

PROJECT COMPLETION REPORT

ON THE

SECOND JUNIOR SECONDARY EDUCATION PROJECT
(Loans 1573/74-INO)

IN

INDONESIA

July 2005

CURRENCY EQUIVALENTS

	Currency Unit	–	rupiah (Rp)		
				At Appraisal	At Project Completion
				(1 May 1996)	(28 July 2004)
	Rp1.00	=	\$0.000427	\$0.000109	
	\$1.00	=	Rp2,342	Rp9,185	

ABBREVIATIONS

ADB	–	Asian Development Bank
BME	–	benefit monitoring and evaluation
CPIU	–	central project implementation unit
DGPSE	–	Directorate of Primary and Secondary Education
DJSS	–	Directorate of Junior Secondary Schools
DSE	–	Directorate of Secondary Education
EA	–	executing agency
EMIS	–	education management information system
JSE	–	junior secondary education
MOEC	–	Ministry of Education and Culture
MONE	–	Ministry of National Education
MORA	–	Ministry of Religious Affairs
NEM	–	<i>Nilai Ebtanas Murni</i> (national JSE examination scores)
PCR	–	project completion report
PPIU	–	provincial project implementation unit
PSC	–	project steering committee
SLTP	–	junior secondary school (under MONE)
UBE	–	universal basic education

NOTES

- (i) The fiscal year (FY) of the Government ended on 31 March until 2000. Thereafter, the financial year ended on 31 December.
- (ii) The school year is from 1 July to 30 June.
- (iii) In this report, “\$” refers to US dollars.

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BASIC DATA

A. Loan Identification

Country	Indonesia
Loan Numbers	1573 and 1574
Project Title	Second Junior Secondary Education Project
Borrower	Republic of Indonesia
Executing Agency	Directorate General of Primary and Secondary Education
Amount of Loan	
– Loan 1573 INO	US\$160.00 million
– Loan 1574 INO (SF)	SDR10,500,493 (US\$15.00 million equivalent)
Project Completion Report Number	899

B. Loan Data

1.	Appraisal			
	– Date Started		1 July 1997	
	– Date Completed		17 July 1997	
2.	Loan Negotiations			
	– Date Started		17 October 1997	
	– Date Completed		21 October 1997	
3.	Date of Board Approval		6 November 1997	
4.	Dates of Loan Agreement			
	– Original		3 February 1998	
	– Amended and Restated		2 December 2002	
5.	Date of Loan Effectiveness			
	– In Loan Agreement		11 June 1998	
	– Actual		11 June 1998	
	– Number of Extensions		None	
6.	Closing Date			
	– In Loan Agreement		31 August 2003	
	– Actual		28 July 2004	
	– Number of Extensions		One	
7.	Terms of Loan			
	1573-INO			
	– Interest Rate		Pool-based variable lending	
	– Maturity		25 years	
	– Grace Period		5 years	
	– Commitment Charge		0.75% per annum	
	1574-INO (SF)			
	– Interest Rate		NA	
	– Maturity		35 years	
	– Grace Period		10 years	
	– Service Charge		1% per annum	
8.	Disbursements			
	a. Dates			
		Initial Disbursements	Final Disbursement	Time Interval
	1573 INO	28 August 1998	28 July 2004	5.6 years
	1574 INO (SF)	22 April 1999	28 July 2004	5.3 years

	Effective Date	Original Closing Date	Time Interval
1573 INO	11 June 1998	31 August 2003	5.2 years
1574 INO (SF)	11 June 1998	31 August 2003	5.2 years

b. Amounts (\$' 000)

Category	Original Allocation	Last Revised Allocation	Amount Cancelled	Net Amount Available	Amount Disbursed	Undisbursed Balance
Loan 1573-INO						
Civil Work	10,514	11,403	(889)	11,403	10,689	714
Teacher and Staff Development	57,146	46,307	10,839	46,307	47,023	(716)
Teacher Secondment and Deployment	1,732	1,967	(235)	1,967	1,984	(17)
Instructional Material	22,029	26,257	(4,228)	26,257	24,858	1,399
Furniture and Equipment	15,102	17,493	(2,391)	17,493	19,312	(1,819)
Studies	7,692	1,000	6,692	1,000	880	120
Consulting Services	12,625	6,850	5,775	6,850	7,497	(647)
Special Programs	9,627	4,500	5,127	4,500	3,805	695
Interest and Commitment Charge	23,533	23,533	0	23,533	13,721	9,812
Total 1573-INO	160,000	139,310	20,690	139,310	129,769	9,541
Loan 1574-INO (SF)						
Remedial and Retrieval Schemes	5,795	5,824	(29)	5,824	5,555	269
Scholarships for Future Teachers in Remote Areas	4,596	4,528	68	4,528	4,443	85
Special Education for Disabled Children	2,759	2,741	18	2,741	2,746	(5)
JSE Program for Culturally Distinct Minorities	1,534	1,459	75	1,459	1,692	(233)
Service Charge	316	313	3	313	140	173
Total 1574-INO	15,000	14,865	135	14,865	14,576	289

JSE = junior secondary education.

Local Costs Financed (1573-INO)	
– Amount (\$)	68,815
– Percentage of Local Costs	36
– Percentage of Total Cost	27
Local Costs Financed (1574-INO)	
– Amount (\$)	14,269
– Percentage of Local Costs	79
– Percentage of Total Cost	78

C. Project Data

1. Project Cost (\$' 000)

Cost	Appraisal Estimate	Actual
1573-INO		
Foreign Exchange Cost	73,908	59,954
Local Currency Cost	206,648	196,214
Total	280,556	256,168
1574-INO (SF)		
Foreign Exchange Cost	1,942	307
Local Currency Cost	18,477	18,047
Total	20,419	18,354

2. Financing Plan (\$' 000)^a

Costs	Appraisal Estimate			Actual		
	Foreign	Local	Total	Foreign	Local	Total
<u>Implementation Costs</u>						
1573-INO						
Borrower-Financed	-	109,285	109,285	-	123,434	123,434
ADB-Financed	50,375	86,092	136,467	46,233	69,815	116,049
Beneficiary Contribution	-	11,271	11,271	-	2,965	2,965
Total Cost	50,375	206,648	257,023	46,233	196,214	242,447
1574-INO (SF)						
Borrower-Financed	-	4,445	4,445	-	3,778	3,778
ADB-Financed	652	14,032	14,684	167	14,269	14,436
Total Cost	652	18,477	19,129	167	18,047	18,214
<u>IDC Costs</u>						
1573-INO						
Borrower-Financed	-	-	-	-	-	-
ADB-Financed	23,533	-	23,533	13,721	-	13,721
Total Cost	23,533	-	23,533	13,721	-	13,721
1574-INO (SF)						
Borrower-Financed	-	-	-	-	-	-
ADB-Financed	968	-	968	140	-	140
Total Cost	968	-	968	140	-	140

ADB = Asian Development Bank, IDC = interest during construction.

^a The calculation is based on the exchange rate to the dollar of each fiscal year.

3. Cost Breakdown by Project Component (\$' 000)

Component	Appraisal Estimate After Loan Reallocation			Actual		
	Foreign	Local	Total	Foreign	Local	Total
I. L1573-INO						
a. Teacher Secondment and Deployment	-	8,663	8,663	0	9,096	9,096
b. Teacher and Staff Development	11,743	68,729	80,472	9,923	58,654	68,577
c. Instructional Materials	14,860	7,169	22,029	14,707	10,151	24,858
d. Consulting Services	5,564	7,061	12,625	4,402	3,095	7,497
e. Studies	4,138	3,554	7,692	23	857	880
f. Civil Works	6,215	20,069	26,284	6,483	22,143	28,626
g. Furniture and Equipment	6,898	8,204	15,102	8,247	11,065	19,312
h. Special Programs	957	56,845	57,802	2,448	41,818	44,266
i. Project Implementation	0	18,995	18,995	0	39,334	39,334
j. Taxes and Duties	0	7,359	7,359	0	0	0
k. Interest During Construction	23,533	0	23,533	13,721	0	13,721
II. L1574-INO(SF)						
Special Programs						
1. Remedial and Retrieval Schemes	0	10,240	10,240	0	9,333	9,333
2. Scholarships for Future Teachers in Remote Areas	0	4,596	4,596	0	4,443	4,443
3. Special Education for Disabled Children	607	2,152	2,759	167	2,579	2,746
4. JSE Programs for Culturally Distinct Minorities	45	1,489	1,534	0	1,692	1,692

JSE = junior secondary education.

4. Project Schedule

Item	Appraisal Estimate	Actual
Teacher Secondment and Deployment	From Q3 1998 to Q3 1999	From Q3 1998 to Q3 1999
Teacher and Staff Development	From Q4 1999 to Q2 2003	From Q4 1999 to Q2 2003
Instructional Materials	From Q3 1998 to Q3 2003	From Q3 1998 to Q4 2003
Consulting Services	From Q3 1998 to Q2 2003	From Q1 1999 to Q4 2003
Studies	From Q3 1998 to Q4 2000	From Q1 1999 to Q2 2003
Civil Works	From Q4 1998 to Q4 2002	From Q4 1998 to Q4 2002
Furniture and Equipment	From Q1 1999 to Q1 2002	From Q1 1999 to Q4 2003
Special Programs	From Q1 2000 to Q4 2003	From Q1 2000 to Q4 2003
Project Implementation and Management	From Q1 1998 to Q3 2003	From Q3 1998 to Q3 2003

5. Project Performance Ratings

Implementation Period	Ratings	
	Development Objective	Implementation Progress
(i) From 30 November 1998 to 30 June 2001	S	S
(ii) From 1 July 2001 to 30 October 2001	S	HS
(iii) From 31 October 2001 to 30 June 2002	S	S
(iv) From 1 July 2002 to 31 August 2003	S	HS
(v) From 1 September 2003 to 31 January 2004	S	S
(vi) From 1 February 2004 to 29 February 2004	S	HS
(vii) From 1 March 2004 to 28 July 2004	S	S

HS = highly satisfactory, S = satisfactory.

D. Data on Asian Development Bank Missions

Name of Mission ^a	Date	No. of Persons	No. of Person-Days	Specialization of Members ^b
Loan Inception	3–11 August 1998	1	9	a
Loan Review	4–21 November 1999	1	18	a
Loan Review and Spring Cleaning	4–21 July 2000	1	36	a, b
Loan Review	3–17 November 2000	1	15	a
Midterm Review Mission	16 July–8 August 2001	3	48	a, b, d
Loan Review	17–28 June 2002	2	17	a, b
Loan Review	11–15 November 2002	1	5	a
Loan Review	17–29 May 2003	2	26	a, c
Project Completion Review	29 March–11 April 2004	2	42	a, c, d

^a Fact-Finding and Appraisal Missions data not available in the file.

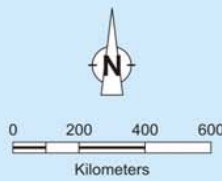
^b a = education specialist, b = project analyst, c = project officer, d = consultant.

INDONESIA
SECOND JUNIOR SECONDARY EDUCATION PROJECT
 (as completed)



- Project Area
- ★ National Capital
- Provincial Capital
- Provincial Boundary
- International Boundary

Boundaries are not necessarily authoritative.



