



1. Project Data:		Date Posted : 08/17/2000	
PROJ ID: P004006		Appraisal	Actual
Project Name: Eastern Indonesia Kabupaten Roads Project	Project Costs (US\$M)	331.3	287
Country: Indonesia	Loan/Credit (US\$M)	155	149
Sector(s): Rural Roads	Cofinancing (US\$M)	0	0
L/C Number: L3579			
	Board Approval (FY)		93
Partners involved :	Closing Date	06/30/1998	12/31/1999
Prepared by :	Reviewed by :	Group Manager :	Group:

2. Project Objectives and Components

a. Objectives
The key objectives of the project are to improve the access to the main economic centers for the agriculture dependent rural population in 51 Kabupatens in seven provinces and to consolidate the current efforts to strengthen all agencies in the country dealing with Kabupaten roads. More specifically, the objectives would be achieved through:

- (a) improving systems and procedures for road maintenance and ensuring that the maintainable network of all project-assisted Kabupatens (about 12,500 km) is satisfactorily maintained;
- (b) rehabilitating/improving the existing roads (about 3,000 km);
- (c) improving the capability of staff involved in the sub-sector nationwide at all levels; and
- (d) strengthening institutional arrangements and improving the technical environment for planning and implementing Kabupaten road works programs, including the adaptation and dissemination of more appropriate road technologies.

b. Components
The project comprised of four components:

- (a) **Road network improvement and maintenance component:** (i) routine and periodic maintenance of the entire Kabupaten road network as well as rehabilitation/improvement of selected roads in the 51 project-assisted Kabupatens over three GOI fiscal years starting in 1993/94; (ii) construction of, and equipment for, workshops and laboratories; (iii) provision of equipment, spare parts, and supplies; and (iv) supervision of works.
- (b) **Technology adaptation and dissemination component:** (i) development and implementation of adapted technologies, processes, and products; and (ii) improvement in both the quality and efficacy of the labor-based methods employed in Indonesia;
- (c) **Training component:** includes detailed preparation and implementation of priority parts of the nationwide training program for kabupaten road staff; and
- (d) **Technical assistance and studies component:** for strengthening the systems and procedures for planning, environmental analysis, and implementation of Kabupaten road works, and for helping GOI central agencies in monitoring project execution.

Revised Components.
In June 1998, during the East Asian financial crisis, the project components were revised to include rehabilitation of about 1,200 km of roads and maintenance of 4,500 km using labor-intensive methods. The rationale for reallocation was to reduce poverty and alleviate some of the impact of the financial crisis.

c. Comments on Project Cost, Financing and Dates
The actual project cost are US\$ 287 million compared to the appraisal estimate of US\$ 331 million. Only 96% of the loan i.e. US\$ 149 million was disbursed. The project closed on December 31 1999, eighteen months after the original closing date.

3. Achievement of Relevant Objectives:

The project successfully achieved its objective of improving access to economic centers.

- The total length of rehabilitated/improved Kabupaten roads exceeded the appraisal targets by 8%.
- The road network in "good" and "fair" condition increased by 16%.
- The average road length per Kabupaten rose from 701 km in 1990 to 1,134 km per Kabupaten in 1999, an increase of 62% or an average annual growth of 5.5%.

The objective to strengthen agencies dealing with Kabupaten roads was largely achieved.

- The project helped in establishing road planning and programming guidelines for Kabupatens which became a pre-requisite for eligibility of betterment works.
- The project supported development of national guidelines for environmental management and establishing social assessment methods for the impact on communities including indigenous people.
- Training was provided under Kabupaten Roads Master Training Plan covering construction, maintenance, and equipment management. Seminars and courses were provided under Rural Roads Maintenance system.
- The adaptation and dissemination of appropriate road technologies was not successfully implemented due to organizational difficulties and weak support from the Directorate General of Highways.

4. Significant Outcomes/Impacts:

- The successful use of labor-intensive methods under LIWP had positive impact through employment generation and support of local contractors. It resulted in considerable savings which were used to mitigate some of the adverse impact of the financial and economic crisis.
- Private sector participation in provision of infrastructure services had started taking root in Indonesia.
- Guidelines relating to safeguard policies for environmental protection and social impact on indigenous people were developed.

5. Significant Shortcomings (including non-compliance with safeguard policies):

- The GOI objective of strengthening decentralization, to make Kabupaten was not achieved adequately.
- A long-term strategy for stable maintenance funding was not developed.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Satisfactory	
Institutional Dev .:	Substantial	Substantial	
Sustainability:	Likely	Likely	
Bank Performance:	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR:		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

The key lessons that emerge from the project are: (i) for sustainable improvement of roads network, there is a need to develop a long-term strategy for stable maintenance funding; (ii) technical assistance alone has limited impact on local capacity building unless it is accompanied by proper civil service reforms; and (iii) environmental and social impact assessment should be a pre-requisite for construction as well as improvement of roads.

8. Assessment Recommended? Yes No

Why? The project may be audited with other rural roads projects in Indonesia to study the rural development and decentralization experience and to examine lessons from the labor-intensive methods in the context of South Asian economy.

9. Comments on Quality of ICR:

The quality of ICR is Satisfactory. It provides a thorough assessment of the project's implementation experience and results.