

**Document of
The World Bank**

Report No. 35585

PROJECT PERFORMANCE ASSESSMENT REPORT

INDONESIA

**SECOND VILLAGE INFRASTRUCTURE PROJECT (LOAN 4100)
AND KECAMATAN DEVELOPMENT PROJECT
(LOAN/CREDIT 4330/3453)**

March 21, 2006

*Sector, Thematic, and Global Evaluation Division
Independent Evaluation Group*

Currency Equivalents (annual official Exchange Rate averages)

Currency Name: Currency Unit:

1996	US\$1.00 = Rp 2,348
1997	US\$1.00 = Rp 2,953
1998	US\$1.00 = Rp 9,875
1999	US\$1.00 = Rp 7,809
2000	US\$1.00 = Rp 9,675
2001	US\$1.00 = Rp 9,420

Abbreviations and Acronyms

CDD	Community-Driven Development
ERR	Economic Rate of Return
GOI	Government of Indonesia
ICR	Implementation Completion Report
IEG	Independent Evaluation Group
ID	Institutional Development
KDP	Kecamatan Development Project
KDP2	Second Kecamatan Development Project
KDP3	Third Kecamatan Development Project
<i>kecamatan</i>	Sub-District
LKMD	Lembaga Ketahanan Masyarakat Desa (a village committee)
LMD	Lembaga Musyawarah Desa (a village committee) and in an and in an
M&E	Monitoring and Evaluation
NGO	Non-Governmental Organization
NMC	National Management Consultants
OED	Operations Evaluation Department
PAD	Project Appraisal Document
PMD	Community Development Agency of the Ministry of Home Affairs
PPAR	Project Performance Assessment Report
PSR	Project Supervision Report
QAG	Quality Assurance Group
VIP2	Second Village Infrastructure Project

Fiscal Year

Government: April 1 to March 31

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About this Report

The Independent Evaluation Group assesses the programs and activities of the World Bank for two purposes: first, to ensure the integrity of the Bank's self-evaluation process and to verify that the Bank's work is producing the expected results, and second, to help develop improved directions, policies, and procedures through the dissemination of lessons drawn from experience. As part of this work, IEG annually assesses about 25 percent of the Bank's lending operations. In selecting operations for assessment, preference is given to those that are innovative, large, or complex; those that are relevant to upcoming studies or country evaluations; those for which Executive Directors or Bank management have requested assessments; and those that are likely to generate important lessons. The projects, topics, and analytical approaches selected for assessment support larger evaluation studies.

A Project Performance Assessment Report (PPAR) is based on a review of the Implementation Completion Report (a self-evaluation by the responsible Bank department) and fieldwork conducted by IEG. To prepare PPARs, IEG staff examine project files and other documents, interview operational staff, and in most cases visit the borrowing country for onsite discussions with project staff and beneficiaries. The PPAR thereby seeks to validate and augment the information provided in the ICR, as well as examine issues of special interest to broader IEG studies.

Each PPAR is subject to a peer review process and IEG management approval. Once cleared internally, the PPAR is reviewed by the responsible Bank department and amended as necessary. The completed PPAR is then sent to the borrower for review; the borrowers' comments are attached to the document that is sent to the Bank's Board of Executive Directors. After an assessment report has been sent to the Board, it is disclosed to the public.

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Relevance of Objectives: The extent to which the project's objectives are consistent with the country's current development priorities and with current Bank country and sectoral assistance strategies and corporate goals (expressed in Poverty Reduction Strategy Papers, Country Assistance Strategies, Sector Strategy Papers, Operational Policies). *Possible ratings:* High, Substantial, Modest, Negligible.

Efficacy: The extent to which the project's objectives were achieved, or expected to be achieved, taking into account their relative importance. *Possible ratings:* High, Substantial, Modest, Negligible.

Efficiency: The extent to which the project achieved, or is expected to achieve, a return higher than the opportunity cost of capital and benefits at least cost compared to alternatives. *Possible ratings:* High, Substantial, Modest, Negligible. This rating is not generally applied to adjustment operations.

Sustainability: The resilience to risk of net benefits flows over time. *Possible ratings:* Highly Likely, Likely, Unlikely, Highly Unlikely, Not Evaluable.

Institutional Development Impact: The extent to which a project improves the ability of a country or region to make more efficient, equitable and sustainable use of its human, financial, and natural resources through: (a) better definition, stability, transparency, enforceability, and predictability of institutional arrangements and/or (b) better alignment of the mission and capacity of an organization with its mandate, which derives from these institutional arrangements. Institutional Development Impact includes both intended and unintended effects of a project. *Possible ratings:* High, Substantial, Modest, Negligible.

Outcome: The extent to which the project's major relevant objectives were achieved, or are expected to be achieved, efficiently. *Possible ratings:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Bank Performance: The extent to which services provided by the Bank ensured quality at entry and supported implementation through appropriate supervision (including ensuring adequate transition arrangements for regular operation of the project). *Possible ratings:* Highly Satisfactory, Satisfactory, Unsatisfactory, Highly Unsatisfactory.

Borrower Performance: The extent to which the borrower assumed ownership and responsibility to ensure quality of preparation and implementation, and complied with covenants and agreements, towards the achievement of development objectives and sustainability. *Possible ratings:* Highly Satisfactory, Satisfactory, Unsatisfactory, Highly Unsatisfactory.

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This report was prepared by Ridley Nelson (consultant), who assessed the projects in October 2004. The report was edited by William Hurlbut, and Helen Phillip and Romyne Pereira provided administrative support.

Principal Ratings

SECOND VILLAGE INFRASTRUCTURE PROJECT

	<i>ICR*</i>	<i>ICR Review*</i>	<i>PPAR</i>
Outcome	Highly Satisfactory	Highly Satisfactory	Satisfactory
Institutional Development Impact	High	High	Substantial
Sustainability	Likely	Likely	Non-evaluable
Borrower Performance	Highly Satisfactory	Highly Satisfactory	Satisfactory
Bank Performance	Highly Satisfactory	Highly Satisfactory	Satisfactory

KECAMATAN DEVELOPMENT PROJECT

	<i>ICR*</i>	<i>ICR Review*</i>	<i>PPAR</i>
Outcome	Highly Satisfactory	Satisfactory	Moderately Satisfactory
Institutional Development Impact	Substantial	Substantial	Substantial
Sustainability	Likely	Likely	Non-evaluable
Borrower Performance	Satisfactory	Satisfactory	Satisfactory
Bank Performance	Satisfactory	Satisfactory	Satisfactory

* The Implementation Completion Report (ICR) is a self-evaluation by the responsible operational division of the Bank. The ICR Review is an intermediate IEG product that seeks to independently verify the findings of the ICR.

Key Staff Responsible

SECOND VILLAGE INFRASTRUCTURE PROJECT

	<i>Task Manager</i>	<i>Division Chief</i>	<i>Country Director</i>
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Completion	Scott Guggenheim	Zafer Ecevit	Andrew Steer

Preface

This is a Project Performance Assessment Report (PPAR) for two projects in Indonesia. The Second Village Infrastructure Project (VIP2) was approved for a loan of \$140.1 million on October 10, 1996, and closed on July 31, 2000, seven months behind schedule. The final total disbursed was \$119.2 million. Substantial depreciation of the Indonesian rupiah over the project period left unused funds even with an increase in the number of villages supported. An Implementation Completion Report (ICR) was submitted on December 26, 2000 (Report no. 20861). The Kecamatan Development Project (KDP) was approved for a loan of \$225 million on June 2, 1998, and closed on December 31, 2003, 15 months behind schedule. The final total disbursed was \$252.9 million following a supplementary credit of \$48.2 million to help address the macroeconomic crisis of 1997-98. An ICR was submitted on June 20, 2003 (Report No. 26163).

The PPAR was prepared by the Independent Evaluation Group (IEG) based on the Implementation Completion Reports, the appraisal documents, the Development Credit Agreements, and a review of Bank files and the literature. The assessment also draws on the substantial project literature which includes two impact studies. The project was discussed with Bank staff, beneficiaries, and government staff at the central, provincial, district, and sub-district (*kecamatan*) levels, and with donors and NGOs. An IEG mission was in the field for about 23 days and undertook field visits to three of the project areas. The mission was free to select and talk to any households or groups it chose. The cooperation and assistance of all stakeholders and government officials is gratefully acknowledged, as is the support of the staff of the World Bank Country Office in Indonesia.

These projects were selected for assessment particularly in order to evaluate community-driven development (CDD) projects said to have performed well. The initial findings from the field work informed an IEG study on community-based and -driven development efforts supported by the Bank. Following standard IEG procedures, the draft PPAR was sent to the Borrower for comments before being finalized. No comments were received.

Summary

The Government of Indonesia (GOI) strategy for poverty reduction increasingly has been executed using participatory approaches such as community-driven development (CDD), which give local people more control over their own development. Indonesia's Second Village Infrastructure Project (VIP2) and first Kecamatan Development Project (KDP) offer some important lessons for CDD.

In both projects the objectives statements were somewhat muddled. In VIP2, the main objective was to build small infrastructure. Secondary objectives were to increase decentralization and community participation. Added, almost as an afterthought, was a statement about poverty. The stated objectives of KDP differed from the logical framework presented in the appraisal document. The latter, more consistent with the project's design, were to strengthen *kecamatan* (sub-district) and village governments by empowering them to manage increased funding and becoming accountable for it and to provide increased economic opportunity at the village level in the poorest *kecamatan*. The objective of *strengthening to become accountable* was very relevant in the country context as fighting corruption was high on the government and the Bank's agenda and strengthening *kecamatan* level governments and supporting participatory approaches was expected to improve local level transparency and governance. While not explicitly stated in the objectives, KDP was also seen as a way to mitigate the impact of the economic and political crises of the late 1990s which was a time of tremendous political upheaval and financial uncertainty in Indonesia.

VIP2 had four components: (i) Grants to villages for infrastructure to assist some 2,600 villages for construction of public works such as roads, bridges, water supply, sanitation, drainage, and markets; (ii) Technical assistance for implementation support; (iii) Technical assistance for monitoring and evaluation; and (iv) Government administration (fully financed by government).

KDP was an evolution of VIP2 and also had four components: (i) Block grants to *kecamatan* for infrastructure to assist some 6,000 villages with public works, together with an economic loans component; (ii) Technical assistance for implementation support; (iii) Monitoring and evaluation (including studies and financial oversight); and (iv) Policy studies to focus on procurement guidelines (later canceled).

The outcome of VIP2 is rated satisfactory and that of KDP is rated moderately satisfactory. Both projects achieved more than twice their planned physical targets and made important strides in enhancing participatory processes, though the physical achievements in KDP were made possible in part by a supplementary credit of \$48.2 million which added about 25 percent to the loan. However, poverty targeting, while based on the national community poverty data, appears to have been influenced in practice by political considerations. Women's participation in decision making improved, but was constrained by the inherent difficulty of changing an entrenched social system. Poverty and gender focus advanced as the series of projects evolved, but both the Bank and the Borrower took too much of a hands-off approach to the existing community-level power relationships and to community decision making. The road and bridge investments generally appear to have yielded equitable benefits. However, the micro-credit component of KDP (23 percent of the project cost) was not successful. The poor, as defined by the poverty line, constituted only seven percent of borrowers and, as the component had no institutional home and the borrowers had insufficient microfinance skills, the component achieved

poor repayment rates. This could have been predicted based on Bank experience at the time. The continued wide presence of corruption in KDP, documented in the Bank's project files and the literature, was also a serious shortcoming especially since the project was expected to promote accountability and institutional transparency. Sustainability for both projects is rated non-evaluative owing to uncertainties about the impact of future reform and concerns about maintenance.

Both projects transferred funds to the community level and therefore contributed to decentralization. The projects however strengthened the lowest village and sub-district levels, but not the district level, which the projects largely bypassed.

The experience of these projects, supported by other work carried out by IEG, suggests six lessons:

- A project's poverty objectives need to be translated into clearly defined poverty and poverty process indicators (outcome and output) in the PAD and be monitored and evaluated.
- The extent of project management intervention at community level needs to support targets for achieving poverty and gender objectives. Too much of a hands-off approach by project management at the community level on issues of poverty and gender may insufficiently challenge the status quo.
- Maintenance of infrastructure should be an integral part of any infrastructure construction intervention. A maintenance strategy should be developed that addresses the total community infrastructure challenge not simply that of the project portions. The assessed feasibility of sustaining maintenance at the community level should be reflected back into investment decisions on the funding of new infrastructure.
- The costs of beneficiary participation need to be reduced as the number of programs increases. Fostering a common participatory decision procedure for all donor and government-funded participatory projects and programs would reduce beneficiary time spent in meetings, enhance prioritization, and reduce costs of facilitation and technical support.
- The rural finance lessons of the past are well documented and remain valid but were not heeded in KDP. Effective and sustainable rural finance calls for an institutional capacity to evaluate debt capacity, a sustainable institutional home, low costs, and strong incentives for the borrower(s) to remain in good standing. In KDP it was a mistake to force an economic loans component into a grants program outside a carefully prepared rural finance intervention. There is no experience that suggests that, in a crisis situation, these rules are less applicable.
- In a project that specifically aims to promote transparency, accountability and improved governance, it is essential to define at the outset some kind of baseline (and related milestones) regarding the level of corruption, so as to measure progress.

