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SUPPORT

PROGRAMME PLANNING

COUNTRY AND REGIONAL PROGRAMMES

Reports on mid-term reviews

MID-TERM REVIEW OF THE THIRD COUNTRY PROGRAMME FOR INDONESIA

Report of the Administrator

SUMMARY

The present report is submitted in accordance with Governing Council decision 89/11 of 24 February 1989, requesting the Administrator to report on a representative selection of mid-term reviews of country programmes.

The mid-term review of the third country programme for Indonesia (1985-1989) agreed that the programme activities of the United Nations Development Programme (UNDP) should be consolidated around the new development priorities of the country, i.e., export production-oriented and revenue-generating activities, particularly in the industrial and employment sectors, while maintaining the overall emphasis of the country programme, namely, human resources development. The review also agreed to several new initiatives such as (a) integration of women in development to be reflected both in the overall programme and in individual projects; (b) encouragement of private sector participation in investment programme promotion; and (c) support to local initiatives through participation of non-governmental organizations and their utilization in grass-roots project implementation.

I. SUMMARY OF THE THIRD COUNTRY PROGRAMME

1. The main thrust of the third country programme for Indonesia (1985-1989) was the development of human resources through training components of projects in virtually every sector. Major areas of emphasis were support for small entrepreneurs in rural, semi-urban and urban areas in both the agriculture and industry sectors as well as the strengthening of Government administrative systems and improving managerial and planning capabilities. Pre-investment and investment generation was planned to form an important part of about a third of the projects in the programme.
2. The programme was spread over seven technical areas, namely: (a) human resources, manpower development and training, covering projects in the fields of education, vocational, technical and management training and employment creation as well as the development of national consulting capacity; (b) agriculture, irrigation, livestock, fisheries and forestry; (c) medium, small-scale and downstream industries; (d) regional, urban and rural development; (e) rural infrastructure and business development; (f) science and technology; and (g) social services, trade and export promotion, technical co-operation among developing countries (TCDC) and multi-sectoral projects.

II. METHODOLOGY OF THE MID-TERM REVIEW

3. In June 1987, with the third country programme at the mid-point of its five-year cycle, it was agreed between the United Nations Development Programme (UNDP) and the Government that a mid-term review of the country programme should be held in October 1987.
4. In preparation for the review, a UNDP mission consisting of two high-level consultants identified by UNDP headquarters was fielded from late July to early September 1987. The mission's objectives were twofold: (a) to review the present status of the third country programme, the progress made in its implementation, the adjustments made to it during the course of implementation and their relevance to government development priorities; and (b) to propose ways in which the programme could be further consolidated in line with changing government priorities and technical assistance needs, giving special attention to the development of outline proposals for new projects. Prior to its arrival in Indonesia, the mission had been briefed on the status of the third country programme by the Regional Bureau for Asia and the Pacific at UNDP headquarters.
5. During its stay in Jakarta, in addition to a desk review of available documentation, the mission held extensive discussions with senior officials of the Government, representatives and staff of agencies and organizations of the United Nations system represented in Jakarta, representatives of bilateral and other multilateral aid programmes, and staff of UNDP and of UNDP-assisted projects in Indonesia. It produced a report for UNDP which was used as a basis for discussions in the review meeting.
6. Also, in preparation for the country programme review, the UNDP office in

Jakarta invited the participating and executing agencies of the United Nations system to submit detailed sectoral briefs and project proposals in their areas of specialization for consideration in the review process. In this regard, sectoral briefs and/or project proposals were received from the following agencies: the Department of Technical Co-operation for Development (DTCD) of the United Nations Secretariat, the United Nations Centre for Human Settlements (UNCHS), the International Labour Organisation (ILO), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the International Civil Aviation Organization (ICAO), the World Health Organization (WHO), the World Bank, the Universal Postal Union (UPU), the International Telecommunication Union (ITU), the World Intellectual Property Organization (WIPO) and the United Nations Industrial Development Organization (UNIDO). The Resident Representative also had detailed discussions with the representatives of agencies with offices in Jakarta to review proposals submitted as well as ongoing and pipeline projects with a view to reaching a common understanding on approaches and priorities to be emphasized in the review. Similar consultation was also carried out by the National Development Planning Agency (BAPPENAS) with government-concerned line ministries.