I. PROJECT DESCRIPTION

1. The Second Junior Secondary Education Project, comprising two loans, was approved on 6 November 1997 for \$160 million (Loan 1573-INO) and SDR 10.98 million (Loan 1574-INO), and became effective on 11 June 1998. Both loans were completed on 31 December 2003 after a 4-month extension at no additional cost. The Project supported government efforts to provide quality junior secondary education (JSE) to all school-age children within the context of government policy to achieve universal basic education (UBE) to grade 9 by 2003.¹ The objectives were to (i) enhance the ability of junior secondary schools, including *madrasah*, to provide educational opportunities to all eligible children, especially the poor and girls, (ii) improve the quality of JSE, and (iii) strengthen the institutional framework by improving the capacity of the institutions involved in the development, regulation, and management of JSE.

2. The executing agency (EA) for the Project was the Directorate General of Primary and Secondary Education (DGPSE) of the Ministry of Education and Culture (MOEC), through the Directorate of Secondary Education (DSE). In 2001, the name of the ministry was changed to the Ministry of National Education (MONE) and DSE became the Directorate of Junior Secondary Schools (DJSS). The Project was large, covering 549,000 students in 2,350 schools and *madrasah* in the 49 districts of Central Sulawesi, East Kalimantan, Gorontalo (formed in 2001 from part of North Sulawesi), North Sulawesi, South Kalimantan, and Southeast Sulawesi. These provinces were chosen because they had low education participation, inadequate school management, low teacher qualifications, few instructional materials, and limited planning and management capacity in the provincial and district education offices.

3. The Project sought to improve JSE enrollments and transition rates from primary schooling into JSE by building new schools in remote and underserved areas, improving and expanding the facilities of existing schools, and piloting special programs to facilitate the transition from primary schooling to JSE; reducing financial barriers to participation among low-income students through grants-in-aid;² improving access to JSE in remote areas through alternative delivery modalities; piloting a scheme for integrating disabled children into mainstream education and improving existing schools for the disabled; and encouraging school participation in culturally distinct communities. The Project aimed to improve JSE effectiveness by strengthening school management and supervision through training for school principals and school supervisors; upgrading the qualifications of teachers and other school personnel through long- and short-term training; developing and providing instructional materials to schools; upgrading instructional facilities by providing libraries and specialized laboratories; and promoting innovation in teaching. Better management of JSE was promoted by improving the central level's coordination and monitoring of JSE through long- and short-term staff development. Managerial effectiveness and leadership was improved at provincial, district, and school levels by upgrading management and planning capacities, and strengthening the role of support institutions such as school committees.

4. The Project was implemented during a period characterized by unprecedented social and political upheaval and uncertainty, emanating from the financial crisis that began in 1997 and its resultant sociopolitical impact, dramatic political change covering the entire project period, and the rapid decentralization of government to autonomous districts which began in 2001. The EA was able to adapt the Project successfully to this changing context.

¹ The Government subsequently extended the target date to 2008 as a result of the 1997/98 financial crisis.

² All grant-in-aid programs were removed from the Project and merged in 1997 with the multi-agency (World Bank, ADB, and the Government of the Netherlands) national social safety net program, which was established to mitigate the negative impact of the financial crisis on the poor.

II. EVALUATION OF DESIGN AND IMPLEMENTATION

A. Relevance of Design and Formulation

5. The Project was designed in the context of the Government's Education Act, 1989; the Sixth National Development Plan; and the country operational strategy of the Asian Development Bank (ADB) for Indonesia.³ The Project supported the Government's policy to expand UBE to 9 years in a cost-effective manner, by harnessing the capacity of all types of schools: public and private JSE schools managed by MONE, and public and private *madrasah*, managed by the Ministry of Religious Affairs (MORA). The project design was pioneering in that it took a systemic approach to JSE development, covering all JSE schools in a particular province. This was intended to encourage greater efficiency in the use of project and government resources by discouraging duplication of facilities and services between the public and private, and the religious and secular, sectors. Project support was targeted to support this policy, with 62% of interventions going to public schools, 20% to private schools, and 17% to *madrasah*.

6. The project design acknowledged that the objective to add additional capacity to the JSE system would not be achieved cost-effectively if new public facilities merely replaced existing private facilities. Public schools are preferred by parents as they are cheaper and the quality is generally higher. Achievement of the planned enrollment targets for JSE would therefore depend upon successful regulation of JSE provision, so that expansion of the public sector would not undermine the private sector, combined with expanded support to the better private schools. These efforts to ensure complementary public and private school provision were successful. Although 349 private schools closed during the Project, most of these were small and unregistered. Enrollments in larger, better, private schools increased, supported by more careful school location planning and more support to private schools.

7. A second feature of the project design was its strong support for innovation. The Project comprised a solid program of mainstream initiatives covering increased access, improved quality, better school management, and capacity building for education officials. In addition, there were numerous pilot initiatives to improve quality and provide better access to marginal groups. There were also programs to provide more teachers to remote schools, develop a contextual learning program geared to local learning needs, introduce a life-skills component in "open" schools, develop retrieval and remedial programs to reduce dropout from JSE, and support school-based management and innovations in teaching through competitive school block grants. All of these programs were new to Indonesia. Although most were pilot programs, they required considerable time and effort to design, monitor and implement. For some, the consultancy support included in the design was inadequate. The large number of initiatives resulted in project resources being spread thinly, so some programs were implemented late and covered fewer schools and students than intended. A more focused design would have improved some aspects of project performance. This being said, in general the Project was completed on schedule and almost all innovations have since been adopted as national programs.

8. A third feature of the project design was that implementation would be demand-driven, following school needs. All schools were to prepare detailed school development plans which would be used as the basis for determining project assistance, with databases maintained in each province recording the assistance received by each school. However, a general lack of

³ ADB. 1993. *Indonesia: The Country Operational Program Paper 1994–1997*. Manila.

familiarity and understanding of this approach among government officials meant that the intended bottom-up approach was initially somewhat weak. The approach was also undermined by the project design itself, which identified specific targets for most outputs. A school-based focus requires considerable resources for school support, which were not provided adequately for in the design. Implementation of the approach strengthened when requirements for the school development plans were simplified, more guidance and resources provided to principals, and a stronger focus on individual school needs developed. This approach is now widely accepted, and is used as the basis for allocating a large proportion of the resources going to schools nationally and locally.

9. Overall, the strategy for improving the provision and quality of JSE in the project provinces was sound. The target of achieving cost-effective JSE coverage was quite successful and the establishment of new public schools was able to complement provision in the private sector. The school-based approach to resource allocation contributed to project relevance and efficiency, and is now widely accepted as a credible approach to resource allocation. The support to innovation yielded many valuable initiatives that are also now widely accepted.

B. Project Outputs

10. Details of the Project's key components and performance according to the project framework are in Appendix 1. The Project performed very well in achieving its targets, with achievement rates of well over 100% for most outputs (Appendix 2). Some of the original targets had to be revised during project implementation in response to the school development plans and identified needs, and some new targets were added in response to changing conditions. The setting of so many specific output targets at appraisal was inconsistent with a needs-based approach.

1. Increased JSE Enrollment

11. Basic education indicators for all project provinces are presented in Appendix 3. The Project was successful in increasing enrollment and participation rates in JSE during the project period, in a period of economic hardship when higher dropout rates could be expected, and can therefore claim to have improved access to JSE, as well as contributing significantly to Indonesia's goal of UBE. Enrollments increased by 13% across the project provinces from 1999/00 to 2003/04 compared with a national increase of only 2% (Appendix 4).

12. A significant increase in enrollment was achieved by building 356 new schools, and 1,032 new classrooms in existing schools. Innovative retrieval programs that facilitated the re-entry into JSE for almost 15,000 out-of-school youth also helped raise transition rates. Transition rates increased significantly across project provinces, from a range of 71–95% in 1999/00 to 75–98% in 2003/04, indicating that this component was successful. By 2003/04, all provinces were near or above 90%, with two reaching 98% (the average national transition rate was 81%). Only Gorontalo remained low, at 75% (Appendix 5). JSE enrollments were further boosted by newly-introduced remedial programs for low-achievers that reduced the risk of dropout among 38,200 JSE students. Provincial dropout rates decreased from 6.3% to 5.1% during the Project (Appendix 5).

13. In remote areas, access was expanded successfully by the creation of almost 39,000 new student places (against a target of 34,200) through the construction of 324 schools each with three classrooms, a library and teacher housing, especially designed for areas with low population density. All schools were operational at the time of the PCR mission, with full

complements of teachers and students. Some schools had received additional facilities and equipment from the school committee or district government. This program was successful.

14. To create a more stable supply of teachers for remote schools, 1,774 high school graduates from remote areas were given scholarships to qualify as teachers (the target was 1,770). All but 20 students graduated, but mostly just after the Project ended. The original intention to recruit the graduates as teachers near their homes was not fulfilled, as no measures were put in place to ensure their employment. The recruitment of these graduates proved more difficult than envisaged, as districts are now responsible for hiring teachers. No data are available on the employment of these graduates, but the number is probably low. This activity was therefore only partly successful.

15. Alternative delivery modalities were promoted through "open schools" that are outreach programs of regular, "mother" schools for students unable to attend regular school classes.⁴ It was decided not to open any new open schools under the Project as the Government had increased the number of open schools rapidly just before the Project began. The focus instead was on improving the quality and relevance of 294 existing open schools, each of which operated several satellite centers. All schools received operational grants; resource rooms in 152 schools were upgraded; and new motorcycles and motorboats for teachers to visit students, telecommunications, life skills equipment, and 29,000 sets of student modules and teacher handbooks were provided, all according to target. The Project benefit monitoring and evaluation (BME) surveys found that resource rooms, modules, and handbooks were well used, although not all schools had received complete sets of modules. The life skills program, covering sewing, cooking, agriculture, etc., seemed very popular in the schools visited. The program was successful as 30,000 students per year had the opportunity to access JSE. Enrollments in open schools increased by 10%, and there was a high success rate in the final examinations. This program was successful.

16. Improved school facilities through new and upgraded classrooms, also played a large part in raising enrollments. This activity was implemented using the highly successful assistance scheme for facilities improvement (ASFI) developed under earlier ADB projects. In this Project, it was extended to public schools. However, the contribution from the target community for ASFI was only 10% of total cost rather than the target 30%, as public schools parents were initially unused to being asked to contribute to school building. The target for new classrooms was increased, and that for rehabilitation decreased, as it was found that most old classrooms were not worth repairing. In all, the Project provided 1,032 new classrooms (40,000 student places) and upgraded 1,027 existing classrooms (41,000 places), far above the targets. This program was very successful.

17. **Programs for Special Groups.** Pilot programs were developed to increase enrollment among disabled children. Four schools for the disabled were supported with teacher training (in-country and overseas) and with teaching and life skills equipment. Sixty special education teachers were upgraded to diploma or degree status, of which 95% returned to their original schools. In-service courses were provided to 334 teachers. Enrollments in special schools in project provinces increased by 35% compared with a national increase of 12%. However, the numbers are small, partly because schools suffer from chronic underfunding, and partly because many parents are unwilling to admit the presence of disability in their families. Both

⁴ 'Open' schools were developed under Loan 1184-INO: Junior Secondary Education Project, and have been a great success in providing education opportunities to children who are unable to attend regular school because they live in remote areas or have to help their families. They will continue to play an important role until UBE is achieved.

adequate funding and effective socialization campaigns were assumptions of the project design which were not fulfilled. This activity was only partly successful.