Vinod Thomas
 Director-General
 Evaluation

1. Background

1.1 The Government of Indonesia (GOI) increasingly has given priority to alleviating poverty through community-driven development. The government's strategic approach to poverty reduction includes financial transfer programs, extension of the scope and quality of social services, regional development programs to address particular areas of inequality, development of improved methodologies and information, and support for economic initiatives and labor-intensive works.

1.2 Indonesia's extreme financial and political crises in the second half of the 1990s combined with a prolonged drought to push the country's rural poor deeper into poverty. Nationally, the economic shock was enormous: economic growth in 1998 declined to minus 14 percent in contrast to the 8 percent annual growth rates of earlier years. Once-high rates of rural-to-urban migration reversed during the crisis. Government strategies to address the economic crisis hinged on labor-intensive work programs and direct cash payments. However, the crisis had also highlighted problems in Indonesia's economic governance that earlier had been downplayed and now needed to be addressed. Changes in rural areas had weakened traditional social structures, reduced the power of traditional leaders, and changed customary practices in land tenure.

1.3 In this context, World Bank support was requested for the Village Infrastructure 2 Project (VIP2) and Kecamatan Development Project (KDP). When the projects were prepared, therefore, improving the capacity, transparency, and responsiveness of local government were considered prerequisites for Indonesia's recovery.

1.4 **Objectives.** In both projects the objectives statements were somewhat muddled. The main stated objective of **VIP2**, to build small infrastructure in poor rural villages, focused on outputs rather than outcomes. Secondary objectives were to increase decentralization and community participation. Added almost as an afterthought in the appraisal report was a statement that "the broadest objective is to reduce rural poverty"¹. The indicators in the appraisal also were not well formulated being simply physical infrastructure achievements and associated employment. The objectives of **KDP**, as stated in the appraisal document were to raise rural incomes, strengthen *kecamatan* and village government and community institutions, and build public infrastructure through labor-intensive methods. But the logical framework in the same document had somewhat different objectives that were more consistent with the project design. These were to strengthen *kecamatan* and village government by empowering them to manage increased funding and becoming accountable for it and to provide increased economic opportunity at the village level in the poorest *kecamatan*s. Thus, in the logical framework, increased economic activity was the means to increased incomes. This was especially relevant since the project was partly responding to the economic crisis. The accountability objective was also very relevant as reducing corruption

1. The project was classified as a targeted poverty reduction intervention at a time when this designation was still used.

was high on the agenda of the Government and the Bank and strengthening *kecamatan* governments and supporting participatory approaches was expected to improve local-level transparency and governance.²

1.5 VIP2 Components:

- Grants to villages for infrastructure (\$130 million) to assist about 2,600 villages (later increased to 7,044) through the construction of public works such as access roads, bridges, water supply schemes, sanitation facilities, drainage, markets, boat piers, and other small infrastructure. The project essentially repeated and extended the earlier Village Infrastructure Project for Java.
- Technical assistance for implementation support (\$18 million) to provide technical support for specialist consultants at the local level.
- Technical assistance for monitoring and evaluation (\$3 million) to provide support for monitoring and evaluation (M&E) and information systems.
- Increase the government administration (fully financed by government; \$7 million) to provide government with the capacity to plan and implement the project.

1.6 **KDP Components:** The design of this project was a refinement of the earlier VIP2, but with the addition of a loans sub-component to the grants component:

- Block grants to *kecamatan* for infrastructure (\$221 million) to assist by the third year about 6,000 villages through the construction of public works such as access roads, bridges, water supply schemes, sanitation facilities, drainage, markets, boat piers, and other small infrastructure and economic loans.
- Technical assistance for implementation support (\$32 million) to provide technical support for specialist consultants at the local level.
- Monitoring and evaluation to provide support for M&E, studies, and financial oversight (\$2 million).
- Policy studies (\$2 million) to focus on procurement guidelines.

A supplemental credit in the equivalent of US\$48.2 million was approved in December 2000 to cover the third and fourth year of operations. This occurred because KDP was scaled up significantly in the early years in response to the economic crisis, creating a funding gap. The policy studies component was canceled.

1.7 VIP2 covered Java and Sumatra. KDP also included Kalimantan. The number of villages supported under VIP2 by the third year was 7,044, nearly three times the original

2. The 2003 CAS refers to the important role of projects that open multiple entry points in the fight against corruption. It notes: "A central lesson of the Bank Group's experience in Indonesia is that our entire success will be judged by the contribution that our programs are seen to make towards greater transparency and accountability, and by the standards of integrity with which we implement these programs." A paper by Judith Edstrom *Indonesia's Kecamatan Development Project Is It Replicable?* 2002 notes: "The project's objective is fundamentally radical: it aims to institute transparency and democracy from the bottom up in a country where serious abuse of office and top-down planning have been endemic."

target. The number of villages supported under KDP by the third year was 15,000, more than double the original target. The increased coverage was largely due to depreciation of the rupiah, a supplemental Bank credit for KDP, and additional government contribution aided by keeping costs down. VIP2 was completed in just over three years and KDP in just over five years.

1.8 Both projects provided a direct line of grant infrastructure funding (including economic loans in the case of KDP) to villages to fund their selected priorities. The majority was used for rural roads and bridges, but few investments were ineligible, fewer in KDP than in VIP2.³ Other investments selected were drainage, irrigation, water supply, and markets. The projects supported a decision process and facilitators to help develop proposals at village level, which were then passed up to the district level for approval, in VIP2, and to the *kecamatan* (sub-district) level for competitive selection, in KDP. (Later in KDP, if there were two proposals, one had to come from women.) Decisions at community level involved a series of meetings and village-level planning. Wages were paid for labor but at rates decided by the village and generally below going rates. Therefore, there was some local contribution backed by a voluntary local cash/materials contribution which came to less than 10 percent in total.

1.9 The projects followed a CDD approach, giving communities implementation and funds management responsibility, with provision for voluntary beneficiary contribution rather than compulsory, as is common in CDD. The projects largely followed a hands-off approach, leaving most decisions and funds management to the communities. Once approved, funds were transferred to the village and construction was managed by the village with technical assistance. By the time of KDP, funds were passing directly from the central government to the village. About 30,000 local facilitators (technical consultants) were funded to provide support but were answerable to the communities. In KDP, economic loans went to groups formed for the purpose. Also, in KDP a financial unit supported financial management and accounts keeping at the *kecamatan* level. The approach gradually evolved through VIP2 and into KDP with broadening investment options, greater attention to poverty and gender,

3. Infrastructure subprojects in **VIP2** had to meet several requirements: a) it had to be a public infrastructure, technically and environmentally viable, and justified by the number of users and the cost per user; b) the funding available—the village grant and any village contributions—must be estimated to be sufficient to complete the subproject; c) for any land or assets requirement that would negatively affect a villager's income and require compensation, the village and the affected family would agree on compensation that would improve or restore the living standard, income earning, or production capacity of the affected persons to pre-subproject levels in accordance with the agreed Guidelines for Compensation and Resettlement.; d) implementation plan, contractual arrangements, a work plan, and number of village laborers must be clear; and e) approaches to provide subsequent maintenance of the subproject must be agreed, including assignment of responsibilities for maintenance works, training for maintenance designees, and financing, as necessary.

The VIP menu of infrastructure choices was expanded under **KDP** to accommodate larger and different types of works, such as check dams, small irrigation schemes, markets, etc. and eventually also maintenance. Project menus were open to all productive investments except for a short negative list of activities that were environmentally damaging (manufacture or use of asbestos, fishing boats of 10 tons or more and tackle, pesticides, dynamite, and agro-chemicals) and expenditures for religious and government buildings and government salaries, and for military or paramilitary purposes.

increasing devolution of power to the community, increasing focus on corruption (see Box 5 for KDP strategy to deal with corruption), greater discussion below the village level, and many other enhancements as lessons were learned.

2. Analysis

OUTCOME

2.1 The outcome of the **VIP2** project is rated **Satisfactory** based on the assessments of relevance, efficacy, and efficiency discussed below. The VIP2 objective to build small infrastructure was achieved well beyond targets. The objective to increase decentralization and community participation was achieved at *kecamatan* and community levels and offered lessons for the wide expansion of the approach that followed. Both projects largely bypassed the district level. With respect to the broader poverty reduction aim, field visits and a project impact study suggest wide beneficiary satisfaction with the investments. However there are concerns about maintenance which apply to both VIP2 and KDP(para 2.3 below). In addition, (but a lesser reason for not going to a Highly Satisfactory rating) given the poverty reduction intent of the project, the inclusion of a number of less poor villages, partly for political reasons, undercut the poverty focus. That said, in villages where the project intervened attendance of the poor at meetings appears to have been at least adequate, but the quality of input from the poor remains unclear. However, it would be unreasonable to expect very rapid gains in the voice of the poor given the long-entrenched social environment.

2.2 The outcome of **KDP** is rated **Moderately Satisfactory** based on the assessment of relevance, efficacy, and efficiency discussed below. As with VIP2, KDP strengthened village and *kecamatan* governments, though weaknesses remain in achieving the accountability element of the objective as significant leakage of resources and corruption occurred despite the creative anti-corruption measures put in place to prevent them. While the project objectives did not explicitly claim to strengthen the district government, support for decentralization was implicit in the project. The KDP economic loans component (23 percent of total costs) is generally acknowledged to have not been successful and it exhibited marginal efficiency as a credit operation because of weak repayment. This is the determining element in the justification for going to only Moderately Satisfactory, nearly a quarter of the project funding resulted in unsatisfactory performance.⁴ However, a concern about maintenance as an element in assessing outcome noted in the following paragraph also applies to KDP. Further, owing to the social patterns in communities, in both projects, despite good meeting attendance, progress toward genuine, high-quality participation in decision making by the poorer members of the community and women was probably modest.

4. IEG rates a project as moderately satisfactory when it is expected to achieve most of its relevant objectives but with significant shortcomings as in the case of the economic loan component.

2.3 Given the objective of establishing a community participation process, concerns about community maintenance capacity, and therefore sustainability, are seen as integral in assessing outcome, in both projects. It seems clear from mission observation that villages do not have the capacity to maintain the escalating volume of infrastructure that they are expected to maintain even if, for a period, they can maintain some of it. There remain, therefore, questions about where such programs are headed in the absence of greater community revenue capacity, especially in poorer communities and where asphalt roads have increased, and whether construction of further infrastructure is really a sound strategy given this persistent maintenance issue. The technical/economic/social dilemma is that, in the very high rainfall of much of Indonesia, dirt roads do not last well, asphalt placed on top of low cost dirt roads not designed to take asphalt last only somewhat better, and good asphalt lasts well given good drainage but is generally out of reach of most communities for maintenance. The solution of rebuilding roads through outside support (donor or government) every ten years may still give an acceptable ERR but is not an efficient development strategy and in the end is likely to undermine community participation. Note that the issue is not one simply related to VIP or KDP-funded infrastructure and the quality of maintenance of those quite modest sized pieces, the issue is related to *all* village infrastructure and the place of VIP and KDP within that infrastructure challenge.⁵

RELEVANCE

2.4 Relevance of both projects was substantial, but with some qualification. The objectives were relevant to both the Bank and country strategy at the time and remained so throughout the 1997-98 economic crisis. KDP was particularly relevant given its timing in relation to the economic crisis and the concern with respect to increased corruption.⁶

2.5 This assessment did not have the capacity to pursue several relevance questions related to the two projects. First, extending village infrastructure through new investments may have been less relevant for meeting poverty objectives than enhancing maintenance of

5. A KDP project document noted in 2004 that all the consulting teams were in agreement that the most pressing post-construction issue that needed to be addressed comprehensively by KDP management was maintenance. In many villages hard won benefits were in real danger of eroding to pre-project conditions, especially for roads. The report also found that very little serious thought had been given to the high repair costs that arise periodically as natural wear-and-tear begins to take its toll. Costs of repairs for roads and water systems were significantly underestimated. For the villages analyzed, it was clear that the O&M burden, especially for roads, was too great for the majority of villages to shoulder.