7. The country programme review meeting was held on 23 October 1987 under the co-chairmanship of the Deputy Chairman of BAPPENAS and of the Resident Representative of UNDP. Also present at the meeting were representatives and senior staff of the Co-ordinating Committee for International Technical Co-operation (CCITC), the Ministry of Finance and the Ministry of Foreign Affairs as well as senior staff of BAPPENAS and UNDP. The area officer for Indonesia at UNDP headquarters participated in this meeting.

III. MAJOR FINDINGS OF THE REVIEW

8. The third country programme was formulated at a time when it appeared that the country's worse economic problems were over and the stage had been set for a return to high rates of economic growth. In 1985/1986, however, Indonesia's economic fortunes took an unexpected and sharp downturn due to the significant drop in revenues from oil and other commodities. This required a far-reaching programme of structural adjustment and a significant reorientation of technical assistance needs and priorities. Reviewed against the economic situation at that time, it was considered that the third country programme required a sharper focus on the above issues in respect of the programme and some sectors in particular.

9. In August 1986, the UNDP office conducted the first annual review of the third country programme with the aim of increasing its relevance, developing greater focus across and within sectors and of bringing it more in line with government priorities and newly emerging technical assistance needs. The net result of this adjustment process was an agreement that the third country programme should be reoriented towards a greatly increased emphasis on production-oriented and revenue-generating activities, particularly in the industrial and employment sectors, and the increase of external revenues outside the oil and gas sectors, while maintaining the overall emphasis of the country programme, namely, human resources development.

10. It was also found in the course of the review that during the early part of the third country programme, programme delivery fell short of the level originally planned. To address this delivery problem, UNDP initiated various measures to intensify financial monitoring systems and sought to bring about the following qualitative improvements in the structure and focus of the programme. These measures have led to considerable improvement in programme delivery which, at the time of the review, has reached satisfactory levels:

(a) Projects were reviewed individually and were modified to ensure that their impacts were more immediate, their results more direct and their objectives more closely linked, wherever possible, to priorities in the field of employment creation and revenue generation.

(b) Greater attention was given to the design of individual projects with the aim of ensuring that they were more directly related to government priorities and that relationships between objectives, activities and outputs were more clearly stated. Efforts were also made to develop more "integrated" projects in which such issues as women in development and the natural environment form an integral part of the project.

(c) Efforts were made to develop "clusters" of projects within sectors and linkages between projects. A cluster of interlinked projects was, for example, developed in the trade sector geared to the identification and exploitation of export markets and opportunities.

(d) Projects which, in the view of the field office and the Government, became marginal, or which could be better combined with other projects, either ongoing or new, were deleted from the pipeline.

(e) New projects were developed in close consultation with the Government to ensure that they met new priorities of the Government, and efforts were made to ensure that the projects had immediate as well as medium-term impacts. Several new projects were developed, for example, in tourism, external debt management, investment promotion, income generation, fisheries extension, rural water supply, non-governmental organization (NGO) involvement and women in development.

11. By the time the mid-term review of the third country programme was held in October 1987, UNDP had already gone a long way towards restructuring the scope and content of the programme to bring it more closely in line with the newly established priorities of the Government and the urgent needs of the situation. The mid-term review fully supported the efforts made by the UNDP office and the priorities guiding the process of programme adjustment. Its proposals and recommendations (described under section IV) sought to build on the progress made, to carry the process further and to deepen it.

