



<b>1. Project Data:</b>		<b>Date Posted :</b> 08/17/2000	
PROJ ID: P004020		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Fifth Kabupaten Roads Project	<b>Project Costs (US\$M)</b>	206.8	176.8
<b>Country:</b> Indonesia	<b>Loan/Credit (US\$M)</b>	101.5	94.2
<b>Sector(s):</b> Rural Roads	<b>Cofinancing (US\$M)</b>	0	0
<b>L/C Number:</b> L3732			
	<b>Board Approval (FY)</b>		94
<b>Partners involved :</b>	<b>Closing Date</b>	06/30/1999	12/31/1999
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>

**2. Project Objectives and Components**

**a. Objectives**  
The principal objectives of the project are to improve the access to the main economic centers for the agriculture dependent rural population in 27 project-assisted Kabupatens and to consolidate the current efforts to strengthen agencies in the country dealing with Kabupaten roads. More specifically, the project would improve the quality of Kabupaten networks by :

- (a) improving systems and procedures for road maintenance and ensuring that the maintainable network of all project-assisted Kabupatens (about 6,000 km) is satisfactorily maintained;
- (b) rehabilitating/improving the existing roads (about 1,620 km);
- (c) improving the capability of staff involved in the sub-sector at all levels; and
- (d) strengthening institutional arrangements and improving the technical environment for planning and implementing Kabupaten road works programs.

**b. Components**  
The project comprised of following two components:

**Road network improvement and maintenance component:**

- routine and periodic maintenance of the kabupaten road network as well as rehabilitation/improvement of selected roads in the 27 project-assisted Kabupatens over three GOI fiscal years starting in 1994/95;
- construction of, and equipment for, workshops and laboratories;
- provision of equipment, spare parts, and supplies; and
- supervision of works.

**Technical assistance and studies component** - for strengthening the systems and procedures nationwide regarding planning, environmental analysis, and implementation of kabupaten road works, and for helping GOI central agencies in monitoring project execution.

**Revised Components.**  
In February 1999, in response to the East Asian financial crisis, the project components were revised to include rehabilitation of 1500 km of roads and maintenance of 3000 km of roads using labor-intensive methods to mitigate the adverse impacts of the financial crisis on the poor.

**c. Comments on Project Cost, Financing and Dates**  
The actual project costs are US\$ 176.8 million compared to the appraisal estimate of US\$ 206 million. Only 93% of the loan or about US\$ 94.2 million was disbursed. The remaining amount (about US \$ 7.3 million) of the loan was canceled. The project closed on December 31 1999 with only a six month delay.

**3. Achievement of Relevant Objectives:**  
**The project successfully achieved its objective of improving access to economic centers.** Under the project 1810 km of roads were rehabilitated, exceeding the appraisal target of 1,620 km by 12%. The condition of Kabupaten roads in "good" and "fair" conditioned increased by 22%. The average road length per Kabupaten increased from

643 km in 1991 to 1,071 km per Kabupaten in 1999, an increase of 67% or an average annual growth of 6.6%. The project successfully used labor-intensive methods for road rehabilitation which generated considerable savings, increased employment and supported development of local contractors.

**The objective to strengthen agencies dealing with Kabupaten roads to improve the quality of network 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. Kabupaten Roads Economic Evaluation Model was also updated. Some progress was made in building capacity of staff involved in Kabupaten roads sub-sector. 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. Advanced training was provided on "Standard Planning Guidelines and Procedures".

#### 4. Significant Outcomes/Impacts:

The project is the last in the series of Bank financed rural roads projects in Indonesia. It assisted the GOI in improving rural population access to market centers, in preparing guidelines for planning and management of Kabupaten roads sub-sector. The project successfully used labor-intensive methods and supported development of local contractors. It resulted in considerable savings which were used to mitigate some of the adverse impacts of the financial and economic crisis.

#### 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
<b>Outcome:</b>	Satisfactory	Satisfactory	
<b>Institutional Dev .:</b>	Substantial	Substantial	
<b>Sustainability:</b>	Likely	Likely	
<b>Bank Performance:</b>	Satisfactory	Satisfactory	
<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR:</b>		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:

- Technical assistance alone has limited impact on local capacity building unless it is accompanied by proper civil service reforms;
- For sustainable improvement of roads network, there is a need to develop a long-term strategy for comprehensive management of the road network and stable funding mechanism.

#### 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 ICR is satisfactory and presents the basic information necessary to evaluate the project.