6. "Corruption has a long history in Indonesia. It has plagued governments since early independence (which was declared in 1945 and internationally recognized in 1949), although it arguably reached the greatest heights—in terms of sheer scale, sophistication, and damage—when the new Order began in 1966. In the period of parliamentary liberal democracy (1950-59) and during the Sukarno-dominated Guided Democracy (1959-65), corruption and abuse of power had already commonly taken the form of alliances among political patrons and business clients who were regularly given special privileges in the shape of licenses and other nontransparent business opportunities. This was to be a pattern replicated during the New Order. The big difference was that the economic cake was to grow so much larger—as was scale of the resources that could be misappropriated." V.Bhargava and E Bolongaita 2004. *Challenging Corruption in Asia* The World Bank.

existing infrastructure, at least in some villages.⁷ Second, given the poverty reduction intent of the projects, the inclusion of a number of less poor villages, partly for political reasons, undercut the poverty focus. The poverty selection profile would have been different had villages been strictly poverty ranked nationally.⁸ Third, the Indonesian government instituted a major decentralization program in 1999.⁹ It is not clear how KDP, in bypassing the district level, conformed with that program. It is also not clear how far the bypassing of government institutions and the creation of parallel institutions to oversee the implementation of the KDP program affected the overall decentralization program.¹⁰ These issues are wider than the experience of these individual projects, however, and should be explored further. Fourth, agricultural technology remains weak, especially outside the areas of more intensive cultivation and higher rainfall, and seems to be under-invested in nationally. This raises the question of whether an equivalent (or greater) investment in agricultural research and extension might have equaled or exceeded the poverty reduction impact of these projects. Support for agricultural technology has generally shown very high economic returns and satisfactory poverty impacts, and therefore might have been a competitive alternative.¹¹ The mission did not have the resources to pursue this question far enough in relation to the recent support for research (Agricultural Research Project 2 with total costs of \$52 million at completion) and the further assistance proposed.

EFFICACY

2.6 Efficacy—the extent to which the project objectives were achieved taking into account their relative importance—is rated substantial for VIP2 but modest for KDP, although baseline indicators were limited.

7. It could be argued that some of the investment was, in fact, delayed maintenance.

8. The mission visited several VIP2 and KDP project villages in West Java where the majority of households appeared quite well off relative to those seen, for example, in Kalimantan.

9. Decentralization Law 22 that assigns all government expenditure to the districts (kabupaten) except for finance, foreign affairs, defense, religion and state administration was passed on May 7, 1999 and Law 25 that provides the details of fiscal decentralization was passed on May 19, 1999.

10. “KDP provided for funds to flow directly from a central project account to a joint village account at a local sub-district bank, processed by the branch office of the national Treasury. At no stage do funds pass through a government ministry... ..It runs counter to a Bank-wide trend during the 1990’s to move away from heavy reliance on project implementation units (PIUs) by “putting government in the driver’s seat,” strengthening government institutions, and insisting that projects and programs be implemented by government agencies. In fact, the KDP National Management Consultants (NMC) office in Jakarta is in reality a PIU, or at best an in-house NGO. It also runs counter to some decentralization initiatives that originate with federal government offices, and subsequently cascade down through development plans prepared at various levels.” Judith Edstrom *Indonesia’s Kecamatan Development Project Is It Replicable?* Social Development Papers, Paper No. 39, The World Bank, March 2002.

11. Agricultural technology has been neglected both nationally and by donors in recent years and, globally, IEG has concluded that this decline has gone beyond what would be justified by the falling percentage of agriculture in GDP.

2.7 The objectives against which **VIP2** is rated are those in the text of the appraisal. Based on monitoring and evaluation data, the objective of *building small infrastructure* was achieved at a level of more than double the original target with a little over a one-year extension. VIP2 built infrastructure in 7,044 villages against the plan of 2,600 at a local currency value of nearly three times the plan. However as indicated earlier under Outcome, there are concerns about the capacity of communities to maintain the infrastructure. *Decentralization* at the *district* level was not really helped much by VIP2, but the project made significant progress with the objective of decentralization and community participation at *kecamatan* and village levels, the lower layers in the decentralization hierarchy.¹² Community participation was certainly increased as is evident in most villages from village meeting records. With respect to the objective of *reducing poverty*, it is difficult to measure and attribute in aggregate significant changes in broader rural poverty indicators to modest lengths of village roads or bridges, often relevant only to one particular hamlet. However, the economic analysis for VIP2, the subsequent economic analysis for KDP for similar infrastructure, and individual structures assessed by mission field visits, partly through discussion of land values, imply high financial and economic benefits to those beneficiaries within the service area of the infrastructure built by the project. The mission observed that while community participation had been clearly enhanced at the community level, some uncertainties remained about the extent to which the poorest and women had taken their “voice” qualitatively beyond merely attendance at meetings and participation in labor.¹³ The achievement varied by province.

2.8 The objectives used to evaluate **KDP** were taken from the Logical Framework (see para. 1.4). With respect to the first of those objectives, KDP does appear to have strengthened *kecamatan* and village communities by supporting them in the management of increased funds and giving them full responsibility for funds management and implementation, including substantial facilitation support and training. With respect to the *kecamatan* level, while difficult to measure, the decision making needed to allocate the competing project resources and the facilitation and training provided appear to have improved skills at that level. Capacity for book keeping and community facilitation has also been enhanced at the *kecamatan* level through training and practice, although sustainability is questionable. A number of output and outcome changes have occurred, including: the activities of community-operated village implementation teams (observed by journalists and reported in monitoring), increasing community demands on government (reported in studies), increased openness of bidding processes at village level (a rule that was imposed and followed—as reported in meetings minutes), greater information (still evident on community notice boards), increased reporting of and action on corruption (as

12. However, in VIP2 the project manager was located at district level and some technical skills were located at that level.

13. In weighting the importance of targeting the poor, M. Ravallion and S. Chen, “What Can New Survey Data Tell Us about Recent Changes in Distribution and Poverty?” World Bank, 1997, is a relevant study. It uses Indonesia data and finds that even at a poverty line of 20 percent of the population, nearly half the population are vulnerable to poverty given the evidence on income variability. Households in Indonesia have about an even chance of facing a poverty episode once in three years. The authors point out that the poor at any given time are only a fraction of those who must worry about, and struggle to avoid, falling into poverty. This would suggest, for Indonesia, that the extent to which poverty targeting is critical to project poverty performance should not be under-estimated.

reported in a study of corruption and by monitoring reports), greater attendance at meetings, and increased numbers of proposals from women (an outside intervention that became a requirement under KDP). However, considerable evidence from Bank internal files and from the literature shows that leakage of resources and corruption remain significant problems in KDP. This raises concerns about how much *kecamatan* and village governments were actually able to become accountable.

2.9 With respect to creating economic opportunity at the village level, there are three findings. First, the impact of small infrastructure on income, often relevant mainly to one hamlet, is difficult to measure and attribute, but the generally high subproject economic rates of return in the economic analysis case studies (and in more recent analysis undertaken since the IEG mission), supported by mission field questioning of individuals about land values and mission calculations on site, suggest that economic opportunity was enhanced significantly in the beneficiary hamlets. Second, the infrastructure was created with very labor-intensive methods providing 25 million workdays for about 2.8 million people at a time of economic crisis. Third, a substantial number of productive investments with income earning capacity were built, including 5,200 irrigation systems, 400 market structures, and 260 village electrification activities. Fourth, women's labor was released through 2,800 clean water units. The actual number of subprojects was more than twice the number planned at appraisal due to lower unit costs, additional funding due to devaluation and the supplemental credit, and additional support from government.¹⁴ Fifth, credit must be given in weighing the scale of these benefits for the fact that KDP (building on the earlier VIP experience) provided the knowledge base for a number of what have been termed KDP "copy-cat" projects by both the government and other donors. However, as with VIP2, these infrastructure achievements must be tempered with the concerns about community capacity to maintain its total stock of infrastructure. Since much of the infrastructure is still relatively new the full burden of this is still ahead.

2.10 With respect to the question of whether the poorest *kecamatan* were reached, the data for selected *kecamatan* and villages suggests that there was some bending of the selection rules for political reasons. If a national ranking regardless of province had been used, selection would have been differently distributed in provinces and islands.

2.11 In particular, a significant weakness was that in the loans component, which was about 23 percent of total project costs, *efficiency* was modest due to variable but often weak repayments. This component is discussed in more detail below (para. 2.16).

VIP2 Infrastructure Achievements in Detail

2.12 The original project objectives remained, but the number of villages assisted increased from the original target of 2,600 to 7,044. An extended program was added for Java and Bali

14. The Region in its comments notes that the physical achievements under the KDP project need to be seen in the context of the prevailing country environment: a collapsing portfolio, currency crisis and civil war in nearly a third of the participating provinces.

covering 2,596 villages. No initial sub-project investment targets were made nor were projections attempted; project documents argued that this was impossible given the villagers' freedom to choose. Villages built a total of 15,069 kilometers of roads, 42.5 kilometers of bridges, 4.9 kilometers of piers, 8,722 communal water supply units, 4,877 sanitation units, 140 irrigation systems, 58 markets, and 84 other types of infrastructure. All infrastructure was of modest design complexity to keep costs down. In financial year 1998/99, due to the economic crisis, the government initiated a more widespread works program with its own funds (PDM-DKI). Due to implementation difficulties in Sumatra this island was left out of the third program year and put in with an OECF program, which also became a form of VIP as it shifted responsibility for managing contracts from the agencies to the villages. This is one example of the demonstration impact of VIP. More recently, the Kecamatan Development Project covered some subdistricts on Sumatra.

2.13 While there were no targets, a total of just under 2 million persons worked on the VIP2 project for approximately 50 million person-days of work, an average of about 25 days per person employed. Approximately 40 percent of the funding went directly to villages, with another 40 percent for materials such as stone, which also required local labor, and 20 percent for "imported" materials such as cement and transport. Annual income from the project per worker employed was approximately \$25. This compares with typical annual incomes per poor person of \$150 to \$200 per year. Approximately 15 percent of the village populations worked directly on the project: 58 percent were men, 15 percent women, and 30 percent youths.

2.14 Nearly 6 million persons appear to have benefited, representing about 50 percent of the population of the beneficiary villages. The VIP2 Impact Study noted in para 2.1 covered 233 villages by 1997/98, but the methodology for benefit estimation was quite subjective as benefits were estimated qualitatively by beneficiaries as "good," "fair," or "poor," and community estimates of financial benefits from subprojects were within ranges (e.g., Rp 0 to Rp 10 million; Rp 10 million to Rp 25 million, etc.) and it is not clear how these were estimated. Non-quantified benefits reported by villages included easier visits to health centers, additional village business, changes in cropping patterns, improved security, and easier travel to school. Based on these estimates, some 40 percent of villages were estimated to have achieved benefits equal to or above costs within a single year. Others took a little longer to break even. A post-construction review study in 2000 assessed the standards of maintenance and rates of infrastructure deterioration and concluded that by the final year of the project, about 7 percent of roads and bridges built in Java were deficient in quality due to lack of maintenance and about 12 percent were deficient in Sumatra, where the project had not performed well for quality even initially.

KDP Infrastructure Achievements in Detail

2.15 With respect to the objective of supporting communities to build infrastructure through labor-intensive methods, the targets were not defined by type of infrastructure since choice was open. However, the number of subproject agreements was planned at 6,000 and actual achievement with the support of the supplementary credit of \$48.2 million was 15,000. By project closing 95 percent of the works had been completed (compared to a projection of 80 percent). The amount of local funds disbursed was about four times the projection alongside an 80 percent devaluation of the rupiah and the supplementary credit. With respect

to quantities, 19,000 kilometers of road were built or upgraded, and 3,500 bridges, 2,800 water supply units, 5,200 irrigation systems, 1,300 sanitation units, and 400 markets were built. There is no doubt from field discussion that labor-intensive methods were used, albeit probably at some cost to quality and sustainability, particularly for roads built on soils where compaction is important. The purpose of the labor-intensive methods was partly to provide income support to the poorer community members during the extreme economic decline given that a main objective was economic opportunity. While this was achieved, it was not clear to the mission that the intended self-targeting worked effectively. It was anticipated that wages would be sufficiently low that only the poorest would be interested; however, owing partly to the economic crisis, interest in this work was widespread, at least in Java, and in most cases supply and demand had to be balanced by some form of rationing, such as sharing out labor between household applicants. Nevertheless, this underscores the importance of income as a crisis mitigation measure.