18. The Project focused instead on an imaginative pilot program to promote the integration of disabled children into mainstream schooling. Children with only moderate disabilities were selected from special schools and placed in regular classrooms in eight schools. At the end of the Project, there were 35 children in integrated classes. In the schools visited during the PCR mission, reactions were positive. The teachers interviewed agreed that the benefits of the program far outweighed problems such as the lack of specialized training and special equipment in the regular schools. The children gained in confidence, were able to make friends more easily, and were accepted by the other students. This pilot program was successful.

19. Pilot programs were also developed for children from culturally distinct communities. School participation was encouraged through the building of 30 new public schools, training for principals and teachers in cultural sensitivity, production of eight videos on specific communities (these are now part of the national school-based management training program), and block grants to 15 schools so they could provide funding to 7,100 students and develop local curriculum content. Training in school–community relations was also provided. Although most of the physical targets were met, this program is rated not successful because the coverage was too low and inputs not well coordinated, resulting in a low impact in the selected areas.

2. Improved JSE Effectiveness

20. **School Management.** The Project supported training in school development planning for 14,161 school principals (the target was 2,020) and school administration and management. A total of 1,100 candidates for principal positions were also trained. The component was expanded and strengthened in line with MONE's new national policy on school-based management. The conventional training system was overhauled and a new system of competency-based training developed based upon identified minimum competencies for principals. A competency assessment test and a full set of training modules based on the competencies were also developed. Around 50% of the principals received the competency-based training. Some also received overseas training in planning and management. The principals interviewed said that the training courses had helped them to improve school management, supervise staff, and manage school–community relations. All principals received school management manuals (14,161 against a target of 2,336), which were highly appreciated.

21. An expanded school management program focusing more explicitly on institutional development was developed during the Project. The training program included the principal, an administrator, teachers and school committee representatives (parents) from 502 schools. Block grants of Rp30 million were given to all schools to support implementation of school-based management, on the basis of proposals made by the schools. By the end of the Project, almost all principals of public schools and many from private schools had participated in the specialized competency-based training, in addition to the 502 covered by the more inclusive school management program. The Project made intensive efforts to ensure that school management would improve in the project provinces. This component was successful.

22. **School Supervision.** Supervisors were trained in supervision skills, and learned monitoring and evaluation through involvement in project activities. Motorcycles, motorboats, telecommunications equipment, and operational funds were provided to supervisors to facilitate their school visits. Supervisors were also given training in academic supervision (400 against a target of 320), core subject content (145 supervisors), school-based management (652) and

planning and management (overseas training). The success of this component was undermined by the slow transfer of supervisors during the Project from provinces to districts as part of decentralization. Nevertheless, the BME school survey found almost 90% of project schools had received at least one visit from a supervisor during the previous year, and that 75% of principals described the supervision as adequate. To further improve the effectiveness of supervision, a more comprehensive, district-based capacity building program is needed. This activity was partly successful.

23. **Teacher Development.** A major component of the Project was to improve the qualifications and quality of teachers. Undergraduate degrees were awarded to 7,298 teachers, (project target was 7,000), of whom 98% graduated successfully with degrees in core teaching subjects. However, the courses would have been more relevant if the universities had adapted their regular programs to the needs of these experienced teachers. Nevertheless, participants reported in the BME surveys that the subject matter and approaches were largely new to them. On the PCR mission's visits to schools, teachers confirmed that they had learned, and were now applying, a variety of teaching methods. It was also found that almost all teachers had returned to their original schools. In the project provinces, the percentage of teachers with university degrees increased from 23% at the beginning of the Project to 47% in 2003. This large training program was, therefore, successful.

24. The extensive in-service training program involved a ground-breaking system of competency-based training. In the first year of the Project, the training program used conventional methods to train 26,526 teachers through 3-month programs. Complaints by teachers of duplication with earlier training and resulting inefficiencies led to the development of a competency-based training program. Minimum teacher competencies were identified, learning modules were developed, and an assessment test was designed to test mastery of these competencies. This approach was intended to ensure greater efficiency in training, and the mastery of minimum competencies among all teachers. The training was different from conventional programs, as it was tailored to individual needs, made teachers more active, and encouraged them to be creative. A total of 44,648 teachers were trained, most of whom were positive about the new approach. Although there was some mistargeting, the program was successful not only in far exceeding the target of 11,100 teachers, but also in introducing a completely new approach to in-service training. The program has been adopted at the national level and was very successful.

25. **Instructional Materials.** On the basis of requests from 2,683 project schools, the Project supplied 137,440 sets of textbooks (target 122,000), as well as 2,303 sets of library reference materials (target 1,840) and audiovisual materials. The PCR mission found shortfalls in reference books and, to a lesser extent, textbooks in some schools. While the target was reached, there is still a large unfulfilled need for books that could have been met more effectively. Part of the reason for the shortfall stems from school requests, as it seems that many principals and school committees do not regard books as a priority. This activity was partly successful.

26. A major thrust of the Project was the development of new contextual learning materials. These are based on the 2004 competency-based curriculum, and make learning more meaningful through the use of real life examples, and a "bottom-up" method of teaching. The materials were not ready until late in the project, so never went beyond the piloting stage, in 33 schools. However, large numbers of teachers received initial training on the materials and 100 were trained overseas for three months. Teacher reaction to the contextual learning approach was generally positive, with all agreeing that students enjoyed the classes more because they were

more active. The fact that many districts are now planning to implement this program is testament to its success. The level of financial support generally planned, however, will not cover the cost of reproducing enough student materials. This activity was successful.

27. **Educational Resources.** Critical school resources to make learning more effective were provided through ASFI in the form of 467 science laboratories, for which 2,169 science equipment kits were distributed; 185 new language laboratories, each with 30–40 listening stations; 243 computer laboratories, each with 20 computers and a server; and 455 libraries, which received 2,303 sets of reference books. All targets were met or exceeded. Teachers were also trained in the use of computer and language laboratories, and as librarians. The computer laboratories are well used in all schools, and sometimes even used to generate income that is used to maintain and repair the computers. The language laboratories are also well used, although breakdowns are difficult to repair. Use of the libraries would improve if the collections in the smaller schools were expanded and made more interesting. Science equipment is generally used by the teachers only for demonstrations mainly because there are too few kits and chemicals to go around, and because practical science is not examinable. To make science laboratories in Indonesian schools fully effective, fundamental changes are needed in terms of how teachers view and are trained in practical science, in funding for maintenance and supplies, and in changes to the examination system. All of this was beyond the boundaries of the Project. Although further effort is needed to maximize utilization of these resources, they are all of good quality and have already contributed to improved student learning. This activity was successful.

28. **School-Based Teaching Innovations.** Teachers and schools received over 1,000 block grants through a competitive process to experiment with teaching innovations of their own design. Grants were used for activities to enhance learning and improve school management, but they were also used to supplement teacher incomes and buy equipment. Some worthwhile innovations were developed, but the program required better guidance and support from project staff, and better dissemination of innovations. It was partly successful.

3. Strengthened Management of JSE

29. The Project responded to the decentralization of education management by redirecting efforts to improve education management towards schools and districts. The project design had assumed that provinces would continue to have major responsibility for JSE. To prepare district officials for decentralization, training programs were delivered to 420 district officers covering education planning, project management, education management information systems (EMIS), finance and accounting, and preventive maintenance. The impact of the district capacity building program was weakened by frequent changes in district staffing in the early years of decentralization. In response, the Project conducted a district capacity audit in 2002, and prepared competency profiles and instructional modules that were used in training courses for senior district officials. Demand for further training on this program is high, and the modules have been adopted into the national district capacity building program. It was successful.

30. The development of district capacity to collect data and manage an EMIS was correctly recognized as essential. Training courses were given to about 6,000 officers, and computers and EMIS software were installed in 76 districts. However, after decentralization, some districts did not prioritize information management, which undermined the sustainability of the EMIS. At the national level, there is a need to rationalize the three databases covering junior secondary education, to come up with one uniform national system that links systematically to district databases, and provide incentives to districts to use the data in planning and allocating

resources. Until this happens, EMIS initiatives will have little chance of success. Because of these constraints, the EMIS program was only partly successful.

31. The strengthening of school-based management was an important element in strengthening JSE management. The school-based management program is now a national policy and program. Assistance to 502 schools was provided as part of a package covering workshops for principals, teachers and school committees, plus a grant of Rp30 million/year for 3 years to implement school-based management. The program was successful in improving internal management but less successful in helping schools build external linkages and raise funds. The BME surveys found that project schools scored better than schools in the national program in school-based management, and that project schools that had implemented school-based management successfully had better student performance. The program was successful.

C. Project Costs

32. At appraisal the total project was estimated at \$300 million equivalent, of which \$74.9 million (25%) represented direct and indirect foreign currency costs, including \$23.5 million for interest and other charges during construction (IDC), and \$0.3 million for service charges. The balance of \$225.1 million equivalent (75%) represented the local currency cost, including taxes and duties.

33. The actual total project cost amounted to \$274.5 million equivalent, of which \$60.3 million (22%) represented the direct and indirect foreign exchange currency costs, including \$13.7 million IDC and \$0.14 million for service charges. A detailed breakdown of the costs can be found in the Basic Data section above and in Appendix 6. During implementation, a total of \$20.7 million was cancelled from the loan proceeds in response to the devaluation of the rupiah. Upon closing of the loan accounts, the remaining \$10.3 million of unutilized loan proceeds, arising largely from the rupiah devaluation, was cancelled.

D. Disbursements

34. The loan funds were utilized through an imprest account with a maximum account ceiling of \$1.5 million, and a maximum statement of expenditures ceiling of \$0.1 million per item. Disbursements during the first 3 years of the Project were slow but they accelerated during the last 3 years. The imprest account was effective in easing the funds flow for expenditures. The review missions conducted random audits of the withdrawal applications for statements of expenditure and noted that all supporting documents were filed neatly and in order.

E. Project Schedule

35. Project implementation was reasonably consistent with the planned implementation schedule as shown in Appendix 7. The Project was approved on 6 November 1997 and was completed on 31 December 2003 after a 4-month extension due to a delay in the release of the government budget in 2003. The loan accounts were closed on 28 July 2004, the date of the last disbursement.

F. Implementation Arrangements

36. The executing agency was generally competent and committed, which enabled the Project to achieve the required project outputs and project purpose. There were no major changes in scope or implementation arrangements during the life of the Project.

G. Conditions and Covenants

37. Compliance with the major conditions and covenants was generally satisfactory (Appendix 8). Four of the 52 covenants were cancelled from the Project as they were not considered relevant. The cancellation of these covenants had no major impact on project performance. Three covenants were only partly complied with: (i) the central project implementation unit (CPIU) and provincial project implementation units (PPIUs) failed to maintain adequate asset inventories; (ii) district advisory committees were not established, but local project coordinators were appointed instead as this was considered more workable; and (iii) not all schools had the capacity to submit consolidated semi-annual financial statements.

H. Consultant Recruitment and Procurement

38. The recruitment of consultants and procurement of goods and services were made in accordance with agreed procedures and as scheduled. There were no major problems encountered with paying of contracts, preparation of bidding documents, and evaluation of bids.

