into percents becomes non-understandable; Pati just lists in detail the 1976/77 development budget with no content, classification, or analysis. Demak also offers data with little classification or explanation.

In general, it is not only difficult to say much positive about these sections in any of the profiles; it is also difficult to make recommendations for each individual profile.

II. General Comments and Recommendations.

A. Re-organize the order of each section in the Profile.

1. Since much of the information and data supplied in each section of the profile is organized by governmental units, for example by Kecamatan, the administrative section should be placed very near the beginning of the profile. Besides simple style, this is requisite for any individual reader who may care to look at these profiles. It might also force those in each Kabupaten publishing these profiles together to think in clearer organizational terms, thus the way they view their regions socio-economically is shaped by the structure of government. Some realization of this, they may come to look at their region in new ways, for instance, sectorally.

2. The section on rural institutions should immediately follow the administrative section. This might lead to greater awareness and hence attention to the linkages between Kabupaten and Kecamatan bodies, offices, and positions and those of the villages. It would also facilitate identification of the initials of certain institutions such as the Regional Development Bank (BPD) which should already have been mentioned in the preceding section.
  3. Finally, the section on the Kabupaten development budget should directly follow the above two sections. As it is now located in those Kabupaten profiles, to include this section, it precedes the administrative section.
- B.** Begin the section on administration in each profile with a clear and complete overview of the major offices and positions at the Kabupaten, Kecamatan, and Kecamatan levels. Immediately following this, include a fairly detailed organization chart. After doing this it will be easier and clearer to the reader when more detailed information is provided on the duties of each office and position and on their interrelationships. Finally, some more attention should be given to (formal) lines of communication as well as coordination.
- C.** It would be very helpful to all concerned if information on personnel including their distribution by offices and levels be included at the end of the administrative section in each Kabupaten profile. The number of extension agents each dinas has (if any) and at what levels is necessary information in the context of this exercise and project.
- B:** None of the Kabupaten profiles make mention of planning. In fact, two of the Kabupaten, Demak and Kudus, have Regional Development Planning Boards (DAPPEMKA). In other Kabupaten, planning activities are undertaken from time to time, but no offices undertake such planning should be mentioned in each profile. It seems in those Kabupaten which do not have DAPPEMKA, the Regional Secretary or the Head of the Sub-Directorate for Regional Development (within the Regional Secretariat) are assigned this activity by the Bupati.
1. In relation with this, some generalization need be made about any relationships that exist between these planning offices/positions and the Province on the one hand, and between outside institutions such as universities on the other hand.
  2. Some comment should be made about how the process of planning is tied to the process of putting together the development budget. This would include identifying the major actors and offices involved in forming the budget.
- E.** With regard to the rural institutions section of the profiles, not only should those village level officials who have some technical or authoritative relationship to a higher body or position be listed, but that relationship and with who should be clarified.
- F.** In present form the presentation of the Kabupaten's development budget obscure as much as they convey in the way of information. In addition, most likely they reflect a very poor understanding of budgeting and development financing on the part of those who put these sections together. The

following points should be kept in mind:

1. The simple presentation of figures in raw form and for only one year does not serve the reader with the bare minimum to form a picture of developmental finances;
  2. What is planned (budgeted) and what is realized (actual financing) is an important distinction; and, there is considerable evidence this distinction takes on special significance for Kabupaten in Central Java.
- G. With these two points in mind, the following recommendations are made:
1. The ratio of Routine budget funds--income and expenditures--be presented.
  2. The planned versus realized expenditures in the major budget categories (Economic, Social, and General fields) be compared with percentage differences presented.
  3. The percent of the development budget allocated to each of the three main sub-divisions (economic, social, and general) should be presented for not only the 1976/77 budget, but also for the last several years.
  3. Per capita expenditures in the development budget should be calculated for the 1976/77 budget year and for several previous years.
  4. Estimates of development budget expenditures going to each Kecamatan in the Kabupaten should be made and shown. If some major variations show up, they should be explained.
  5. Finally, some brief analysis of the financial condition of the Kabupaten, based upon the above figures and calculations, should be included. Such things as the IMPRES program should be compared to the Kabupaten's own development expenditures.

III. Without improving these sections on administrative, rural institutions, and development finances, it is difficult to see how these sections of the profiles serve any useful function. They do not reflect any benefits which might have accrued to the Kabupaten themselves by undertaking this as an exercise in better viewing their own administrative and financial situations. They certainly are of little use to the BAPPENAS for planning projects or administrative improvements. And, it is doubtful in their present state these sections of the profiles would be entirely comprehensible to the outside or uninitiated reader.