Efficacy of the Economic Loans (Micro-Credit) Component

2.16 As reported in the ICR, this component in **KDP** was unsatisfactory. The economic loans or micro-credit element of this component was barely touched on in the main text of the appraisal. It is not mentioned in the component table and discussion of the repayment issue is hidden in the Cost Benefit Analysis Annex. It is doubtful whether an Executive Director's office would have noticed that there was a credit component. As has been pointed out by IEG before, the structure of appraisal documents, which asks only for a summary table of components and costs in the main text, encourages inadequate description of project components. In this appraisal, the heading in the main text table "Kecamatan Development Grants" is actually misleading since a portion was to be loans.¹⁵ Repayment rates were about 20 percent in areas that were more remote, poorer, and had no history of credit but ranged up to 90 percent in areas that were less poor and had experience with credit. The "joint and several liability" for repayment within groups often did not work because there was no expectation of continuity, no institutional links, and some of the groups were hastily assembled. Therefore, when one person in the group defaulted, instead of group pressure to repay, often others simply decided that there was no reason they should repay either. While individual records were kept at village level and group records kept at the Financial Management Unit at the *kecamatan* level, the assessment mission found that, once the project closed, collection efforts for this component were not strongly pursued. In one case, the loan records were not even passed on to new staff. The Impact Study¹⁶ found that only 7 percent of loans went to the poor and a similar percentage to women. However, one source suggests that, while women may not have been the nominal borrowers, in practice their enterprises (e.g.,

15. The Region in its comments disputes this finding but on further review IEG finds the comment still valid. Reference to the PAD shows that under the Project Description Summary the only reference to credit is within a parenthesis which says with respect to self-targeting "(e.g. wages at local rural minimum and repayment of credits ...)" In the section on Project Alternatives it is not mentioned. In the section on Risk it is only mentioned once in the context, again, of self-selection. Nowhere in the document is there any substantive discussion of the issues, risks and experiences of managing credit.

16. Kecamatan Development Project Impact Study, 2001. The Demographic Institute, University of Indonesia.

livestock) were often the object of the loan. One reason for the low participation by the poor, apart from their own perceived risks of indebtedness, was that many less-poor borrowers did not wish to be grouped with poor borrowers who they did not know and who might be a repayment risk.¹⁷

Efficacy of Community Processes

2.17 It is difficult to isolate the changes that have been brought about in community processes by the two projects under review from those that have come about because of the series of KDP and other CDD interventions in the country.¹⁸ However, **both projects** appear to have contributed to enhanced community decision-making processes, but due to traditional domination by the elite, previous top-down development practices, and widespread corruption, much remains to be done to reach fully equitable participation. As noted by IEG's recent evaluation of community-based and -driven approaches, Bank staff increasingly are aware of the need for long-term support to build community capacity.¹⁹ In this context, the criteria under KDP 3 for selecting those communities that have received support under KDP 1 and 2 is sensible and will likely contribute significantly to community capacity enhancement. The evidence for the enhanced processes comes from a number of studies and the monitoring and from anecdotal reporting, and a mix of input and output/outcome evidence. It includes:

- Increasing numbers of recorded incidents of spontaneous community demands on the administration for performance and action on corruption, some of this reported by journalists. This includes the reporting of about 1,400 cases of financial abuse, most in cases that it is generally agreed would never have been reported in the past.
- The universal community practice of requiring that suppliers present their quotations to the village at public meetings.
- The greater information through project signboards, access by beneficiaries to village project records, and open accountability reporting meetings.
- Attendance at KDP meetings often reached in the range of 50 to 100 when past meetings were said to have included only a handful of the elite.
- Evidence from the several local level institution studies jointly supported by the World Bank and Bappenas that found that old elite were being replaced in many

17. The Region does not dispute the rating of this component but asks what would have been the alternative. IEG suggests that the alternative would have been simply shifting the funds into more grants and leaving income to arise from the infrastructure alone or just leaving out that component. The global experience is virtually unanimous on the efficiency and equity problems of pushing credit outside an effective institution in this way and some of that experience has come from countries where part of the justification at the time was some form of urgent need.

18. The quality of the capacity building effort undertaken in year 1 and 2 for KDP is also a concern since the project was scaled rapidly. Year 1 covered 3,000 villages rather than the 1,250 anticipated at appraisal and year 2 rose to more than 12,000 villages rather than the 3,000-4,000 included in the original timetable.

19. The Effectiveness of World Bank Support for Community-Based and -Driven Development: An OED Evaluation, 2005.

villages by more progressive individuals. This was associated with the broader decentralization reforms.

- The increasing number of women's proposals actually funded.
- Reports that women's increased role in KDP decisions has spilled over into other community activities.
- The emergence of participatory monitoring by community teams and even villager audits in other villages.
- Improved book keeping, management, and monitoring capacities through training.
- Communities accessing pilot programs in two provinces for legal aid services.
- Increased numbers of meetings under KDP recorded at hamlet level where much of the social cohesion really lies, as opposed to at village level (Box 1).

Box 1. Village Community Structure and Functioning

To understand the challenge of enhancing participation of the poor in Indonesia it is important to understand something of the community structure, which is complicated and varies by area. The role of the Village Head is unclear on many facets of responsibility. The main community social cohesiveness actually lies below the village level, at the hamlet level. The elected Village Head is a government servant (screened by the district government) and largely seen to be so by the community. His accountability for public resources is similar to that of higher government levels, though his (rarely her) responsibilities are not always clear. The Village Head, while elected, has almost absolute power at village level, but is subordinate to higher-level officials. Becoming a Village Head costs at least “entertainment money,” if not a more direct buying of votes. Leaders at hamlet level are seen as more relevant by their community. There are other village officers as well (elected, but from among candidates chosen by the Village Head). A Lembaga Musyawarah Desa (LMD), a committee composed partly of village officers, channel community opinions to the Village Head and review proposals. Another committee, the Lembaga Ketahanan Masyarakat Desa (LKMD), provides a forum for discussion of development priorities. (These arrangements are changing with new legislation.) Even Village Heads, who are ex-officio chairmen of the bodies, often find it difficult to distinguish the roles of these two bodies. There are also traditional leaders, often hereditary. Often, the hamlet heads are traditional leaders but they still have to be approved by the District Head. There is also village religious leadership, sometimes powerful. Hamlets have considerable de facto autonomy and may only consult the Village Head when they really need to look outside hamlet issues or need resources they cannot raise. Some Village Heads are now opening their financial management to community scrutiny, partly due to VIP/KDP rules on disclosure and public notices. Under KDP, consultations by facilitators on proposals were held at both hamlet and village level, usually in the presence of heads. Under KDP, although in theory an open process, in practice Village Heads and facilitators still had considerable influence over which proposals were put forward to compete with the other proposals at the inter-village *kecamatan* meeting.

2.18 In **VIP2**, due to the type of questions in the survey, the Impact Study offers no quantitative evidence of community process changes attributable to the project. However, mission discussions in the field and signed lists of attendees and minutes of meetings confirmed that processes have had significant participation, though still somewhat limited for women and the poorer households. Indeed, one concern is the amount of time that these processes demand of beneficiaries who at the time of participation have no guarantee of having their investment choice selected.

2.19 In **KDP** the Impact Study attempted to assess changes in community processes and household welfare. The study found survey responses were generally positive and that the relative differences between KDP and non-KDP projects were also positive, although modest. Table 1 summarizes some key findings, but these need to be interpreted with caution since the study methodology was problematic.²⁰ First, the baseline and final survey were only one year apart, giving little chance to discern attributable changes, particularly in a rapidly evolving economic crisis overlaid on drought. Second, the surveys attempted to compare KDP with non-KDP projects (in non-KDP areas), but there is little evidence of what these non-KDP projects

20 .The Region in its comments also draws attention to the deficiencies in the impact study.

were, in particular, whether they were other donor programs or government programs following a similar approach (which many by then did), or whether they were totally different types of programs. Some may even have been VIP2. In some cases they were private sector programs. These “controls” were selected by non-KDP community leaders as being the best projects in their community for poverty impact, making the comparator unrepresentative and setting a high bar for performance. Third, and perhaps most important, with a random sampling of households across the whole village, many households interviewed were not living in hamlets close to the particular infrastructure in question and therefore had little interest in or knowledge about it and little reason to have been involved in decision making.²¹

Table 1. Selected KDP Impact Study Findings

<i>Question</i>	<i>KDP</i>	<i>Non-KDP</i>
% households who know of project	79*	68
% households actively involved	45	42
% households involved in planning	13*	7
% households involved in execution	28*	21
% households present at meeting about execution	13*	7
% households giving time for maintenance (note that in KDP little maintenance would be needed in first year or two)	9	8
% households saying achievement of project good or very good	49*	37
% households saying impact on incomes of poor good or very good	71	72
% households saying empowerment of women good or very good	66	64
% households saying financial transparency good or very good	49*	42
% households agreeing that the selected investment was the highest priority for enhancing incomes	91*	88

Source: KDP Impact Study, 2001, Demographic Institute, Faculty of Economics, University of Indonesia. (*significant comparative differences = **)

2.20 With respect to choice of infrastructure, while assessment mission discussions with groups and individuals at different locations within the village found broad acceptance that the investment chosen was a community priority, there was almost certainly some degree of influence by technical facilitators toward particular types of investment, such as roads and bridges, which they had the skills to support. Yet the substantial validity of the choices made is supported by the fact that, in mission discussion with both small groups and individuals, in the majority of cases, the *next highest* priority investment was still roads and bridges (with the question in this case not being posed by an engineer).

21. Mission observations suggest that the percentage of village households directly affected by a particular piece of project infrastructure probably averages about 20 to 30 percent, although there is clearly a very wide range—in some cases reaching 100 percent. But, for example, with 30 percent of households having good reason to be interested in an investment due to proximity, an involvement in planning of 13 percent, as reported in the table, would represent about 45 percent of the interested parties, a fairly substantial proportion. However, not having a direct benefit from the investment due to location, for example, does not mean a household would not have an interest in financial transparency or the opportunity cost that might have impacts elsewhere in village development.

Efficacy in Reaching the Poor and Women

2.21 In both projects, data on poverty and gender impact are limited. Table 1 shows favorable beneficiary assessment of the impact on the poor and women—about 70 percent positive—and a high level of support for the chosen investments, though no significant difference over the comparator programs.

2.22 **Reaching the Poor.** The KDP Impact Study found that the poorest 20 percent of village residents were just as likely to “participate” as richer families, although field observation by the staff conducting the study suggested that the “participation” of the poor tended to be physical labor while that of the rich tended to be planning and implementation management. However, this “participation” is complicated by the fact that a substantial share of labor was paid. The mission met a number of poor and women who described their participation in at least some of the meetings. The project monitoring evidence indicates that 53 percent of the poorer community members attended meetings. With the poor in the project districts averaging approximately 15 to 20 percent, this suggests good attendance. However, the quality of that attendance, a difficult parameter to measure, is questionable. In particular, the amount of influence of the poor on decisions may have been limited. The assessment mission encountered no cases in either project where poor people (judging poverty by appearance and house quality) appeared to seriously disagree with the investment priorities chosen, although in one case women mentioned that an alternative investment to the road might have been improving the parallel river channel and boat access (they wanted both). In the vast majority of cases poor people seemed enthusiastic about the investment(s), readily pointing out direct benefits to their household. The view of both NGOs and the journalist monitors was that achievements of KDP in involving the poor were an improvement on past interventions, but that much still needed to be done and that such changes in Indonesia come slowly. One NGO asserted that more could have been done with existing community groups. That said, there are some inherent limitations for involving the vulnerable in a program that negotiates decisions through group meetings. However, better training of facilitators might have led to some improvements (Guggenheim 2003).^{22 23}

2.23 Targeting by village in both projects could have been better but partly was constrained by politics. A national *kecamatan*, preferably village, poverty ranking would have been better but politically was unrealistic. More realistically, in KDP, and possibly even in VIP2, a better and earlier attempt at poverty mapping within villages might have helped if it could have been fed into the village and *kecamatan* decision-making processes. In both projects, a clearer

22. “Many of these problems could be overcome with better training for facilitators and a more flexible planning structure that would allow intensive training in small groups. But KDP’s design and management structures are too rigid to allow this on a large scale.” Guggenheim, S. 2003. “Community Development in Times of Transition: Stories from Indonesia”. South East Asia Studies Seminar Program Yale Center for International and Area Studies November 19, 2003. <http://www.yale.edu/agrarianstudies/papers/Crises.pdf> (10/28/05).

