



1. Project Data :
OEDID: L3490
Project ID: P003949
Project Name: Third Kabupaten Roads Development Project
Country: Indonesia
Sector: Rural Roads
L/C Number: Loan 3490-IND
Partners involved :
Prepared by: Binyam Reja, OEDST
Reviewed by: Yves Albouy
Group Manager: Roger H. Slade
Date Posted: 04/22/1998

2. Project Objectives, Financing, Costs and Components :
Objectives: (i) to improve access to the main economic centers in 73 kabupatens in nine provinces, and (ii) to increase the technical and institutional capability of all agencies in the country dealing with kabupaten roads .
Components: PART A: (i) rehabilitation and improvement of 4,200 km and maintenance of 25,000 km of roads; (ii) upgrading and equipping of workshops and laboratories in selected kabupatens; (iii) provision of road construction and maintenance equipment; and (iv) provision of construction supervision services . PART B: (i) development and implementation of priority parts of a nationwide Kabupaten Roads Master Training Plan (KRMP), and (ii) technical assistance and studies for strengthening systems and procedures regarding planning, environmental analysis and civic works implementation, and for helping central agencies in project monitoring . **Costs:** Total project cost was US\$ 498.2 million. Of this IBRD loan funded US\$ 215 million. US\$ 6 million was canceled.

3. Achievement of Relevant Objectives :
The project achieved its physical objectives . The targets set out in the SAR were achieved, but the quality of construction was uneven . This has been a long standing problem in Indonesia, and the project made little progress in alleviating it . On the institutional development side, training and technical assistance components were successfully carried out; but these made little impact on the organizational capacity of the kabupaten public works departments (DPUKs).

4. Significant Achievements :
The most significant achievement was the maintenance of kabupaten roads . By the end of the third year of the project 100% of the maintenance needs in the targeted kabupatens was achieved; although this coverage declined to 70 % after project support declined .

5. Significant Shortcomings :
The project came short of having a strategic approach to support the transfer of central government responsibilities to kabupaten governments . The Bank took the decentralization process as given and designed the project accordingly . But the process was fraught with difficulties and contradictions, requiring a much more focused attention and intervention to correct its flaws . The contradiction between the devolution of technical responsibilities and maintaining central control of the administrative and financial aspects of local agencies is but only one inconsistency in the decentralization process that needed to be addressed .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Satisfactory	
Institutional Dev .:	Partial	Modest	Different OED ratings.
Sustainability:	Likely	Uncertain	Kabupaten officials have shown less incentive to continue maintaining their roads, unless there is a Bank loan with strict loan conditionality. The DPUKs are

			also still weak institutionally to carry out an effective road maintenance program .
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

7. Lessons of Broad Applicability :

The key lesson from this project is that before supporting institutional development effort for lower level governments, the Bank needs to examine the decentralization process first and take measures to correct any inconsistencies .

8. Audit Recommended? Yes No

Why? The project is being audited with other five Indonesia transport project .

9. Comments on Quality of ICR :

The ICR is of satisfactory quality . It provides a very good account of project implementation experience and achievement of projects . But it could have been improved by a better discussion on the issues concerning the transfer of central government responsibilities to kabupaten governments .