I. Performance of Consultants, Contractors, and Suppliers

39. The performance of the consultants was generally satisfactory, despite the replacement of the team leader and one consultant from one of the two consultant teams at the request of the Government. The replacements were caused by differences in working styles, not a lack of competence. The performance of contractors and suppliers was considered generally satisfactory, except for a few minor problems on the quality of some furniture delivered to schools and some delays in delivery. With regard to civil works, there were some cases where contractors built substandard facilities. These cases were investigated by the Government and appropriate penalties were imposed. Any shortcomings in construction, including noncompletion, were covered by provincial funds. These isolated cases did not have any major effect on the quality of project outputs, schedule, or costs.

J. Performance of the Borrower and the Executing Agency

40. The Government was very committed to achieving the project objectives. Adequate budget and staff resources were provided. The CPIU and PPIUs were established as planned. There was adequate policy guidance from BAPPENAS and MONE. The Government provided 48% of total project costs.

41. The executing agency has sound institutional capacity and competence and was able to sustain project activities very effectively. However, as decentralization progressed, it became difficult for the CPIU to maintain management control over the Project. A comprehensive monitoring mechanism through effective district-based management information systems, linked to the provinces, would strengthen project monitoring and management at all levels of the system. The performance of the Borrower and the executing agency is rated satisfactory.

K. Performance of the Asian Development Bank

42. ADB provided strong and supportive advice during nine review missions. ADB has demonstrated flexibility in determining project priorities, project targets, outputs, and project implementation strategies. ADB was responsive to the requests of the executing agencies, and provided sound financial recommendations. One of the reasons for the project's success was the ability of both ADB and the government to discuss the development issues during project

implementation and make appropriate adjustments and actions. The overall performance of ADB was satisfactory.

III. EVALUATION OF PERFORMANCE

A. Relevance

43. The Project was in accordance with both government policy and ADB sector strategies at the time of appraisal, and contributed to increasing access to 9 years of basic education, particularly in remote and underserved areas. When external conditions changed as a result of decentralization, the Project responded quickly by re-orienting institutional strengthening initiatives to district and school level, and making block grant payments directly to schools.

44. The project design addressed the key development issues in JSE successfully, particularly through its focus on improving education services in underserved and remote areas, and among groups with traditionally low access. The project design promoted an inclusive, systemic approach to education development by including all four types of schools (private, public, secular, nonsecular) as project beneficiaries, the first time this had been done. This proved highly relevant as this view of a unitary education system forms the basis for the National Education Law, 2003. The needs-based approach to the allocation of project resources also presaged the current emphasis upon school-based planning and management, now a national policy. That this proved difficult to implement at times does not undermine its relevance. However, the setting of specific project targets for activities and inputs was at odds with this approach. The promotion of innovation in the design led to important changes in the nationwide development and management of JSE. The major changes to education management caused by the move to autonomous district education management, which called for some design changes during implementation and may affect the sustainability of initiatives, was not foreseen when the project was designed in 1996/97. The Project is therefore assessed as highly relevant.

B. Efficacy in Achievement of Purpose

45. The Project was expected to achieve three main outcomes: (i) increased JSE enrollments and more equitable access; (ii) improved JSE quality; and (iii) a strengthened institutional framework. The Project is assessed as highly efficacious as all three of the desired impacts were achieved.

46. **More Equitable Access.** Enrollments increased by 13% across the project provinces from 1999/00 to 2003/04, in contrast with the average national increase of 2% (Appendix 3). This means that the Project was very successful at increasing overall access to JSE. Enrollment growth ranged from 7% to 18% across provinces except for the new province of Gorontalo which grew much faster, from a small base. In line with national trends, growth rates were highest for private madrasah (27%), which provide cheap education in rural areas (Appendix 4). Gross enrollment rates also increased by more than the national average (9.8%) in all provinces except Gorontalo (Appendix 9). Growth rates ranged from 7% (Gorontalo) to 33% (North Sulawesi), with other provinces ranging from 12-22%. On current growth rates, the Government could achieve UBE by 2008 in North Sulawesi (where the gross enrollment rate is already 96%), East Kalimantan (now 87%) and Southeast Sulawesi (now 91%), and by 2015 in Central Sulawesi (now 76%). Extra effort will be needed to reach UBE by 2015 in Gorontalo and South Kalimantan.

47. The Project also met the targets set for the relationship between project inputs and enrollment increases: by the end of year 3, 86% of new capacity in the new schools had been utilized, against a target of 50%. This increased to 204% by the end of year 5 (the target was 75%). Project targeting of resources was also accurate: 91% of the increased capacity in new schools was in remote or rural areas.

48. The target to reduce dropout rates across the project area to 2.5% was ambitious because, at the time the Project was designed, four provinces had dropout rates of 8-10%. It is therefore not surprising that only two provinces, Gorontalo and Southeast Sulawesi, managed to achieve this target. Dropout rates were reduced in all provinces, however, from an average of 6.3% in 1999/2000 to 5.1% in 2003/04, so the Project had a positive impact. Large influxes of refugees in several of the project provinces during the course of the Project contributed to dropout rates (Appendix 5).

49. **Improved JSE Quality.** An analysis of scores on the final exit examination in the three largest project provinces (data not available for other three) reveals that the target of an average 10% increase in scores in the core subjects was met. Performance improved in Bahasa Indonesia and science in all three provinces, and in mathematics and English in two provinces. There was a very large improvement in North Sulawesi, moderate improvement in East Kalimantan, and a mixed performance in South Kalimantan (see Appendix 10). These large differences across provinces may be in part a reflection of the recent decentralization of assessment to the provincial level.

50. **Strengthened Institutional Framework.** The target that 80% of the project budget should be spent annually, and that all physical targets achieved annually was met. It is difficult to evaluate whether the institutional framework for JSE was strengthened because of the enormous changes in institutional arrangements for education management that occurred at the same time. The Project responded to these changes by redesigning the capacity development program to focus on institutional development at the district and school levels rather than at the provincial and central levels as originally planned. It is fair to say that the capacity to manage education is probably stronger on the whole than it would have been without the Project. It is impossible to assess the larger issue of whether the decentralized institutional framework is stronger than it was at the beginning of the Project before decentralization.

C. Efficiency in Achievement of Outputs and Purpose

51. The Project was efficient as it managed to achieve more than 100% of the planned outputs at a lower cost than planned. It was also successful in achieving cost-efficient coverage of JSE in project provinces by maximizing the use of existing facilities and encouraging full utilization of new facilities. As a result of careful location planning for all new schools, the negative impact of this expansion on the private sector was minimized. While 356 new schools were built, only 76 unregistered private schools closed. This decline in the number of low-quality private JSE schools reflects a national trend (supported by government policy to upgrade JSE quality). Enrollments in larger, better private schools increased, as did as the proportion of private schools at the top levels of accreditation. Project interventions aimed to strengthen the public and private sectors, as well as *madrasah*, and to ensure upgrading to minimum standards and optimal enrollment. A major achievement was the fairly equitable distribution of project interventions among different sectors, according to the internal targets set (Appendix 11).

52. The school-based approach also resulted in some improvements in efficiency, as interventions were directed towards schools that (i) requested and justified the interventions and

(ii) had the capacity to absorb and sustain them (defined by a set of qualifying criteria that tended to exclude small private institutions). This approach was implemented reasonably well, even though the quality of some proposals was poor, and the requests were not always followed by the Project. A supply-driven approach is easier and faster and did remain part of implementation, but there was a substantial improvement over previous projects.

53. One indicator of the success of the demand-driven approach was the good utilization of project facilities. All of the new schools quickly attracted a full quota of new enrollments, while the new computer and language laboratories were also well utilized. However, the use of the science laboratories for conducting practical science still needs improvement. The majority of the teachers and principals interviewed confirmed that they were using ideas and materials gained from the training they had received, and were able to give concrete examples. As well, the internal efficiency of schools increased after the marked reduction in student dropout.

54. One area where cost-effectiveness could have been improved is the operation of the new schools. Although these small schools were designed for only 120 students, the Government decided to allocate a full complement of single-subject teachers. It would have been more efficient to have fewer teachers with higher teaching loads, although it should also be acknowledged that many of these schools are expanding more rapidly than expected. This policy decision was not under the control of the Project.

D. Preliminary Assessment of Sustainability

55. The Project is likely to be sustainable. Several of the programs developed have been continued in the project area using central and district funding, and expanded to other provinces through national funding. The competency-based approach to in-service teacher training is now being implemented nationally. A national competency assessment of teachers was carried out, followed by provincial training in the competencies not mastered. The program is now in its second year, and so far 80,000 teachers have been trained using this approach. The intention is to cover all 400,000 JSE teachers in 5 years.

56. The programs promoting school-based management and community participation in school development have already been supported by most Project districts, which provide 30–40% of the costs with the balance contributed by the community. The contextual learning approach has been incorporated into the 2004 national curriculum as one of the teaching-learning methods to be used in implementing this curriculum. The retrieval program and the “life skills” initiative piloted under the open school program are being continued in many districts and have also been adopted nationally. Finally, the pilot program integrating moderately disabled children into regular classrooms is continuing in Project districts and has been further developed into a national program of Inclusive Special Education. The one initiative that has little prospect of being sustained is the program that recruited and trained as teachers high school graduates from remote areas. There is no mechanism for ensuring that these teachers will be hired by districts, or that they would then be posted to a remote area.

57. A constraining factor in some districts at present is the funding available for regular, non-salary school operations. Salaries are covered by the national government, but districts are expected to contribute to school operating costs. Schools in some districts reported that funds had decreased since decentralization, although substantial contributions from school committees plus additional block grant funding from central MONE, had helped offset these shortfalls. Current district allocations to education are increasing quite significantly as districts strive to meet the requirement of the National Education Law that the education budget must

form 20% of the national budget and all district budgets. From 2004 to 2005, the national education budget increased from 6% to 9% of the national budget, and further large increases are expected in 2006 and subsequent years until the target of 20% is reached. Much of this increase will flow to districts to support school operations.

E. Environmental, Sociocultural, and Other Impacts

58. In respect of other impacts, the Project is rated as substantial. It was successful in delivering a well-received program of competency development to district officials, and in promoting social and gender equity. The Project also impacted substantially on the JSE system as a whole, as many of the programs developed under the Project have been institutionalized not only in Project provinces, but have become National Development Programs driving major system reforms. The twin concepts of school-based management and community participation in school development are incorporated in the new National Education Law, 2003.

59. The success of the district capacity-building program, which provided officials with generic planning and management skills, is evident from the numerous requests still being received for this program. School management improved because of the successful management training program delivered to principals and members of the school committee. All of the schools visited during the PCR mission had functioning school committees, most of which seemed quite active. The Project's contribution to capacity development was successful.

60. Social equity was strengthened through improved access to JSE among students in remote and underserved areas, and students from low-income families. This occurred through the new schools built in remote areas, the strengthening of the open school program for children unable to attend regular school, and a program that "retrieved" students who had already dropped out of school. Over 50% of the teachers who were upgraded came from rural or remote areas. The pilot program in inclusive special education has been mainstreamed as a nationwide program and has raised awareness of the need to improve opportunities for disabled children. In Kalimantan, the program for culturally distinct communities has similarly raised awareness and districts are providing funding to develop culturally relevant materials. The Project was highly successful in its contribution to the furthering of social equity.