23. The Region in its comments has quoted other recent studies to show that KDP’s first stage targeting performance was pro-poor. IEG does not dispute that there was a pro-poor bias in community selection. However, there is also evidence this could have gone further. In addition, there were few mechanisms applied to achieving pro-poor selection within communities.

poverty reduction statement in the project objectives backed by indicators might have triggered an earlier and more proactive poverty focus. While there was some later poverty mapping in KDP, the mission did not find much evidence of its practical application in the subproject selection process.

2.24 In KDP, 71 percent of households considered the impact on incomes of the poor to have been good or very good, but the difference from the non-KDP projects was not statistically significant.²⁴ Only 7 percent of economic loans went to the poorer households, indicating that the economic loans component was regressive in allocation, although arguably somewhat more progressive in repayment since the lower repayment rates tended to be in poorer areas. Mission observation suggests that the infrastructure was probably neutral or modestly progressive for equity, but the data offer no support for such a conclusion.

2.25 **Impact on Women.** Under **VIP2** there were meetings that mixed men and women, which tended to suppress women's contributions. The project reaction to limited women's involvement was arguably too slow. Under **KDP**, as indicated in Table 1, 66 percent of households felt that the empowerment of women under the project had been good or very good. However, this was not significantly different in statistical terms from the non-KDP projects. In the third year there was more substantial affirmative action. Women were given separate groups and thereafter any second village proposal had to come from these groups. The mission observed that in **both projects** a number of women in the villages had achieved increased participation but, in general, the attitude was: "if my husband goes to the meeting why do I need to go too?" Or, alternatively: "I would have liked to go to the meetings but they were in the evening, which conflicts with women's work at home or they were too far away, which is a problem for us." Sometimes women said that they had discussed the project at a weekly Koran-reading meeting. However, mostly this seemed to be more in the nature of information passing than issue resolution or decision-making.

Monitoring and Evaluation and Studies

2.26 Many aspects of M&E were quite well done in **both projects**, although there were significant weaknesses in measuring poverty, gender impact, and community processes. In most cases, monitoring was stronger than evaluation (see para. 2.22). For projects such as these with a substantial element of process objective there was limited evidence on the advances made in community processes and capacity. In KDP, the studies associated with M&E were innovative and M&E quite aggressively pursued governance information.

2.27 In **VIP2**, the scope of the independent monitoring activity was reduced on the grounds that it would be difficult to disentangle any project benefits from the deteriorating economic situation and that, therefore, it was better to spend the money on helping more villages. A village consumption survey was dropped. It was argued that, with widespread emergency assistance under way, comparisons between villages would have been difficult. While this argument is understandable, it would seem to apply more to the evaluation function than to

24. Note that non-KDP projects were selected by Village Heads as the best alternative projects.

the monitoring function. Nevertheless, the series of management-oriented, quarterly reports by the Project Management Unit were useful and represented an improvement over other recent CDD projects assessed by IEG.²⁵

2.28 In **KDP**, M&E was innovative, providing lessons for other Bank programs in countries at this level of development. Some of the more innovative elements were:

- The use of Village Implementation Teams to monitor their own infrastructure construction²⁶
- The use of journalists in an investigative mode as outside, independent monitors (although skills were somewhat lacking)
- The use of NGOs as outside, independent monitors²⁷
- The use of village teams to pre-audit other villages' accounts (the village teams were reported to be particularly tough on each other)
- A major emphasis on complaints systems to fight reported cases of corruption, including legal assistance for communities through an NGO
- Studies covering corruption, impact of community development in conflict areas, women's participation, the role of local government, the role of facilitators, the quality of infrastructure, the performance of microfinance, and a substantial study with international consultants on communications strategies.

These innovations may not have been effective in preventing leakage of resources and corruption, however at least in the short term. A recent impact study found considerable evidence of thefts of material in road projects (see also para. 2.39).²⁸

2.29 Notwithstanding generally good M&E performance, one weakness in the KDP PAD is in the area of poverty monitoring at the community level. In a project, at this point in a series aimed at the rural poor, one would have expected to see more attention to indicators that have potential to demonstrate which households in the selected communities have actually benefited directly from chosen interventions. This is particularly important since in many

25. As an example, the April 2000 report gives a good assessment of the issue of communities having difficulty obtaining road compaction equipment and also the need for more facilitation training for engineers.

26. Interestingly, villagers did not consider this particularly difficult. One person pointed out that it was easy to do as the accounts were available, the materials delivered could be inspected and watched, and the results could be readily seen. How much calculation of the relationship between material volumes to finished product was done was difficult to assess.

27. In nearly all Bank-supported CDD projects in other countries NGOs are used as *facilitators* rather than monitoring agencies. Here, NGOs were used only for monitoring. It was argued that NGOs in Indonesia, given their history, did not yet have sufficient facilitation skills. This argument was supported by other donors interviewed.

28. A study on monitoring possible corruption (as measured by price versus cost indicators) across different models of KDP interventions found that increasing grass-roots participation in monitoring village-level KDP interventions altered the method of possible corruption (it substantially reduced the theft of villagers' wages but that was almost entirely offset by corresponding increases in theft of materials) but had relatively minimal effects on the overall level of possible corruption. *Monitoring Corruption Evidence from a Field Experience in Indonesia*. Benjamin A. Olken 2004.

cases benefits were observed to favor particular hamlets over others yet it was unclear to the mission whether these hamlets included a relatively higher share of the poorer households or a higher share of the elite. The indicators proposed in the PAD on poverty were stated simply as “Susenas household expenditure surveys” and inevitably, at that level of aggregation, the PAD needed to note that, “given the current economic crisis, any poverty changes measured may not reflect KDP results.” Some of this weakness in poverty indicator specification was tightened up later but the fact remains that we still do not really know how benefits at community level were distributed. This was the key poverty question since the ex ante poverty distribution across selected *kecamatan*s was already approximately known through the selection protocol itself.

EFFICIENCY

2.30 Efficiency is rated **substantial** for **both projects**, but with reservations, particularly for KDP. Resources were not well used in the KDP economic loan component, which reduces the efficiency of resource use for the whole project. A village-level corruption study also notes the common problem of false borrower groups being formed to get KDP credit under this component. Internal Bank files show that leakage of resources also occurred because of inadequate financial control and corruption in other components. Efficiency is assessed below from four perspectives, including rates of return, financial control and corruption. This report also highlights information on costs to communities for participation in meetings though this was not taken as a factor in assessing efficiency in this project to ensure consistency with other projects.

Costs Compared with “Industry Standards”

2.31 In **both projects** there is evidence that the costs per unit of construction on roads was lower than the standard government-funded construction by about 20 to 30 percent. More recent evidence suggests the saving may be even higher. Some of KDP’s cost saving can no doubt be attributed to voluntary labor contributions. It is also unclear how far the cost of putting the participatory process in place, the cost for facilitation and staff, which was substantial, was reflected in the rate of return calculations.

Economic Rate of Return Analysis

2.32 The ICR for **VIP2** estimates the economic rate of return (ERR) from the infrastructure benefits to be over 30 percent. Some of the data for the analysis comes from the Impact and Analysis Study of July 2000 prepared by the Project Management Unit. The methodology for this calculation, provided in Annex 3 of the ICR, is weak since it ranks benefits in qualitative terms such as “good,” “fair,” and “poor” and gives a community-estimated annual financial benefit range. It is not clear that communities surveyed had the knowledge or skills to make such estimates, even within a range.²⁹ In the economic analysis for roads, the average

29. For example, in one village visited by the mission a new road seemed to have substantial benefits to the cultivated land of a particular hamlet and was valued highly by those questioned. On examination, however, the

commodity transport price reduction estimated for the 1999/2000 villages was 40 percent. This was due to a shift from two- and three-wheel vehicles to four-wheel vehicles and all-weather accessibility. Based on mission field observation and a few informal traffic counts at roads and bridges visited, this seems plausible. No rate of return estimate was attempted for other infrastructure.

2.33 The ICR for **KDP** reports an aggregate financial rate of return of 20.3 percent after the inclusion of overhead costs for technical assistance and facilitation. Excluding these overheads, the ERRs for individual types of infrastructure range from 83 percent for water supply down to 14.8 percent for irrigation and drainage. Roads, the most widely requested infrastructure type, had an ERR of 32.8 percent.

2.34 However, there is a problem with the ERR methodology: it was based on a sample of case studies in which, due to quality of the data collection, only 17 percent of the cases surveyed yielded usable data. This raises the possibility of sample bias. However, the main concern is with the methodology for aggregation. The ERR was based on aggregation of the different infrastructure types that had yielded acceptable survey data. But these were also predominantly the ones giving the higher rate of return, in particular, water supply and bridges. Thus, there was a substantial upward bias. The correct approach would have been to aggregate by the infrastructure type in proportion to the share of those infrastructure types actually provided by the project. Because of lack of the original working sheets it has not been possible to recalculate the economic rate of return on that basis.

2.35 However, counterbalancing this finding, there also appear to be good reasons to adjust the ERR upwards (Box 2). First, the assessment mission found widespread increases in land values associated with the infrastructure investments, particularly roads and bridges.³⁰ Second, in the economic analysis reported in the ICR, a number of quite large arbitrary reductions were made to seemingly valid benefit estimates, which had no real basis in the survey evidence obtained. For example, in one case time savings reported by respondents were reduced to 10 percent of their estimate for no good reason other than that they seemed, on examination, to be high.³¹

Box 2. An Example of High Benefits

calculation was not straightforward. There was an alternative, longer but seasonally less passable route. The mission believes that, in this case, it would have taken very careful questioning and analysis to get even somewhat close to a reasonably accurate net benefit stream estimate.

30. Having ascertained what was there before the project investment, the question asked of landowners was: 1. What is the estimated value of this land of yours today? 2. If, tonight, this road/bridge etc. suddenly disappeared and went back to what it was before the project financed construction (e.g., the earlier footpath/footbridge/poor road, etc.) what would your land be worth tomorrow? Then an attempt was made to estimate, through questioning, the total land area benefited in this way.

31. Just before this report was completed, further economic analysis evidence was submitted by Bank operational staff which seems to confirm substantial ERRs. However, it was not possible for IEG to check the methodology.

An extreme example of high economic benefits was encountered in a village visited in Kalimantan where a project-funded low footbridge across a large lagoon had cost Rp83 million but it was estimated to have increased plantation land values on the other side from Rp400,000 per acre to Rp2,000,000. Conservatively, taking 50 percent of that increment as attributable and applying it to the total of about 1,000 acres of land, a cost benefit ratio of about 1 to 10 results. This excludes any valuation of lost lives crossing the lagoon in small dugout canoes that seems to have averaged almost one life per year. It also excludes the lost labor from farmers sometimes having to leave plots early on account of weather that was threatening to a lagoon crossing to return home. Most cases assessed had much lower benefits than this, but many still appeared substantial.

Cost Recovery

2.36 Unlike many other Bank-financed CDD projects globally, in **both projects** no attempt was made to pursue high levels of cost recovery through project rules other than in the economic loans component of KDP. High levels of community contribution were *encouraged*, but it was voluntary. Communities were advised that, if they contributed substantially, they would be able to complete larger infrastructure investments and that the level of community contribution would probably be a factor considered in the *kecamatan* inter-village decision meetings when competing proposals were accepted or rejected. In the end, local contribution in KDP came to approximately 17 percent of the total infrastructure investment, although this excludes any undervaluation of labor supplied. Under VIP2 local contribution was about 7 percent and Bappenas controlled the wage paid and set it at about 80 percent of the minimum wage. But under KDP, communities were free to set their own labor rates. They were advised to set labor rates below the competing local wage rates in order to better target the poor. In most cases, communities chose to set rates fairly close to the local going rate and consequently had to adopt some form of rationing system. Such a community decision presented a complex decision matrix for households related to employment volume and potential benefits of the alternative infrastructures under consideration. Usually the rationing took the form of sharing out the number of days of work between all applicants by household but in some cases poverty criteria were applied.

2.37 The assessment mission concluded that in both projects the Bank and Borrower had given too much emphasis to a hands-off approach at community level. Cost recovery, land compensation, technical infrastructure standards, and wage rates for poverty targeting are all areas that warranted somewhat more direct intervention to challenge the system and the status quo. However, more technical and management intervention on one side raises the risk of political intervention on the other.

