

Third Party Opinion
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Kupang and Bitung Port Development Project
Bili-Bili Irrigation Project
Rural Infrastructure Development Project (3)

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Development in Indonesia in the past four decades has been characterized by regional imbalances with the Eastern parts of the country lagging behind the Western parts, Java-Bali Islands more advanced than the outer ones, and the rural areas lagging behind most urban areas. The three diverse projects being evaluated here, namely the Kupang and Bitung Port Development Project, Bili-Bili Irrigation Project, and Rural Infrastructure Development Project (3) (which individually also consisted of sub-projects with different locations), have at least one thing in common: they were aimed at enhancing development in the parts of the country that have been lagging behind the others, hence reducing the afore-mentioned regional disparity.

With regard to the relevance of both ports' development, there has not been any significant change of policies between those during the appraisal of the project and during the ex-post evaluation (as well as at the present). Then and now, the Eastern parts of Indonesia acutely need infrastructure enhancement—including that for sea transportation—that could help accelerate the development of the relatively lagging-behind region. Such an endeavor is even more crucial now, since the Indonesian government has decentralized many of governmental functions to the local authorities. Similarly, the irrigation and rural infrastructure projects are still very much relevant in the overall development policy that is currently effective in Indonesia, primarily as stated in the Medium-Term National Development Plan 2004 – 2009 as well as in the on-going policy formulation for the next five years. Rural infrastructure development in general has been seen as an indispensable requirement for the betterment of the communities in rural areas, where most of the country's poor people reside.

In regard to the efficiency of the projects, as reported, the ports' project planning and implementation experienced some significant changes that resulted in delays. To illustrate, the consulting service in this particular port project increased considerably from the planned 528 person-months to the actual 953 person-months. Similarly, the irrigation and rural infrastructure projects had also experienced delays that resulted in the reduction of the overall projects' efficiency. However, considering the social, economic and political circumstances that the projects in review were in at the projects' implementation time as well as considering other technical problems—such as the difficulty in land acquisition, problems with cross-sectoral coordination as well as some mis-matches in technical project arrangements—the delays as well as their financial and economic implications can be considered as unavoidable.

While the Bitung Port has certainly been performing as expected, including its role in—directly as well as indirectly—inducing local economic development in the North Sulawesi Province, the recent decrease of economic activities in East Nusa Tenggara that has resulted in under-utilization of the Kupang Port does not in any way reduce its potential in contributing to economic development in East Nusa Tenggara. The current under-utilization of the Kupang Port has been primarily the result of the regional economy that has not been growing as fast as expected or as fast as some other regions in the country. But, once the

region's economy picks up, the Kupang port can play a critical role to speed up the local as well as regional economic development.

Meanwhile, the construction of the Bili-Bili Dam and the irrigation system has already fulfilled one of its intended functions. During heavy rains period after the Bili-Bili Dam was constructed, no part of Makasar City was inundated by severe floods. In addition, no less than 23,786 hectares of paddy fields in the downstream areas have benefitted from the new irrigation system. This certainly has significant economic generation for the farmers in the region.

The overall projects have induced several positive impacts, such as improved employment opportunities in rural areas, reported community empowerment as the results of the projects as well as inclusion of some of the rural projects into the national framework project for poverty alleviation (the PNPM—Program Nasional Pemberdayaan Masyarakat). Participatory approaches employed in some of the projects—both in the planning as well as in the implementation stages—have the proven potential to ensure sustainability of the projects because of the local communities have better sense of ownership than had they not participated in the projects' processes.