61. The Project's contribution to gender equity is evident in the 5% increase in girls' enrollment over the project period. The participation rate of girls was maintained at 49%, which is almost 1% higher than the national average. All Project capacity development activities were planned to ensure equal participation by women and men, and this was monitored carefully on ADB review missions. Women formed well over 50% of participants in the teacher upgrading programs. The Project also made a positive contribution to understanding environmental issues by strengthening science teaching, and through the contextual learning materials which focus on the local environment. The school building program had no negative environmental impacts.

IV. OVERALL ASSESSMENT AND RECOMMENDATIONS

A. Overall Assessment

62. The Project is rated highly successful.⁵ It met and often exceeded the targets specified for the outputs, achieved the project objectives of expanding access to JSE, improving JSE

⁵ This PCR is part of a sample of PCRs independently reviewed by the Operations Evaluation Department. The Review has validated the methodology used and the rating given.

quality and strengthening the institutional framework for JSE, and achieved the project goal by supporting government efforts to provide quality JSE to all school-age children within the context of government policy to achieve UBE. In addition, the Project founded a number of innovative programs that have since been mainstreamed. These achievements are noteworthy given the major changes that occurred in education management through decentralization, as well as the complexity of the Project. Apart from the move to a district focus in the capacity development program, the Project was implemented as envisaged, with most resources targeted directly at schools in accordance with their priorities.

63. The Project presaged the new National Education Law by treating the different education subsystems (public, private, secular, and nonsecular) as part of a unitary system. Although difficulties were encountered, this was a pioneering effort. The impact of the more inclusive approach upon the thinking of district officials, particularly in terms of resource allocation, was apparent during the PCR mission. A high level of support for many of the Project's activities and programs was also evident among district officials.

B. Lessons Learned

64. The flexible, open approach adopted by the Project successfully fostered a more holistic view to education development, changing the strong public-sector focus of district and provincial officials through the insistence on the inclusion of private schools and *madrasah*. The greatest success was with regard to private schools, as most districts now give them financial support.

65. In response to demands that quantitative indicators be included in project designs, many specific output targets were specified. This was inconsistent with the major design thrust to respond to school priorities and requests. As projects move increasingly towards demand-driven, community-based approaches, the way in which targets are set currently as part of the project framework needs to be re-examined.

66. The use of school development plans as a basis for project interventions was generally successful, but it requires an enormous amount of resources to ensure that development plans are sufficiently analytical and truly reflect school and community needs. The Project also made progress in the development of a district-based EMIS. However, a successful EMIS strategy requires a high degree of commitment from local government officials including assigned staff, extensive training, simple software, and clear links to education planning and policy.

67. The Project developed a new competency-based training program for teachers and principals, who appreciated the more focused training and reduced duplication. However, more training on implementation is needed, in addition to post-testing to ensure that all competencies have been mastered. The capacity development program for new district officials was a series of linked modules but a better option for this target group would be a series of seminars combined with ongoing guidance and support, closely related to concrete job tasks.

C. Recommendations

1. Project-Related

68. One of the major successes of the Project was the development and mainstreaming of new programs and initiatives. To ensure continued improvement and expansion of these programs, the following actions should be carried out by DJSS by end-2006, in collaboration

with provinces and districts: (i) the competency-based training framework for teachers and principals should be extended to include a post-test of competency levels, and a mechanism for competency certification; (ii) the capacity development program for district officials should be re-oriented towards a series of small-group seminars for officials in similar jobs, based upon competencies to be developed; (iii) the contextual learning program should be supported more actively, including provision of funds for training, monitoring, and purchase of teacher and student books and teaching aids; (iv) more effective promotion of good school-based management, including the development of sound school plans. A provincial team should be identified and trained to provide intensive support to selected schools in a 3–5 year cycle; (v) a mechanism for the continuing training of new school committees members should be developed; and (vi) a more effective awareness raising campaign is needed to encourage the parents of disabled children to send their children to school.

69. More efforts should be made by DJSS, with the support of provinces and districts, to (i) locate the graduates of the program that trained teachers for remote areas, and (ii) develop strategies to assist the recruitment of these graduates as teachers, as well as their deployment to remote, underserved areas. More effort should also be made to improve the effective use of science laboratories. The project assets inventory should be updated and completed under the leadership of DJSS by end-2005, to comply with the loan covenant.

2. General

70. To strengthen project implementation, future education projects should (i) ensure that competent project managers are present at the local level for the duration of the Project by including this in the project assurances; (ii) provide close supervision and support to inexperienced local governments as early as possible; (iii) provide adequate training in demand-driven approaches; and (iv) provide for independent monitoring and evaluation.

71. There are major problems in the collection, analysis and reporting of critical education statistics under the decentralized system. Statistics collected from districts and provinces are inconsistent and incomplete, and this is reflected in the national statistics. A comprehensive effort is needed to increase school coverage, and ensure more accurate data, using incentives and sanctions. At the district level, an integrated database covering both MONE and MORA is needed to generate more meaningful education indicators. A more accurate EMIS, would also promote effective and transparent resource allocation.

72. To support the private sector, districts need to appoint specific contact persons for private schools and madrasah, to provide an entry point for them to express their concerns. The partnership between MONE and MORA could be strengthened through regular consultation and joint planning activities, leading to more coordinated district-level development.

73. There is considerable variation in school operational funding across districts. In some districts, schools reported that they received more funding now than before decentralization, but in a few districts they received less. Some districts support both public and private schools, while others do not. Political factors also influence individual school allocations in some districts. To offset this variation, MONE is channeling substantial funds to districts from central sources, primarily for capital development. In-depth studies of district education financing are needed, in order to develop systematic guidelines and measures to ensure that schools are funded adequately from local sources, and that all children have equal opportunities.

PERFORMANCE SUMMARY AGAINST THE LOGICAL FRAMEWORK

Design Summary	Targets	Output	Assumptions and Evaluation																					
1. Sector/Area Goals																								
To support Government's efforts to provide quality junior secondary education (JSE) and educational opportunities to all school-age children within the context of government policy to achieve universal basic education (UBE) to grade 9 by 2003.	To achieve cost-effective coverage of JSE in the provinces of South Kalimantan, Central Kalimantan, North Sulawesi, Central Sulawesi, and Southeast Sulawesi by the end of the Project.		Ongoing Government commitment to the achievement of UBE targets. Commitment remains high.																					
2. Objectives (Proposed)																								
2.1 To promote equitable access to JSE.	Increase enrollment as a percentage of new capacity in project schools and alternative delivery modalities (at least 50% capacity utilization as of the third year of the Project and at least 75% capacity utilization by the end of the Project).	<p>Achieved. Capacity utilization of new schools 126% after year and 508% after fifth year.</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">%</th> <th style="text-align: center;">%</th> </tr> </thead> <tbody> <tr> <td>South Kalimantan</td> <td style="text-align: center;">46</td> <td style="text-align: center;">85</td> </tr> <tr> <td>East Kalimantan</td> <td style="text-align: center;">42</td> <td style="text-align: center;">15</td> </tr> <tr> <td>North Sulawesi</td> <td style="text-align: center;">(25)</td> <td style="text-align: center;">2</td> </tr> <tr> <td>Gorontalo</td> <td style="text-align: center;">(83)</td> <td style="text-align: center;">25</td> </tr> <tr> <td>Central Sulawesi</td> <td style="text-align: center;">66</td> <td style="text-align: center;">151</td> </tr> <tr> <td>Southeast Sulawesi</td> <td style="text-align: center;">197</td> <td style="text-align: center;">344</td> </tr> </tbody> </table>		%	%	South Kalimantan	46	85	East Kalimantan	42	15	North Sulawesi	(25)	2	Gorontalo	(83)	25	Central Sulawesi	66	151	Southeast Sulawesi	197	344	Ongoing government commitment to the achievement of UBE targets. Commitment remains high.
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	Drop out rates expected to be reduced gradually to a maximum of 2.5% by the end of the Project.	<p>Achieved rate is 5.1%, due to high dropout rates in <i>madrasah</i>.</p> <p>Drop-out rates, 2003/2004</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">%</th> </tr> </thead> <tbody> <tr> <td>South Kalimantan</td> <td style="text-align: center;">6.2</td> </tr> <tr> <td>East Kalimantan</td> <td style="text-align: center;">6.0</td> </tr> <tr> <td>North Sulawesi</td> <td style="text-align: center;">8.2</td> </tr> <tr> <td>Gorontalo</td> <td style="text-align: center;">5.5</td> </tr> <tr> <td>Central Sulawesi</td> <td style="text-align: center;">4.0</td> </tr> <tr> <td>Southeast Sulawesi</td> <td style="text-align: center;">2.2</td> </tr> <tr> <td>Average</td> <td style="text-align: center;">5.1</td> </tr> </tbody> </table>		%	South Kalimantan	6.2	East Kalimantan	6.0	North Sulawesi	8.2	Gorontalo	5.5	Central Sulawesi	4.0	Southeast Sulawesi	2.2	Average	5.1	Ongoing government commitment to the achievement of UBE targets. Commitment remains high.					
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Design Summary	Targets	Output	Assumptions and Evaluation																								
2.2 To improve the quality of JSE.	At least 10% increase in NEM scores for core subjects during the Project. Subjects to be monitored: sciences, mathematics, English, Bahasa Indonesia and social education.	<p>Percentage change in examination scores from 1999/00 to 2003/04 in the three subjects tested nationally.</p> <table border="1"> <thead> <tr> <th></th> <th>Indonesian</th> <th>Math</th> <th>English</th> </tr> </thead> <tbody> <tr> <td>East Kalimantan</td> <td>23.4</td> <td>1.8</td> <td>8.8</td> </tr> <tr> <td>South Kalimantan</td> <td>11.5</td> <td>-3.6</td> <td>-1.4</td> </tr> <tr> <td>North Sulawesi</td> <td>25.4</td> <td>94.1</td> <td>7.1</td> </tr> </tbody> </table>		Indonesian	Math	English	East Kalimantan	23.4	1.8	8.8	South Kalimantan	11.5	-3.6	-1.4	North Sulawesi	25.4	94.1	7.1	Ongoing government commitment to allocate the resources required to support quality improvement in schools under MOEC. Commitment to allocate the resources required remains high.								
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2.3 To strengthen the institutional framework.	At least 80% of project budget and spent targets met annually.	Achieved.	Ongoing government commitment to allocate the resources required to support quality improvement in schools under MOEC. Commitment to allocate the resources required remains high.																								
3. Project Components/Outputs																											
<p>3.1 Increasing JSE Enrollment.</p> <p>Improved transition/ re-entry into JSE of (i) low achieving primary school graduates, and (ii) junior secondary education-age children who have not completed primary education.</p>	<p>Special retrieval programs pilot-tested in selected districts.</p> <p>Number of entrants into JSE in pilot districts increased by 5% per year starting in the third year of the Project.</p>	<p>Retrieval program reached 14,607 primary school graduates plus recent JSE drop-outs (primary school dropouts not eligible for JSE because of age restrictions).</p> <p>Remedial programs for 38,218 low-achieving JSE students were established in all provinces to reduce dropout.</p> <p>Percentage change of size of Class 1 compared with previous year, for the fourth and fifth year.</p> <table border="1"> <thead> <tr> <th></th> <th>2002/03</th> <th>2003/04</th> </tr> </thead> <tbody> <tr> <td>South Kalimantan</td> <td>2.25</td> <td>2.40</td> </tr> <tr> <td>East Kalimantan</td> <td>(11.72)</td> <td>15.50</td> </tr> <tr> <td>North Sulawesi</td> <td>0.15</td> <td>6.49</td> </tr> <tr> <td>Gorontalo</td> <td>2.48</td> <td>(8.45)</td> </tr> <tr> <td>Central Sulawesi</td> <td>3.86</td> <td>(4.65)</td> </tr> <tr> <td>Southeast Sulawesi</td> <td>4.14</td> <td>9.88</td> </tr> <tr> <td>National</td> <td>(0.35)</td> <td>0.92</td> </tr> </tbody> </table>		2002/03	2003/04	South Kalimantan	2.25	2.40	East Kalimantan	(11.72)	15.50	North Sulawesi	0.15	6.49	Gorontalo	2.48	(8.45)	Central Sulawesi	3.86	(4.65)	Southeast Sulawesi	4.14	9.88	National	(0.35)	0.92	<p>Support of principals, local government and acceptance by parents.</p> <p>Effective program socialization.</p>
	2002/03	2003/04																									
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Design Summary	Targets	Output	Assumptions and Evaluation																											
Increased enrollment in JSE of needy students and reduced dropout of students with financial difficulties.	Up to 34,000 JSE-age children (60% girls) from lower-income households to be provided free access to JSE through grants-in-aid.	Moved to social safety net program by Government.	Poverty restricts school attendance. <i>BME found that poverty has more of an impact on transition rates from primary schooling, than on drop-out rates once in JSE.</i>																											
Increased enrollment through the expansion and further development of innovative delivery modalities in junior secondary education (i.e. open and small SLTPs) to reach children living in remote areas.	About 34,200 new student places created through 178 new open schools, 185 new small schools and 53 upgraded open schools.	Achieved. Target: 185 new small schools and 22,200 new places. Actual: 356 new small schools and 42,720 new places. No new open schools were established during the Project, in accordance with new policy.	Efficiency and quality in open schools and small schools can be attained.																											
Improved facilities in project schools to support greater student enrollment.		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Activity</th> <th style="text-align: center;">Target</th> <th style="text-align: center;">Actual</th> </tr> </thead> <tbody> <tr> <td>1. New classrooms</td> <td style="text-align: center;">284</td> <td style="text-align: center;">1,032</td> </tr> <tr> <td>2. Upgraded classrooms</td> <td style="text-align: center;">1,000</td> <td style="text-align: center;">1,027</td> </tr> <tr> <td style="padding-left: 20px;">Total classrooms</td> <td style="text-align: center;">1,284</td> <td style="text-align: center;">2,059</td> </tr> <tr> <td>3. Water supply units</td> <td style="text-align: center;">1,091</td> <td style="text-align: center;">291</td> </tr> <tr> <td>4. Sanitary facilities</td> <td style="text-align: center;">965</td> <td style="text-align: center;">240</td> </tr> <tr> <td>5. Electrical supply units</td> <td style="text-align: center;">709</td> <td style="text-align: center;">244</td> </tr> <tr> <td>6. Student dormitories</td> <td style="text-align: center;">60</td> <td style="text-align: center;">48</td> </tr> <tr> <td>7. Teacher housing units</td> <td style="text-align: center;">100</td> <td style="text-align: center;">76</td> </tr> </tbody> </table>	Activity	Target	Actual	1. New classrooms	284	1,032	2. Upgraded classrooms	1,000	1,027	Total classrooms	1,284	2,059	3. Water supply units	1,091	291	4. Sanitary facilities	965	240	5. Electrical supply units	709	244	6. Student dormitories	60	48	7. Teacher housing units	100	76	Student catchment areas adequately identified. Distance and terrain affect school attendance. Willingness of the school community to provide in-kind support (i.e., voluntary labor) for minor rehabilitation works. <i>Community was willing to contribute, although target of 30% was not achieved for public schools.</i>
Activity	Target	Actual																												
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More efficient use of existing special schools (i.e. SLTP LBs) and increased enrollment of disabled children.	Special program to improve catchment of disabled children in existing SLTP LBs piloted in selected districts.	A program to integrate moderately handicapped children in regular schools was piloted. This resulted in more efficient use of existing special schools, as teachers were able to give more attention to the severely disabled. 35 students were integrated into 8 regular JSE schools; half were blind. The enrollment of children in special schools increased by 35% (national increase 12%).	Commitment of MOEC to provide adequate budgetary resources to special education programs. Effective socialization programs. <i>Neither of these assumptions was realized satisfactorily.</i>																											