Costs to Communities of Participatory Approaches

2.38 Data are insufficient to factor into the ERR the cost to communities of time given to meetings and free or cheap labor supplied and this has not been a part of economic analysis of projects in the past. However, for **both projects** villagers met by the mission made a few

comments that suggested the burden had sometimes been heavy relative to the level of benefits. An attempt was made in one village to estimate the time costs (see Box 3).³²

Box 3. Costs of Household Time in a KDP Village (Ula-ata Village, North Lampung, Sumatra)

For an active participant, who took an economic loan, there were five decision meetings and a Verification Team meeting. Two of the decision meetings were two-hour meetings and took one hour of travel. Three of the meetings were four-hour meetings and were further away, taking two hours of travel. The Verification Team meeting was a whole day plus one hour of travel (nine hours total). Thus, the total time was 33 hours or about four working days. At a minimum wage in plantations in this area of Rp21,000 per day, the opportunity cost was Rp84,000. The total time from initiation of the discussions to receipt of grants/loans was one year and four months. Thus, for an average economic loan size of Rp350,000 this person was spending about 25 percent of the value of the economic loan in meetings with that investment not paying off in terms of receipt of the money for over a year. However, there is also a probability factor. Since KDP funding was competitive, there was a significant chance of not receiving benefits at all. In this *kecamatan*, 18 of 42 KDP proposals were accepted in the year in question. Thus, the probability of not getting any reward in this case was about 0.4. Applied to the economic loan size (Rp350,000 * 0.4 = 140,000) this suggests an opportunity cost in terms of time of about 60 percent of the loan size (Rp84,000/Rp140,000). However, there would be other gains on the positive side. Some of the time given would have gained respect and position in the community. Some may have contributed to other infrastructure benefits relevant to the participant's hamlet. Also, there was a probability of not having to repay the loan at all. (In this particular village loan repayments were between 80 percent and 100 percent, well above the project average.) However, it is concluded that, overall, the costs of full participation were substantial. This probably worked against the full participation of the poorer households who could least afford to give time at risk of no benefits.

Governance and Audit

2.39 Corruption is an important aspect of efficiency. **Both projects** focused on minimizing corruption through transparency in the use of funds, including public notice boards in villages to display planned and actual expenditures, a Code of Ethics for field engineers, and in KDP, the use of journalists and NGOs (28 provincial NGOs). As with other aspects of the projects, the approach evolved and KDP attempted to improve the mechanisms developed under VIP by introducing more systematic disclosure methods, greater participation, and more transparency. As noted above, village audit teams were used to monitor fiduciary aspects. The first **VIP** was the first project in Indonesia to publicize planned and actual expenditures at community level on notice boards. **VIP2** developed a Code of Ethics for field engineers. Five were fired in 1999. Community leaders who misappropriated funds were charged and had to return the funds to the community. The government Audit Bureau audited 30 to 35 percent of villages annually. A Complaints Bureau followed up all complaints and provided a system for anonymous reporting from the village level, with, it is claimed, a guaranteed follow-up of all complaints. In **KDP**, a survey of 500 villages suggested that the program had been relatively

32. To give an idea of the potential load of meetings that separate project meetings can impose, one village visited in West Java had 22 operating projects this year on its community notice board to be considered and discussed. None were as large as a KDP, and some were small government programs (as small as two free sewing machines), but most still required some form of village decision-making.

successful with no malfeasance reported in 89 percent of villages on Java and 77 percent of villages on Sumatra, a significant achievement in a country usually ranked about third in global corruption.³³ Audits suggest that about 0.5 percent of total grant funds were diverted. However, there remains much to be done in this direction due to the inertia of the past, the still corrupt and lethargic court system, and police bribery.³⁴ A recent impact study found that grassroots participation has not reduced the overall amount of corruption in KDP but merely altered its nature (footnote 28). Another recent study noted three major challenges in reducing corruption. First, officials resist disclosure of financial and other information even after successive KDP cycles. Second, the project lacks good tools for information dissemination. The signboards that post information about the programs either have too much or too little and meetings list project achievements rather than promoting dialogue. Teaching people how to use information that they now have is a lesson that the on-going KDP 3 is working on. Third, Indonesian judicial system remains unwilling and is not set up to receive or act on complaints against government officials.^{35, 36} This assessment found in internal Bank files and in the literature a large number of references to continued corruption in KDP. That said, given the starting point and the governance environment, progress in terms of developing anti-corruption strategies has been promising (Box 5) and it is probable that overtime these strategies will start showing effective results.³⁷

2.40 Though there was some corruption in both projects, in the case of the VIP2 the ICR claims that whenever instances of corruption were identified measures were taken against offenders. However, internal Bank files include numerous references to its continued

33. Local Level Institutions Study 2000. World Bank/Bappenas Research Paper Series.

34. One villager is reported to have said: "Why would I report to the police about my stolen chicken? I would have to bribe them with a pig to take any action!"

35. Ubudehe and the Kecamatan Development Projects Case Study and Comparative Analysis. Master of Arts in Law and Diplomacy Thesis Tufts University 2004.

36. Official complaint channels have proved to be of little use and complaints to authorities have not provided an effective corruption sanction. In all but one case, if money was returned it was because the community groups and *adat* leadership acted. Police investigations also failed to pursue charges successfully, with one exception (when a Darwin award-winning village chief who had pocketed village funds tied himself up in plaited banana fiber rope, pretended to have been robbed, and called the police himself, who, sensing something extraordinarily amiss when the banana rope virtually dissolved at their touch, arrested him and made him return the funds). When pursuit of official corruption happens, sanctions are nearly always the outcome of villager and consultant appeals to higher-level officials, like *bupatis*, or the *outcome* of World Bank supervision follow-up, and are not due to a functioning, accessible system of legal redress. (PAD KDP 2, pg. 104)

37. The Region in its comments notes that follow-up audits found total suspected corruption rates below 1.5%. The Region also notes that KDP's cost-effectiveness -- 30-50% less than contractor built projects fully taking into account community contributions -- would not be feasible with high corruption rates. The particular audit report quoted by the Region is not available to IEG. However IEG notes that another audit report commissioned by the Bank highlighted that project documentation was incomplete and noted that this indicated a lack of monitoring control over the project's activities progress and output because of which it was difficult for the reviewers to confirm whether the project work plan had been performed properly and effectively. The expressed serious concern about record keeping raises doubt about the reliability of the above-referred corruption rate. On the second point, IEG notes that the study quoted in footnote 29 found evidence of hidden corruption in over-invoiced materials procured for the project.

existence in the KDP. It has been argued that because KDP made a more systematic attempt to deal with the problem it reported more cases of corruption.³⁸ However, the impact study quoted above shows that there has been no change in the overall level of corruption. Further, KDP had a specific goal to promote transparency, accountability and governance, much more than the earlier VIP, and hence should be held to that standard.

INSTITUTIONAL DEVELOPMENT

2.41 Institutional development is rated **substantial** for **both projects**. Three areas of institutional development are discussed here: the community processes and skills, government processes and skills, and the decentralization linkages between community and government. Again, the two projects lie on a continuum of learning and progress in institutional development.

Community Processes and Skills

2.42 With respect to the sustainability of community processes, **both projects**, but particularly the more evolved and more recent KDP, appear to have contributed to advances in participatory community decisions, though evidence is limited (see para. 2.26). The processes outlined in Box 4, including the earlier processes under VIP2, were largely new to communities. Particularly important, and different from many other Bank-supported CDD projects, the investments and processes were not simply temporary changes involving a single investment, they were repeated over two or three years—in some cases more—and many villages are likely to be picked up again either under KDP3 or under some other similar government or donor-funded program. Therefore, these processes will be reinforced and refined to the point where they will become normal community decision procedures.³⁹ As noted in para. 2.17, IEG's CBD/CDD evaluation noted that the Bank has had much more success with enhancing community capacity in those cases where it has provided sustained support. However, the fluid decentralization reform process and the associated political maneuvering still leave substantial uncertainties about sustainability of these processes. It will be interesting to see how these processes adapt and respond in Aceh villages impacted by the recent tsunami. This will be one test of resilience.

38. "Better controls and detection will bring to surface more cases of corruption. As communities come to trust the project they will complain more, and demand more action. This must be anticipated and accepted as a part of the price that must be paid for creating a cleaner, more efficient system." (Anti-Corruption Guide: Developing an Anti-Corruption Program for Reducing Fiduciary Risk in New Projects Lessons from Indonesia. The World Bank Office Jakarta. March 15, 2003, pg. 9)

39. This is different from the experience in Turkey under the Eastern Anatolia Watersheds Project where a proposed follow-on project was to shift to new villages and new areas giving no period of consolidation for the processes only so recently established.

Box 4. The Elements of the KDP Consultative Process at Community Level

1. First Inter-village Meeting to introduce project
2. First Village Meeting to introduce project
3. Group and Hamlet Meetings to discuss needs and proposals
4. Special women's group meetings to discuss needs and proposals
5. Second Village Meeting to decide village proposals to put forward
6. Preparation of village and women's proposals but without detailed design or budgets
7. Feasibility/verification visits, including feedback to villagers by facilitators and technical specialists
8. Second Inter-village Meeting to rank village projects
9. Preparation of designs and budgets with technical consultants
10. Third Inter-village Meeting to select projects on basis of designs and budgets
11. Third Village Meeting to discuss results of project selection and to form village teams for implementation
12. Preparation for implementation, e.g., recruiting labor, proceeding with procurement
13. Release of funds
14. Implementation and monitoring by community
15. Village meeting to account for funds used to date
16. Cross-village visits, reporting
17. Village meeting to hand over finished works and account for all funds
18. Maintenance Committee initiates work and maintenance fund collection

Government Processes and Skills and Decentralization Linkages to Community Support

2.43 **Both projects** largely bypassed the district government with respect to processes and skills development, although they did involve the sub-district level. Did this matter? There has been a gradual reduction in the administrative authority and budgetary share from the center and provinces and a corresponding increase in the districts. However, the process has been unsteady with some reversals and swings and there is still considerable uncertainty as the new government policies become apparent.⁴⁰ Three donors who have been involved with decentralization offered the assessment mission differing judgments about bypassing districts. One was ambivalent, one believed, although not very strongly, that the Bank probably should have done a bit more in KDP to accommodate the unfolding decentralization at the time, and one said that at that time it was too early in the decentralization process to connect usefully with districts. The decisions by both Bank and Borrower at the time need to be interpreted in the light of the severe and unexpected economic crisis of the late 1990s and the need to channel funding to the poor in rural areas rapidly. That said, this is an issue that could probably be answered better in the context of the forthcoming IEG country assistance evaluation.

Box 5. Strategy to Deal with Corruption in the KDP

KDP's anti-corruption strategy has three main themes: (i) eliminate complexity; (ii) shine bright lights on every financial transaction; (iii) respond quickly to complaints.

40. Currently there are suggestions of some swing back toward greater provincial power in some areas. But it remains to be seen where the new government will take this issue.

Eliminate complexity – Because money goes straight from the national level to the village accounts, there are almost none of the delays or leakages normal to designs that step funds down through inter-governmental transfers. KDP has also simplified all of the steps involved in financial management and disbursement so that many kinds of stakeholders can easily understand and use them. No charges are allowed other than those listed on the forms, and MoF ratification included notes to auditors that no financial reporting or license documents were to be used other than those negotiated with the project. All of the basic formats attached to the appraisal report are the same as those used in the field.

Shine a bright light – Transparency lies at the core of KDP’s anti-corruption work, and it takes place in three main areas. First, a broad range of materials and procedures ensure that all financial information is both public and publicly displayed within the villages. For example, local shopping price quotations for materials must be read out loud in public meetings to be valid; signboards posted around the villages state material and labor unit costs; and all bookkeeping is managed by an elected “implementation committee.” Unlike standard practice, there isn’t a single format in KDP that would allow a lone official to withdraw or transfer funds: all require at least three signatures, including one from an elected villager and a second from the project facilitator.

Second, KDP involves a broad range of entirely independent groups whose job is to inspect KDP sites for signs of irregularity. These groups have full access to KDP documents. The provincial NGOs also have monthly meetings with the consultant and government management teams to list the problems they encounter and review proposed corrective actions.

Third, the government management group has taken many steps to ensure national-level transparency. KDP is the first World Bank-supported project in Indonesia to send its audit summaries to civil society oversight groups. Contract provisions and follow-up letters for the NGO monitors provide them with full discretion to share all findings, and the independent journalist contracts specify that there is no prior review.

Respond to complaints – The last major element in the strategy is to follow-up on reported cases of corruption—and to be seen to be following up on corruption by the villagers and other stakeholders. KDP has several channels for villagers to complain, including a well-used national “complaints box,” the address of which is printed on all village graphical materials. At the provincial level, reports by field staff, villagers, and the monitors are logged in, reported to local government and the national team, and then pursued every two weeks until resolved. In several districts and provinces, increasingly active project coordination teams also pursue corruption problems. In some extreme cases they have removed abusive Village Heads and *camats* (e.g., North Sumatra, South Kalimantan) and succeeded in getting missing funds restored. More common than restoring funds is fixing infrastructure of inferior quality, and project files document several cases where corrective action plans were proposed and implemented. Approximately 5 percent of the technical assistance staff have also been replaced because of corruption or letting corruption happen without reporting it.