IV. ADJUSTMENT TO THE COUNTRY PROGRAMME

12. The mid-term review agreed that the third country programme should maintain and reinforce the focus established by the first annual review of the programme on the following thrusts and themes:

- (a) Export promotion and trade development outside the oil and gas sector;
- (b) Income generation activities, investment promotion and tourism promotion, including efforts to increase productivity in both the agriculture and industry sectors;
- (c) Employment creation and entrepreneurship development with emphasis being placed on labour-intensive and emergency employment programmes, the urban informal sector as well as self-employment promotion credit schemes and manpower planning;
- (d) Support to basic needs such as education planning and management, primary health care (including the supply of potable water and sanitation services), planning of urban centres and low-cost housing, and support to disadvantaged groups such as the disabled and drug affected.

13. In addition, the following new initiatives were agreed and affirmed:

- (a) Integration of women in development to be reflected both in the overall programme as well as under specifically designed projects such as the ongoing projects for the Promotion of the Productive Role of Rural Women and for the Enhancement of the Role of Women in Transmigration Settlements and Fishing Villages;
- (b) Encouragement of private sector participation in investment promotion and industrial initiatives through means such as the organization of investors' forums and the holding of national and regional seminars focused on issues related to strengthening the co-operation of the private sector with the Government in development activities;
- (c) Increased procurement of Indonesian goods and services in development activities of the United Nations system.

14. The annual review in 1986 and the mid-term review in 1987 resulted in the deletion from the programme of 11 projects amounting to a total of approximately \$7.4 million and the reduction of allocations for 10 other projects by \$5.1 million. The reviews also agreed to the inclusion of 24 new projects and five subsectoral allocations together amounting to \$31 million, plus additional allocations for the extension or expansion of 21 projects amounting to \$8 million.

15. In the mid-term review, it was decided to make tentative provision for the new projects into the first two years of the next country programme, 1990 and 1991, and undertake particular efforts for early formulation of these new pipeline projects. This would help to ensure a smooth transition from the current country programme to the fourth country programme (1990-1994).

Annex

FINANCIAL SUMMARY

THIRD COUNTRY PROGRAMME FOR INDONESIA (1985-1989)

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

	\$	\$
A. <u>Total resources taken into account for programming at time of approval of country programme</u>		87 424 000
B. <u>Resources taken into account for programming at time of mid-term review</u>		98 152 280
Indicative planning figure (IPF) allocations		58 964 000
Programme cost-sharing		21 597 222
Government project cost-sharing		16 591 058
Third-party cost-sharing		1 000 000
Other sources		-
C. <u>Net change in resources</u>		10 728 280

II. USE OF RESOURCES

	Start of country <u>programme</u> (1985)	<u>Mid-term</u> (1987)
Committed resources	21 516 271	94 851 749
Project proposals	63 670 280	16 129 170
Unprogrammed reserve	<u>2 237 449</u>	<u>(12 828 639)</u>
TOTAL USE OF RESOURCES	<u>87 424 000</u>	<u>98 152 280</u>

III. DISTRIBUTION OF RESOURCES BY SECTOR

<u>Classification/Sector</u> (by government)	<u>In accordance</u> <u>with country</u> <u>programme</u>	<u>Actual at</u> <u>mid-term</u> (Percentage)	<u>Revised plan</u> <u>as result of</u> <u>mid-term review</u>
1. Human resources and manpower development	26.8	26.6	26.5
2. Agriculture, irrigation, livestock, fisheries and forestry	14.2	14.4	16.5
3. Medium, small-scale and downstream industry	13.3	14.1	12.8
4. Regional, urban and rural development	17.3	15.6	17.8
5. Rural infrastructure	7.8	8.0	6.5
6. Science and technology	5.6	5.9	5.6
7. Social services, trade and export promotion, Technical co-operation among developing developing countries (TCDC)	12.4	12.6	14.3
8. Unprogrammed reserve	<u>2.6</u>	<u>2.8</u>	<u>0</u>
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