Design Summary	Targets	Output	Assumptions and Evaluation
Improved access to JSE in vulnerable ethnic communities.	Methodologies for cultural sensitivity training for school teachers developed.	Workshops conducted for 90 principals and 200 teachers. Project produced eight documentary videos. Fourteen new schools built in remote, ethnic minority areas. These materials are now part of the national school-based management training program. Sixteen cultural minority block grants to schools. Six schools used the block grants for scholarships. Three schools used the block grants for ethnic local content.	Commitment of MOEC to allow use of schools to collect information on and preserve ethnographic history.
3.2 Improving JSE Effectiveness. Strengthened role of school principal in management and academic guidance.	2,020 principals of project schools trained in school management and administration; and academic guidance. 2,338 sets of school supervision manuals distributed to project schools.	6,705 principals trained using conventional materials. 7,456 principals trained using competency-based training materials. Each participant received a manual to take back to his/her school. Principals confirmed the following skills were acquired: <ul style="list-style-type: none"> • school management, • school supervision, • cooperation with teachers, parents, students and PTA. 	Minimum learning standards introduced by MOEC to commit principals to improve school quality and actively manage their schools. Not yet done. More active role of supervisors supported by MOEC provincial offices. Supervisors now under districts.
Improved school supervision.	320 supervisors trained in academic supervision in core subjects. Operational and transport support provided for supervision activities.	41 supervisors trained in core subjects using conventional materials. 104 supervisors trained in core subjects using contextual learning and competency-based training materials. 400 supervisors trained in clinical supervision. 652 supervisors trained in various aspects of school management. Block grants for operational support for supervisors provided to districts. Forty-one supervisors trained in core subjects using conventional materials; 104 supervisors trained in core subjects using contextual learning	Adequate number of supervisors in MOEC provincial offices. Supervisors were gradually transferred to districts after decentralization.

Design Summary	Targets	Output	Assumptions and Evaluation
	<p>Innovative schemes for improving supervision in remote areas pilot-tested.</p>	<p>and competency-based training materials; 400 supervisors trained in clinical supervision; 652 supervisors trained in school management.</p> <p>The Project provided the following for remote area supervision:</p> <ul style="list-style-type: none"> • 98 motorcycles (target 92) • 43 motor boats (target 38) • 243 sets of communication equipment (target 202). <p>More than 90% of supervisors in 3 provinces reported receiving project motorcycles.</p>	
<p>Better trained teachers.</p>	<p>Teachers' methodology programs and classroom-tested assessment programs developed.</p> <p>11,800 teachers upgraded to minimum qualification.</p> <p>11,100 teachers in-service training in core subjects and methodology.</p> <p>1,100 teachers trained in multi-grade teaching for new small schools.</p> <p>1,150 special education teachers upgraded.</p> <p>4,700 librarians and laboratory staff.</p>	<p>A competency-based inservice training program developed for teachers.</p> <p>Project provided 2,590 contract teachers to replace teachers sent to upgrading programs, against a target of 1,327.</p> <p>9,072 teachers upgraded through university programs.</p> <p>47% of all teachers qualified at end-of-project. Remaining unqualified teachers did not fulfill age or other requirements for university programs or did not want to participate.</p> <p>26,516 teachers trained in core subjects using conventional materials.</p> <p>44,648 teachers trained using competency-based teacher training materials.</p> <p>3,247 teachers training in contextual teaching and learning.</p> <p>1,065 teachers were given in-service training for new small schools.</p> <p>1,140 special education teachers upgraded through 1-year university program.</p> <p>2,380 staff (teachers and others) trained as librarians.</p> <p>3,167 staff (teachers and others) trained in laboratory management.</p> <p>5,547 total staff trained for libraries and laboratories.</p>	<p>Teachers available for upgrading and willing to attend training programs without disrupting school.</p>

Design Summary	Targets	Output	Assumptions and Evaluation
	Operational support to school cluster-based training activities provided.	29,914 teachers trained through teacher cluster training activities.	
Improved availability and distribution of instructional materials.	<p>122,000 sets of textbooks provided to project schools.</p> <p>Open schools provided with 22,300 sets of learning modules.</p> <p>1,404 sets of teaching aids for open schools.</p> <p>2,404 sets of reference materials provided to existing schools and open schools.</p> <p>1,429 science laboratory kits provided to existing schools.</p> <p>155 computer laboratory kits provided to existing schools.</p>	<p>137,440 sets distributed.</p> <p>29,093 sets distributed. Average utilization of learning modules is 81%.</p> <p>Storage facilities at satellite centers are inadequate, so suggestions for teaching aids were incorporated into teacher guides.</p> <p>2,303 sets distributed.</p> <p>2,169 kits distributed.</p> <p>220 computer sets (20 computers + 1 server) provided.</p>	
Educational resources enhanced.	370 science laboratories upgraded.	<p>459 new science laboratories.</p> <p>8 rehabilitated science laboratories.</p> <p>Average utilization of science laboratories is 60%.</p> <p>1,020 science teachers and 634 laboratory technicians were trained in the use of the science laboratory.</p> <p>32% of schools report that students perform experiments for themselves in 40%–60% of laboratory classes.</p>	<p>Libraries, laboratories and instructional materials used regularly and effectively and properly maintained by the schools.</p> <p>Generally fulfilled but not in all schools. Use of science laboratories for practical science faces some constraints requiring national action.</p>

Design Summary	Targets	Output	Assumptions and Evaluation
	<p>155 language and computer laboratories developed.</p> <p>170 skills development units developed.</p> <p>450 libraries upgraded.</p>	<p>185 new language laboratories. 243 new computer laboratories. Average utilization of computer laboratories is 60%. 70% of schools report that computer laboratories are used every day for computer classes.</p> <p>177 new vocational rooms Average utilization of vocational rooms is 62%. 14% of schools report that vocational skills rooms are used for vocational skills classes; 30% of schools use the rooms for regular classes and another 30% use them for extracurricular activities.</p> <p>452 new libraries, 3 rehabilitated libraries. 1,210 teachers trained as librarians. Average utilization of libraries is 71%.</p>	<p>Libraries, laboratories and instructional materials used regularly and effectively and properly maintained by the schools.</p> <p>Libraries, laboratories and instructional materials used regularly and effectively and properly maintained by the schools.</p> <p>Library and laboratory staff available for training.</p>
Enhanced school-based teaching innovations.	Operational support program.	1,046 block grants provided to support for school-based teaching innovations. Used for innovations to improve student performance, improve school management, purchase equipment, train teachers, introduce contextual learning and run remedial classes.	Principals' encouragement for school-based innovations.
<p>3.3 Strengthening Management of JSE. Improved and expanded capacity of MOEC's DSE as the policy, advisory and coordinating and monitoring body for JSE.</p>	MOEC's DSE staff trained in educational planning and finance, education administration and policy development.	15 overseas master's degrees. 7 overseas PhD degrees.	<p>Suitably qualified staff available for training.</p> <p>Willingness of DSE to improve task implementation and effectiveness.</p>
Improving managerial effectiveness and leadership, and capacity for project planning and implementation, MOEC's provincial and district offices.	MOEC's provincial and district staff trained in project planning and management and evaluation.	44 overseas master's degrees (13 from provincial administrations, 31 school principals and teachers). 545 local master's degrees (116 from provinces, 68 from districts and 361 from schools).	<p>Suitably qualified staff available for training.</p> <p>Willingness of DSE to improve task implementation and effectiveness.</p>

Design Summary	Targets	Output	Assumptions and Evaluation
	EMIS strengthened and staff trained.	EMIS established in districts but sustainability is undermined by low priority given by districts and lack of competent staff assigned on a long-term basis.	
Strengthened support institutions' involvement in school support activities.	Representatives of parents' associations and local government trained in community mobilization, resource development, and participatory planning (600 schools)	502 schools received block grants and training in school-based management. The assistance provided to school-based management schools consisted of workshops for principals, teachers and PTA officials plus a grant of Rp30 million/school/year for 3 years as seed money.	Commitment of parents' associations to support schools in their areas. Parents' representatives available for training.