Source: Appraisal Document for KDP2

2.44 The continued corruption despite the project design’s emphasis on accountability, transparency and governance is also an aspect of institutional development. Though the project incorporated several innovative strategies to deal with corruption (Box 5), success in controlling leakage of resources appears to have been limited.

The Community Facilitators

2.45 KDP has had large numbers of project-funded facilitators, about 30,000 over the full project period. Was this efficient and sustainable? What were the alternatives? They appear to

have done a generally good job in mobilizing communities and in subproject design, although there were weak performers who had to be weeded out and a few who were corrupt. Initially, they were predominantly engineers but later more facilitation skills were sought. Anecdotal evidence suggests that some were extraordinarily dedicated. It was probably necessary to have substantial community support in the early period of participation. However, the Borrower is looking now in the next phase to try to reduce this cost.

2.46 While costly, the optimal level and type of support needed remains unclear, and the mission did not have the resources or data to fully analyze the alternatives. First, if government staff are used they need to be costed at full salary and benefits allowing for the difficulty of retrenchment when demand falls. The Bank has had negative experience of encouraging governments into excessive staffing levels from which borrowers find it difficult to escape when demand falls. Second, the alternative of NGOs was not a realistic option at the time due to lack of sufficient numbers and skills, but this may increasingly be an option. However, here NGO management overheads start to play a role. Third, simply using existing government staff was not an option on a sufficient scale due to skills and lack of spare capacity. Nevertheless, lowering borrower costs is important and warrants thorough exploration. In future, an option is to give communities wide choices at different costs and intensity for them to decide.

2.47 Whether engineers encourage roads and bridges or social scientists encourage schools that would not have been a communities' neutral choice is difficult to prove. It would be surprising if it did not happen and in a few cases it was observed by project management. But all facilitators will have their biases. The vast majority of beneficiaries appear to have wanted roads and bridges as evidenced by the fact that when asked now what their next priority is they nearly always indicate another road or bridge but in a different location. Reduced payment for labor may influence these choices in future but the equity impact of that is case-specific and hard to assess.

SUSTAINABILITY

2.48 Sustainability of **both projects** is rated **non-evaluable** given the fluid nature of the reforms, uncertainty about the future roles of the Financial Management Units, and maintenance concerns. Five aspects of sustainability are considered here: the physical sustainability of the investments, the sustainability of the community processes, the relationship between those processes and government resource allocation, the sustainability of any enhanced capacity of community members, and environmental sustainability. Bank safeguards are also covered.

Sustainability of Physical Infrastructure

2.49 Project monitoring for **both projects** shows a rate of infrastructure deterioration that the ICRs suggest is normal for investments such as roads. While there is some truth in this, in fact, good maintenance can keep a road, particularly a road that has not been paved with asphalt (which makes community maintenance difficult), in good condition for many years. It is still too early to assess KDP, but the fact that after five years VIP2 monitoring reports find

that nearly one-third of villages on Java and about two-thirds on Sumatra had not been maintained adequately suggest there is a sustainability issue. Maintenance also has implications for the calculation of rates of return. It is not clear how far the higher maintenance costs or the lower returns because of lack of maintenance were factored in the calculations of rates of return.⁴¹

2.50 Further, at present subprojects are “handed over” to the communities and there is no formal recognition from the local governments. This limits the communities’ rights to legally request maintenance support from the governments. The assessment mission observed that communities generally treat maintenance as an investment that is put off as long as possible and is allocated only enough funds to keep the infrastructure just functional. For example, a number of roads visited had been maintained to ensure that they were passable to trucks but they remained in rather poor condition, at least in some poorly drained patches. While bridges visited generally appeared to have sound supporting structure, the span surface itself was often either precarious⁴² or surfaced with solid concrete for which the structure was not originally designed (a weight issue). Technical quality of subprojects has also been a concern as is evident from a review of internal Bank reports.⁴³

2.51 IEG concludes that the approach to maintenance needs a broader focus. The issue in the villages appears to have less to do with whether the community will be able to maintain a particular piece of project-financed infrastructure and more to do with what capacity the community has to maintain *all* the village infrastructure and how that will be organized and funded.⁴⁴ It appears that, under both projects, the total capacity of the community to maintain its full complement of current assets was not a factor that entered much into the village or *kecamatan* decisions to propose or agree to the construction of new infrastructure. It should be.

41. A recent Bank economic impact analysis found that the biggest problem observed with post-construction maintenance arrangements in the KDP project was that very little serious thought was given to the high repair costs that arise periodically as natural wear-and-tear begins to take its toll. Costs of repairs for roads and water systems are also significantly underestimated. Even where fees are collected for water usage they were barely enough to provide part-time honorariums for appointed village workers, let alone cover the purchase of tools, sections of replacement pipe spare parts or other high cost items. Further benefits, accruing to road projects drop noticeably in certain areas when normal vehicles like “*angkots*” (small mini buses) and passenger cars no longer use them due to erosion damage and access is limited to trucks only.

42. For example, a swinging suspension bridge in one village had been built some 30 feet above a river about six years ago. At the time of construction, the bridge had fixed wood transverse slats, but it now simply has split bamboo of variable thickness laid transversely mostly without attachment, and two planks of wood, also unattached, laid longitudinally. Foot traffic and motorcycles loaded with bags of rice pass across this bridge—so far, apparently without accident.

43. The Region in its comments provides evidence on the physical quality of KDP and VIP infrastructure. According to the Region a recent review that sampled 382 villages in 191 districts found that 69.58 of the infrastructure was built with at least “sufficient” quality.

44. For example, in one village a 3-kilometer stretch of road constructed under VIP2 was in very poor condition over one low-lying portion (and in only fair condition in the other sections). But this particular village had about 45 kilometers of various hamlet feeder roads within the village boundary, and this was a relatively poor village. The challenge for this village was not how to maintain the VIP2 length of road but how to maintain *everything* with rather modest financial resources.

Sustainability of Community Processes and Skills Development

2.52 The fact that the series of VIP and KDP projects themselves built on earlier programs and have worked with the same communities is promising for the sustainability of processes. Many households in many villages have now become at least partly aware of their power and at least some can be expected to work to sustain that. A number of communities under the project demonstrated newfound activism. Another hopeful sign is that government programs at district level appear to be adopting the KDP model. Nevertheless, given the still limited progress in truly giving voice to the poor and women, the gains are precarious and could be disrupted by reversions in decentralization, or excessive politicization at village and *kecamatan* levels.

2.53 **Both projects** provided some skills training for selected individuals although largely to facilitators. More broadly, they provided practical experience in participatory approaches to significant numbers of villagers, for example, in the work of implementation committees. More training in book keeping and maintenance and other skills might have been provided; this was partly addressed under KDP2 and more such training is planned under KDP3.

Sustainability of Government Processes and Community/Government Linkages

2.54 Without doubt greater district involvement or capacity building might have been desirable at an earlier stage. However, it is difficult to say whether the bypassing of the district level and the government machinery in general was appropriate at the time. Regardless, the importance of the district governments having a financial stake in the project to ensure sustainability was realized early on and KDP 2 included a Matching Grant scheme whereby participating districts were to be encouraged to use their own financial resources to increase the scope of KDP.⁴⁵

Environmental Sustainability

2.55 Neither project had any obvious negative impacts on the environment. Across a fairly substantial sample of roads visited no major erosion or drainage or other problems were evident, although some needed work on roadside drainage within the village housing area and, in one case, water damage to a road was due to lack of water-flow planning and profiling that would have needed substantial land acquisition or easement rights to address. Water schemes visited appeared to have no major environmental problems. Drainage work appeared to have had a positive impact in the few sites visited; although at one site, as for some roads, it appeared to be more in the nature of delayed maintenance than an incremental capital investment.

45. In the Matching Grant scheme district governments would agree voluntarily to provide block grant funds to cover additional *kecamatan* not covered by the project. In return they would receive additional no-cost technical assistance in the form of training and facilitation through KDP project consultants.

BANK PERFORMANCE

2.56 Bank performance in **both projects** was **satisfactory** and was characterized by good learning, continual testing of creative solutions, and a strong focus on developing a strategy for handling corruption. However, as corruption remains a significant problem in the project though its nature appears to have changed, the Bank would do well to commission an external assessment to report on the magnitude and seriousness of the problem. The interests of Bank and borrower both could perhaps have been better served by an early review of fiduciary compliance. This would have provided an opportunity for tightening/improving the control mechanisms before the project was scaled up.

2.57 Further, the design of the objectives and associated indicators in both projects were not well formulated. Objectives were a rather confused mix of physical, institutional, poverty, and growth objectives with no logical hierarchy or signals on trade-offs and no short- versus longer-term differentiation. Also, poverty targeting could have been tackled more aggressively. Although there was no violation of safeguards, both projects were weak on clear documentation. In **VIP2** this was a straightforward refinement of the earlier successful first VIP. Commendably, the Bank and Borrower retained the simplicity, although the Bank could have been more proactive to improve participation by the poor and women. A Quality Assurance Group (QAG) review at entry rated the VIP2 project Satisfactory⁴⁶ and found several aspects that merited a “best practice” designation.⁴⁷ With respect to **KDP**, preparation and appraisal exhibited weakness in accepting the economic loan component. Even at the time, Bank experience with credit and community microfinance projects over two decades should have made it clear that the component was unlikely to succeed. The project files show that concerns about this component were raised by some of the peer reviewers. However, there were different views within the region and government strongly pushed for the component.

2.58 The low number of formal recorded supervision missions is a concern for Bank management feedback, but given the decentralization of Bank supervision with the Country Director in the field, and reported continuous interaction with the borrower, it is probably not a good overall measure of supervision quality. However, the ICR itself notes a weakness in the Project Status Reports (PSRs), which this assessment confirms and which, for the Bank as a whole, has been noted before by IEG. The PSRs are of very limited value. What is not noted in the ICR, but emerged during discussions in field, is the extremely limited feedback from managers on PSRs, giving staff little incentive to perform in this area. However, in this case, the performance of supervision is still assessed as satisfactory. In general, problems were solved promptly and, in many cases, very creatively. The Bank teams involved with both projects had unusually deep experience and knowledge of the Indonesian situation and all key

46. The ICR incorrectly states that it was rated Highly Satisfactory by QAG.

47. QAG identified the *strengths* as: sound ongoing learning, good participation, well-conceived design, strong government commitment and leadership in design, and excellent supervision. *Weaknesses* noted were: targeting of the poorest in particular the omission of villages in eastern Indonesia, the extent of participation, particularly with respect to the predominant roads sub-projects, replicability, in particular whether the strong government support could be replicated, occasional design weakness, some concerns about sustainability and maintenance, and monitoring and evaluation.

staff members were based in the field office. There was good staff continuity from the earlier VIP projects to the later KDP projects.

Bank Safeguards

2.59 In **both projects**, some farming or housing land had been taken, mainly for footpath and road widening. In nearly all cases the loss of land was not more than about a 3-meter strip, based on field observation. The majority of affected people spoken to did not mind losing this land and were appreciative of the benefits the road provided. However, some did appear to be at least somewhat unhappy and a few, it was understood, had protested quite vigorously at the time. In the VIP2 Engineering Consultant Quarterly Reports, issues with asset compensation are listed with a high frequency in field engineers reporting of problems. However, no solutions are discussed.

2.60 In **both projects**, the guidance on compensation in the appraisal reports is confusing. It was noted that traditional processes of compensation would often be used. But the documents present a confusing mix of description of what does happen and prescription of what should happen. There is evidence that the Bank lawyers had some concern about what was proposed at appraisal. The appraisal report for VIP2 states that the arrangements were consistent with Bank guidelines that require that negatively affected families have their standard of living improved or at least restored.

2.61 The guidance in the appraisal reports does not make the compensation rules clear to the affected people or to facilitators, because it does not clearly address the following issues:⁴⁸

- The document says villagers may voluntarily contribute land. But if a landowner does not contribute voluntarily what happens? The project cannot pay for land (“the village grant cannot be used to pay compensation”) and the village, it is believed in all cases, made clear also within the community that they did not have the funds either. So what happens if a villager does not wish to voluntarily contribute?
- The KDP appraisal document (Annex 14, p 62) says that if less than 20 percent of a household’s land is affected, the facilitator need not “confirm requests and preferences for compensation” (this is stated in para. 5, which according to the Annex language may be dispensed with if less than 20 percent is impacted). This is not clear.