BME = benefit monitoring, and evaluation, DSE = Directorate of Secondary Education, EMIS = education management information system, JSE = junior secondary education, NEM = national JSE examination scores, MOEC = Ministry of Education and Culture, PTA = parents and teachers association, SLTP = junior secondary school (under MONE), UBE = universal basic education.

ACHIEVEMENT OF PROJECT OUTPUTS
(% completed)

Component and Subcomponent	Unit	Target	Achievement	
			Total	%
A. Increase JSE Enrolment				
1. Remedial and retrieval programs	Students	25,000	38,218	153
2. New small schools	Schools	185	356	192
3. Open schools upgraded	Resource rooms	88	120	136
4. New student places	Student places	34,200	42,720	125
5. New and upgraded classrooms	Classrooms	1,284	2,059	160
B. Improve JSE Effectiveness				
1. Strengthened school principals	Principals	2,020	6,705	332
2. School supervision manuals	Sets	2,338	7,456	319
3. School-based management modules	Sets	0	3,000	
4. Improved school supervision	Supervisors	320	1,197	374
5. Teachers upgraded to minimum qualification	Teachers	11,800	9,072	77
6. Contract teachers to replace trainees	Teachers	1,327	2,590	195
7. Teachers upgraded through inservice training	Teachers	11,100	26,516	239
8. Teachers trained for new small schools	Teachers	1,100	1,065	97
9. Special education teachers upgraded	Person years	288	1,140	397
10. Trained librarians and laboratory staff	Teachers	4,700	5,547	118
11. Teachers trained in life skills	Teachers	0	2,000	
12. Teachers trained in contextual learning	Teachers	1,100	3,663	333
13. Improved availability of instructional materials				
a. Contextual learning	Modules	1,100	3,160	287
b. Textbooks	Sets	122,000	137,440	113
c. Learning modules for open schools	Sets	22,300	29,093	130
d. Reference materials	Sets	2,404	2,303	96
e. Science kits	Kits	1,429	2,169	152
f. Computer laboratory equipment	Sets	155	220	142
g. Language laboratory equipment	Sets	0	1,112	
h. Science laboratories upgraded	Laboratories	370	467	126
i. Libraries upgraded	Laboratories	450	455	101
j. New skills development rooms	Rooms	170	177	104
C. Strengthening Management of JSE				
1. District officials trained in education planning	Trainees	2,200	670	30
2. Districts trained in micro-planning	Trainees	280	420	150
3. Improved EMIS in MONE				
a. Upgrade staff in computer science	Person years	25	0	0
b. Upgrade staff in data management	Trainees	1,312	5,880	448
c. Provide hardware to districts	Sets	76	92	121
d. EMIS manuals provided to each district	Manuals	76	46	61
4. Staff upgraded overseas in planning and management	Trainees	135	175	130
5. Staff upgraded to Master's degree level overseas	Trainees	48	59	123
6. Support institutions developed	Schools/PTAs	600	502	84

EMIS = education management information system, JSE = junior secondary education, MONE = Ministry of National Education, PTA = parent-teacher association.

PROVINCIAL PROFILE DATA: BASIC INDICATORS

Province	1997/1998		1999/2000		2000/2001		2001/2002		2002/2003		2003/2004		Change 1997/98 to 2003/04	% Change 1997/98 to 2003/04
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%		
South Kalimantan														
Number of Schools														
MONE Public	241	45.6	269	46.5	275	46.5	296	47.9	314	49.4	368	50.6	127	53
MONE Private	62	11.7	60	10.4	60	10.2	60	9.7	60	9.4	64	8.8	2	3
MORA Public	52	9.8	65	11.2	72	12.2	72	11.7	72	11.3	77	10.6	25	48
MORA Private	174	32.9	184	31.8	184	31.1	190	30.7	190	29.9	218	30.0	44	25
Total	529	100.0	578	100.0	591	100.0	618	100.0	636	100.0	727	100.0	198	37
JSE Enrollment														
MONE Public	62,293	56.8	63,209	59.2	61,224	52.2	64,169	55.5	67,605	56.2	68,896	55.5	6,603	11
MONE Private	6,015	5.5	5,862	5.5	8,744	7.5	8,321	7.2	8,872	7.4	9,431	7.6	3,416	57
MORA Public	21,873	19.9	20,313	19.0	29,247	24.9	22,514	19.5	22,209	18.5	22,709	18.3	836	4
MORA Private	19,496	17.8	17,457	16.3	18,154	15.5	20,707	17.9	21,679	18.0	23,145	18.6	3,649	19
Total	109,677	100.0	106,841	100.0	117,369	100.0	115,711	100.0	120,365	100.0	124,181	100.0	14,504	13
Number of Teachers	6,843		6,415		7,677		8,583		9,301		9,832		2,989	44
Number of Qualified Teachers	3,088		3,138		3,249		3,770		4,191		5,312		2,224	72
Annual Change in No. of Qualified Teachers	(231)		50		111		521		421		1,121		1,352	N/A
Qualified Teachers (%)	45		49		42		44		45		54		N/A	N/A
Students per Teacher	16		17		15		13		13		13		(3)	(21)
Transition Rate, Primary-JSE (%)	70.5		72.0		75.3		88.9		93.3		98.1		N/A	39
Drop Out Rate (%)	7.1		7.6		7.4		7.3		7.0		6.2		N/A	(13)
Gross Enrollment Rate (%)	68.1		69.8		70.3		71.4		73.4		77.8		N/A	14
Net Enrollment Rate (%)	55.6		56.3		57.0		59.0		61.0		63.7		N/A	15
East Kalimantan														
Number of Schools														
MONE Public	181	39.9	234	42.5	241	43.3	238	43.0	269	49.2	276	49.4	95	52
MONE Private	175	37.7	197	35.8	197	35.4	196	35.4	169	30.9	161	28.8	(14)	(8)
MORA Public	15	3.2	17	3.1	17	3.1	17	3.1	16	2.9	18	3.2	3	20
MORA Private	93	20.0	102	18.5	102	18.3	102	18.4	93	17.0	104	18.6	11	12
Total	464		550		557		553		547		559		95	20
JSE Enrollment														
MONE Public	70,590	55.0	72,094	55.8	74,114	54.1	75,394	54.5	77,114	54.7	77,955	54.5	7,365	10
MONE Private	47,376	36.9	47,255	36.6	52,250	38.1	52,250	37.8	52,910	37.5	52,812	37.0	5,436	11
MORA Public	4,616	3.6	4,756	3.7	4,923	3.6	4,923	3.6	5,003	3.6	6,025	4.2	1,409	31
MORA Private	5,777	1.5	5,067	3.9	5,834	4.3	5,834	4.2	5,894	4.2	6,134	4.3	357	6
Total	128,359		129,172		137,121		138,401		140,921		142,926		14,567	11
Number of Teachers	7,156		7,441		7,853		8,848		9,058		9,358		2,202	31
Number of Qualified Teachers	1,286		1,366		1,679		1,877		3,955		5,915		4,629	360
Annual Change in No. of Qualified Teachers	111		80		313		198		2,078		1,960		1,849	N/A
Qualified Teachers (%)	18		18		21		21		44		63		N/A	N/A
Students per Teacher	18		17		17		16		16		15		(3)	(15)
Transition Rate, Primary-JSE (%)	76.9		85.0		90.5		92.7		92.7		93.4		N/A	21
Drop Out Rate (%)	6.7		6.7		6.7		6.6		6.6		6.0		N/A	(10)
Gross Enrollment Rate (%)	70.9		71.6		71.0		76.9		79.2		87.4		N/A	23
Net Enrollment Rate (%)	62.6		67.6		62.4		70.5		73.7		62.6		N/A	0

JSE = junior secondary education, MONE = Ministry of National Education, MORA = Ministry of Religious Affairs.