48. Similar weaknesses carry through into the KDP3 Annex 13 Guidelines. For example, they refer to “affected” persons but do not define who is an “affected” person. They allow “other acceptable in-kind compensation” but do not make clear who it must be acceptable to. It allows what appear to be certain key elements of procedure to be waived if less than 20 percent of land is lost, but this waiver seems to include the facilitator discussing compensation preferences with affected persons. This leaves the process entirely in the hands of the LKMD/BPD, who have an interest to press through infrastructure proposals. For these “below 20 percent” cases, i.e., nearly all cases, it appears that UPK documentation can be largely dispensed with. Overall, the process seems to be open for a lot of community pressure on affected persons. The dilemma here is that clarity is likely to result in a “no one compensated or all compensated” situation. Pressure is not easy to avoid without substantial outside interference in local processes.

- The main text of the VIP2 appraisal says, “where land exceeds for example 20% of a villager’s plot the affected villager will get replacement land.” The words “for example” appear to offer an escape from the guidance set out.
- Para 4.24 in the VIP2 appraisal seems to describe what villagers normally do rather than being a statement of what is *required*. For example, “Village groups agree to assist the owner in moving his house.” This does not seem to set any clear guidance for what will be done in a particular project-funded case.

2.62 While compensation for lost land is a complicated issue—since if one household is compensated, all are likely to request compensation—nevertheless, the rules in the appraisal documents are unclear. The mission believes that the actual practice was to make it clear to communities and to all affected households up front that, since neither the project nor the village had any funds for compensation, those who were to lose land had the choice of either going along with voluntary contribution or condemning the village to not participating in the project for that component, making for a lot of pressure, particularly on poorer households. Indeed, the word “sacrifice” was used in the field during discussion of this issue.⁴⁹ Nevertheless, it is repeated here that the vast majority of affected persons interviewed regarded the meter or two of lost land as of little consequence and no cases were encountered where a household came anywhere near to being worse off, therefore the Bank Safeguard on Resettlement was complied with, as were all other safeguards.

BORROWER PERFORMANCE

2.63 Initially, the national planning agency, Bappenas, was responsible for project implementation. Due to government changes, KDP later fell under the Community Development Agency (PMD) of the Ministry of Home Affairs. Both were generally proactive and performed well. A coordinating group (National Management Consultants) did a good job of coordinating the large number of KDP consultants. There was also an inter-ministerial coordination committee.

2.64 Borrower performance is rated **Satisfactory** for **both projects**. While many of the weaknesses outlined are attributable at least partly to the Borrower, allowance must be made for the exceptionally difficult country operating circumstances for both projects.⁵⁰ Apart from the problem with corruption and with economic loan repayment in KDP, a component that was pushed strongly by government, physical infrastructure targets were exceeded. Community

49. Although no minimum contribution was required by the project, villagers contributions to infrastructure averaged 7 percent of the grants in VIP2 and 17 percent in KDP. In KDP fifty percent of this was the land contributed by those villagers who lost land. The rest was cash or free labor and materials.

50. In KDP 26 private companies and NGOs provided national and field consultants, 28 NGOs provided provincial monitoring, 1 journalist organization coordinated many individual journalists, 2 training companies, 1 communications company, 1 institute handled impact evaluation, and 2 printing companies. A total of about 34,600 consultants and facilitators required training. (Some of this training has carried over from KDP2 into KDP3. In one observed case this was being done on a largely voluntary (unpaid) basis on the part of both trainers and trainees.

process gains were significant but with weaknesses in targeting and questions about the impact on women and the poor. In KDP delays in the release of funds, which became more serious in the later years, affected work efficiency and quality. These delays apparently were not for financial/budgetary reasons and were more procedural and administrative problems.

3. Main Findings and Lessons

3.1 The outcome of VIP2 is rated **Satisfactory** and the outcome of KDP is rated **Moderately Satisfactory**. Both more than achieved their output targets for infrastructure, though the greater physical achievements in KDP were made possible in part because of the supplementary credit which added about 25 percent to the loan (para. 1.7). Based on mission observation and limited survey evidence, this infrastructure had widely distributed benefits, mainly for input supply and marketing through enhanced access to land plots and public transport services associated with roads and bridges (paras. 2.6, 2.14, 2.22, and Box 2). Both projects also contributed to enhanced participatory processes (para. 2.17).

3.2 Significant shortcomings in the KDP project warrant the Moderately Satisfactory rating. First, the KDP loans component (about a quarter of the project) was not successful (para. 2.16). This is the most important element in holding the rating at only Moderately Satisfactory. Second, despite determined effort, progress in drawing poorer households and women into decision-making appears to have been modest, though the data are limited (para. 2.21-2.25). This was partly due to the inherent difficulty of changing entrenched social relationships and partly due to the “minimal intervention” approach leaving communities, along with their existing inequities, wide freedom to make decisions without outside interference. Most of these weaknesses have been addressed in the follow-on KDP2 and KDP3 projects, which demonstrates Bank and borrower learning, although the changes to accommodate improved gender focus are more evident than village-level process changes to improve the voice of the poorer households. Third, with respect to whether the poorest *kecamatan* were reached, the data for selected *kecamatan* and villages suggest that selection rules were sometimes bent for political reasons (para. 2.10). Fourth, corruption continues to be widespread and persistent (paras. 2.17, 2.30). Given that the project had been specifically designed to promote accountability, institutional transparency and improved governance, this was a serious shortcoming.

3.3 Both projects offer useful lessons for Bank-financed CDD. However, the lessons need to be interpreted with some caution since the KDP evolved from the earlier VIPs and other antecedents and is inextricably entwined with social and political changes in Indonesia.

- A project’s poverty objectives need to be translated into clearly defined poverty and poverty process indicators (outcome and output) in the PAD and be monitored and evaluated.
- The extent of project management intervention at community level needs to support targets for achieving poverty and gender objectives. Too much of a hands-off

approach by project management at the community level on issues of poverty and gender may insufficiently challenge the status quo.

- Maintenance of infrastructure should be an integral part of any infrastructure construction intervention. A maintenance strategy should be developed that addresses the total community infrastructure challenge not simply that of the project portions. The assessed feasibility of sustaining maintenance at the community level should be reflected back into investment decisions on the funding of new infrastructure.
- The costs of beneficiary participation need to be reduced as the number of programs increases. Fostering a common participatory decision procedure for all donor and government-funded participatory projects and programs would reduce beneficiary time spent in meetings, enhance prioritization, and reduce costs of facilitation and technical support.
- The rural finance lessons of the past are well-documented and remain valid but were not heeded in KDP. Effective and sustainable rural finance calls for an institutional capacity to evaluate debt capacity, a sustainable institutional home, low costs, and strong incentives for the borrower(s) to remain in good standing. In KDP it was a mistake to force an economic loans component into a grants program outside a carefully prepared rural finance intervention. There is no experience that suggests that, in a crisis situation, these rules are less applicable.
- In a project that specifically aims to promote transparency, accountability and improved governance, it is essential to define at the outset some kind of baseline (and related milestones) regarding the level of corruption, so as to measure progress.

Annex A. Basic Data Sheet

SECOND VILLAGE INFRASTRUCTURE PROJECT

Key Project Data (Amounts in US\$ million)

	<i>Appraisal Estimate</i>	<i>Actual or current estimate</i>	<i>Actual as percent of Appraisal estimate</i>
Total project costs	159.60	138.00	86
Credit amount	137.80	119.20 ⁵¹	87

Project Dates

	<i>Original</i>	<i>Actual</i>
Initiating memorandum		12/08/95
Board Approval		10/10/96
Effectiveness	01/15/97	03/05/97
Closing date	12/31/99	07/31/2000

Staff Inputs (staff weeks)

	<i>Actual Weeks</i>	<i>Actual US\$000</i>
Preappraisal	12	58,000
Appraisal/Negotiations	6	30,000
Supervision*	55	282,000
Completion**	3	10,000
Total	76	380,000

51. There were loan cancellations totaling US\$20.9 million due to government decisions to reduce debt and substitute with own funds.

Mission Data

	<i>Date (month/year)</i>	<i>No. of persons</i>	<i>Specialization represented¹</i>	<i>Performance rating</i>	
				<i>Implementation Status</i>	<i>Development objectives</i>
Identification/Preparation	2/1996	3	Engineers		HS
		1	Economist		
		1	Anthropologist		
		1	Financial Officer		
		1	Public Administration		
		1	Project Officer		
			GOI Team: Tatag Wiranto, Bappenas VIP Manager, Administration Richard Gnaagey, Bappenas VIP Consultant Team Leader, Eng. Yudi, Bappenas consultant, Stebven Burgess, Bappenas Cons.		
			World Bank team: Frida Johansen, TTL, Economist Jacques Tollie, Engineer Scott Guggenheim, Anthropolog Yogana Prasta, Disbursements		
Appraisal/Negotiation	07/1996 (Appraisal)	2	Engineers		HS
		1	Economist		
		1	Anthropologist		
		1	Financial Officer		
		1	Public Administration		
		1	Project Officer		
			GOI, Bappenas core team: Wiranto, Gnagey, Burgess World Bank core team: Johansen, Guggenheim, Tollie, Prasta		
Appraisal/Negotiation	August 1996 (Negotiations)	7	As above, plus		HS
		1	Karin Nordlander, Bank lawyer		
		1	H. Haerunman, Bappenas Deputy		
Supervision	3/1997	1	Economist, TM	S	S
Supervision		1	Anthropologist		
Supervision		2	Engineers (Tollie, Lantran, Bank)		
Supervision	7/1997	1	Economist	S	S
Supervision		1	Anthropologist	S	S
Supervision	11/1997	1	Economist, TM	S	S
Supervision	2/1998	1	Economist, TM	S	S
Supervision	6-8/1998	3	Engineers (Unger, Bank; Gnagey+Nugraha, Bappenas) Economist, TM	S	S
		1			
Supervision	10/1998	1	Engineer *Unger)	S	S
		1	Anthropologist (Agrawal)		
		1	Economist, TM		
Supervision	1-3/1999	1	Economist/TM	S	S
		2	Engineers (Scouller, Unger)		
Supervision	7/1999	1	Engineer (Unger)	S	S
		1	Economist, TM		
Supervision	10/1999	1	Economist, TTL	S	S
Supervision	12/1999	1	Engineer (Scouller)	S	S
Supervision	01/2000	1	Engineer (Unger)	S	S
		1	Economist, TTL		
Completion	01/2000	1	Economist, TTL	S	S

KECAMATAN DEVELOPMENT PROJECT**Key Project Data (Amounts in US\$ million)**

	<i>Appraisal Estimate</i>	<i>Actual or current estimate</i>	<i>Actual as percent of Appraisal estimate</i>
Total project costs	273.00	309.80	113
Credit amount	225.00	252.90	112

Project Dates

	<i>Original</i>	<i>Actual</i>
Initiating memorandum		06/27/97
Board Approval		06/02/98
Effectiveness	07/30/98	08/25/98
Closing date	09/30/2002	12/31/2003

Staff Inputs (staff weeks)

	<i>Actual Weeks</i>	<i>Actual US\$000</i>
Preappraisal	30	90,000
Appraisal/Negotiations	2	10,000
Supervision*	100	300,000
Completion**	3	6,000
Total	135	406,000

Mission Data

	<i>Date (month/year)</i>	<i>No. of persons</i>	<i>Specialization represented¹</i>	<i>Performance rating</i>	
				<i>Implementation Status</i>	<i>Development objectives</i>
Identification/Preparation	9/1/1997	9	Economist (1), anthropologist (1), Engineer (1), Planner (2), Disbursement (1), Financial Specialist (1), Environment (2)		
Appraisal/Negotiation	3/15/1998	5	Anthropologist (1), Economist (1), Disbursement/procurement (1), lawyer (1), Engineer (1)		
Supervision	10/15/1998	8	4 Economists 1 Irrigation Engineer 2 NGO 1 Gender	S	HS
Supervision	10/18/1999	5	1 Monitoring and Evaluation 1 Engineering and Gender 1 Poverty Economist 1 Rural Development 1 Country Officer	U	HS
Supervision	5/20/2000	5	1 TTL, Social Scientist 1 Rural Development 1 Gender Specialist 1 Economist 1 Environmental Specialist	S	HS
Supervision	5/20/2000	1	Task Manager	S	HS
Completion	4/1/2003	2	1 Anthropologist 1 Institutions specialist	S	HS