Province	1997/1998		1999/2000		2000/2001		2001/2002		2002/2003		2003/2004		Change 1997/98- 2003/04	% Change 1997/98- 2003/04
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%		
North Sulawesi														
Number of Schools														
MONE Public	200	39.8	208	40.9	213	42.3	229	44.4	239	46.6	270	48.6	70	35
MONE Private	269	53.5	266	52.4	255	50.6	252	48.8	245	47.8	256	46.0	(13)	(5)
MORA Public	4	0.8	4	0.8	4	0.8	4	0.8	4	0.8	4	0.7	0	0
MORA Private	30	6.0	30	5.9	32	6.4	31	6.0	25	4.9	26	4.7	(4)	(13)
Total	503		508		504		516		513		556		53	11
JSE Enrollment														
MONE Public	58,354	67.9	63,167	70.6	62,712	70.1	57,381	67.3	62,064	68.6	62,093	67.6	3,739	6
MONE Private	24,827	28.9	23,459	26.2	23,797	26.6	24,901	29.2	25,330	28.0	26,612	29.0	1,785	7
MORA Public	874	1.0	755	0.8	712	0.8	731	0.9	704	0.8	705	0.8	(169)	(19)
MORA Private	1,932	2.3	2,105	2.4	2,221	2.5	2,235	2.6	2,401	2.7	2,400	2.6	468	24
Total	85,987		89,486		89,442		85,248		90,499		91,810		5,823	7
Number of Teachers	5,821		6,210		6,414		6,372		6,350		5,595		(226)	(4)
Number of Qualified Teachers	560		954		1,328		1,881		2,635		2,650		2,090	373
Annual Change in No. of Qualified Teachers	128		394		374		553		754		15		-113	N/A
Qualified Teachers (%)	10		15		21		30		41		47		N/A	N/A
Students per Teacher	15		14		14		13		14		16		2	11
Transition Rate, Primary-JSE (%)	87.2		89.0		97.0		96.0		98.4		98.7		N/A	13
Drop Out Rate (%)	8.7		8.7		8.1		9.7		8.7		8.2		N/A	(6)
Gross Enrollment Rate (%)	65.4		72.2		90.7		93.6		95.4		95.8		N/A	47
Net Enrollment Rate (%)	56.5		67.1		78.6		80.4		85.3		86.0		N/A	52
Southeast Sulawesi														
Number of Schools														
MONE Public	212	59.2	224	60.5	230	62.7	249	64.5	258	65.3	265	65.1	53	25
MONE Private	37	10.3	37	10	34	9.3	34	8.8	34	8.6	32	7.9	(5)	(14)
MORA Public	23	6.4	23	6.2	23	6.3	25	6.5	25	6.3	29	7.1	6	26
MORA Private	86	24	86	23.2	80	21.8	78	20.2	78	19.7	81	19.9	(5)	(6)
Total	358		370		367		386		395		407		49	14
JSE Enrollment														
MONE Public	75,639	86.1	76,713	83.1	79,323	83.7	81,846	85.2	87,285	85.5	85,964	82.8	10,325	14
MONE Private	5,216	5.9	5,711	6.2	5,442	5.7	4,642	4.8	4,084	4.0	4,203	4.0	(1,013)	(19)
MORA Public	4,112	4.7	5,905	6.4	5,076	5.4	5,076	5.3	6,103	6.0	7,581	7.3	3,469	84
MORA Private	2,858	3.3	3,960	4.3	4,876	5.1	4,513	4.7	4,618	4.5	6,114	5.9	3,256	114
Total	87,825		92,289		94,717		96,077		102,090		103,862		16,037	18
Number of Teachers	4,329		4,452		4,519		5,106		5,206		7,236		2,907	67
Number of Qualified Teachers	1,211		1,334		1,785		2,001		3,117		4,153		2,942	243
Annual Change in No. of Qualified Teachers	155		123		451		216		1,116		1,036		881	N/A
Qualified Teachers (%)	28		30		39		39		60		57		N/A	N/A
Students per Teacher	20		21		21		19		20		14		(6)	(29)
Transition Rate, Primary-JSE (%)	80.7		71.0		75.0		77.7		89.6		92.3		N/A	14
Drop Out Rate (%)	3.1		2.8		2.8		2.7		2.7		2.2		N/A	(27)
Gross Enrollment Rate (%)	67.1		76.2		81.3		86.6		88.4		90.6		N/A	35
Net Enrollment Rate (%)	57.5		58.2		80.1		68.3		70.6		71.5		N/A	24

JSE = junior secondary education, MONE = Ministry of National Education, MORA = Ministry of Religious Affairs.

Province	1997/1998		1999/2000		2000/2001		2001/2002		2002/2003		2003/2004		Change 1997/98- 2003/04	% Change 1997/98- 2003/04
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%		
Gorontalo														
Number of Schools														
MONE Public	56	54.9	66	56.4	66	55.5	76	58	79	59.8	107	63.7	51	91
MONE Private	12	11.8	11	9.4	12	10.1	12	9.2	12	9.1	13	7.7	1	8
MORA Public	4	3.9	4	3.4	4	3.4	4	3.1	4	3.0	6	3.6	2	50
MORA Private	30	24.4	36	30.8	37	31.1	39	29.8	37	28.0	42	25.0	12	40
Total	102		117		119		131		132		168		66	65
JSE Enrollment														
MONE Public	13,440	80.8	13,872	85.1	14,286	84.4	14,803	85.5	19,529	80.3	22,248	77.6	8,808	66
MONE Private	909	5.5	837	5.1	896	5.3	623	3.6	730	3.0	2,750	9.6	1,841	203
MORA Public	441	2.7	281	1.7	312	1.8	309	1.8	1,141	4.7	915	3.2	474	107
MORA Private	1,840	11.1	1,318	8.1	1,434	8.5	1,573	9.1	2,918	12.0	2,745	9.6	905	49
Total	16,630		16,308		16,928		17,308		24,318		28,658		12,028	72
Number of Teachers	1,928		1,971		2,130		2,236		2,440		2,985		1,057	55
Number of Qualified Teachers	131		224		920		1,186		1,190		1,130		999	763
Annual Change in No. of Qualified Teachers	3		93		696		266		4		(60)		-63	N/A
Qualified Teachers (%)	7		11		43		53		49		38		N/A	N/A
Students per Teacher	9		8		8		8		10		10		1	11
Transition Rate, Primary-JSE (%)	73.3		83.6		74.4		52.1		88.0		74.9		N/A	2
Drop Out Rate (%)	5.8		5.8		5.6		5.3		5.5		1.1		N/A	(80)
Gross Enrollment Rate (%)	51.1		73.3		70.1		61.2		63.2		78.2		N/A	53
Net Enrollment Rate (%)	40.0		48.9		46.7		41.1		43.1		74.5		N/A	86
Central Sulawesi														
Number of Schools														
MONE Public	207	41.2	229	46.5	263	50.0	271	50.2	296	54.9	296	51.8	89	43
MONE Private	119	23.7	93	18.9	93	17.7	99	18.3	81	15.0	95	16.6	(24)	(20)
MORA Public	22	4.4	23	4.7	23	4.4	23	4.3	23	4.3	29	5.1	7	32
MORA Private	155	30.8	147	29.9	147	27.9	147	27.2	139	25.8	151	26.4	(4)	(3)
Total	503		492		526		540		539		571		68	14
JSE Enrollment														
MONE Public	59,656	70.4	62,529	70.8	67,872	71.4	69,412	70.9	64,244	69.0	67,234	68.7	7,578	13
MONE Private	10,055	11.9	10,325	11.7	11,490	12.1	13,029	13.3	15,188	16.3	15,226	15.6	5,171	51
MORA Public	6,020	7.1	6,191	7.0	6,609	7.0	6,329	6.5	4,446	4.8	6,094	6.2	74	1
MORA Private	8,990	10.6	9,286	10.5	9,122	9.6	9,149	9.3	9,189	9.9	9,257	9.5	267	3
Total	84,721		88,331		95,093		97,919		93,067		97,811		13,090	15
Number of Teachers	6,282		6,435		6,671		6,944		7,120		7,330		1,048	17
Number of Qualified Teachers	1,339		1,482		1,566		1,761		3,332		3,332		1,993	149
Annual Change in No. of Qualified Teachers	98		143		84		195		1,571		0		-98	N/A
Qualified Teachers (%)	21		23		23		25		47		45		N/A	N/A
Students per Teacher	13		14		14		14		13		13		(0)	(1)
Transition Rate, Primary-JSE (%)	93.1		95.3		94.4		95.6		95.7		88.7		N/A	(5)
Drop Out Rate (%)	8.3		5.2		4.9		4.2		4.0		11.3		N/A	37
Gross Enrollment Rate (%)	56.5		67.1		72.6		77.1		81.3		71.2		N/A	26
Net Enrollment Rate (%)	40.4		65.6		68.4		66.2		69.5		50.9		N/A	26

JSE = junior secondary education, MONE = Ministry of National Education, MORA = Ministry of Religious Affairs.

**PROJECT IMPACT ON ENROLLMENT IN PROJECT PROVINCES
1999/00–2003/04**

Province	Enrollment					Annual Growth (%)				Growth 1999/00-2003/04	
	1999/00	2000/01	2001/02	2002/03	2003/04	2000/01	2001/02	2002/03	2003/04	Absolute	Percent
MONE Public	351,584	359,531	363,005	377,841	384,390	2	1	4	2	32,806	9
MONE Private	93,449	102,619	103,766	107,114	111,034	10	1	3	4	17,585	19
MORA Public	38,201	46,879	39,882	39,606	44,029	23	(15)	(1)	11	5,828	15
MORA Private	39,193	41,641	44,011	46,699	49,795	6	6	6	7	10,602	27
Total	522,427	550,670	550,664	571,260	589,248	5	(0)	4	3	66,821	13
National	9,387,899	9,438,217	9,427,969	9,544,017	9,604,894	1	(0)	1	1	216,995	2

MONE = Ministry of National Education, MORA = Ministry of Religious Affairs.

Source: Provincial data from provincial records; National data from "Education Indicators in Indonesia, 2003-2004", Ministry of National Education, 2005.

TRANSITION AND DROPOUT RATES
1999/00–2003/04

Table A5.1: Transition Rates from Primary Education to Junior Secondary Education

	1999/00	2000/01	2001/02	2002/03	2003/04
South Kalimantan	72	75	89	93	98
East Kalimantan	85	90	93	93	93
North Sulawesi	89	97	96	98	98
Gorontalo	73	74	82	88	75
Central Sulawesi	95	94	96	96	89
Southeast Sulawesi	71	75	78	90	92
National	74	75	77	83	83

Source: Provincial data from provincial records.
National data from "Education Indicators in Indonesia, 2003-2004", Ministry of National Education, 2005

Table A5.2: Dropout Rates from Junior Secondary Education

	1999/2000		2003/2004	
	JSE Enrollment	Dropout Rate	JSE Enrollment	Dropout Rate
South Kalimantan	106,841	7.6	124,181	6.2
East Kalimantan	129,172	6.7	142,926	6.0
North Sulawesi	89,486	8.7	91,810	8.2
Gorontalo	16,308	5.8	28,658	5.5
Central Sulawesi	88,331	5.2	97,811	4.0
Southeast Sulawesi	92,289	2.8	103,662	2.2
Total Project	522,427	6.3	589,048	5.1
		4.1		2.1

Note: national rates do not include madrasah
Source: Provincial data from provincial records.
National data from "Education Indicators in Indonesia, 2003-2004", Ministry of National Education, 2005

COST BREAKDOWN BY PROJECT COMPONENT

(\$ million)

Component	Total Project Cost			APPRAISAL						ACTUAL											
				ADB			Government Financing			Beneficiary Communities			ADB			Government Financing			Beneficiary Communities		
	Foreign Exchange	Local Cost	Total	Foreign Exchange	Local Cost	Total	Local Cost	Local Cost	Foreign Exchange	Local Cost	Total	Local Cost	Local Cost	Foreign Exchange	Local Cost	Total	Local Cost	Local Cost	Foreign Exchange	Local Cost	Total
I. UNDER OCR FINANCING																					
A. Teacher Secondment and Deployment	0	8,663	8,663	0	1,732	1,732	6,931	0	0	1,984	1,984	7,112	0	0	9,096	9,096					
B. Teacher and Staff Development																					
1. In-country	0	68,729	68,729	0	45,403	45,403	23,326	0	0	37,100	37,100	21,554	0	0	58,654	58,654					
2. International	11,743	0	11,743	11,743	0	11,743	0	0	9,923	0	9,923	0	0	9,923	0	9,923					
Subtotal	11,743	68,729	80,472	11,743	45,403	57,146	23,326	0	9,923	37,100	47,023	21,554	0	9,923	58,654	68,577					
C. Instructional Materials	14,860	7,169	22,029	14,860	7,169	22,029	0	0	14,707	10,151	24,858	0	0	14,707	10,151	24,858					
D. Consulting Services																					
1. International	5,564	0	5,564	5,564	0	5,564	0	0	4,402	3,095	7,497	0	0	4,402	3,095	7,497					
2. Local	0	7,061	7,061	0	7,061	7,061	0	0	0	0	0	0	0	0	0	0					
Subtotal	5,564	7,061	12,625	5,564	7,061	12,625	0	0	4,402	3,095	7,497	0	0	4,402	3,095	7,497					
E. Studies	4,138	3,554	7,692	4,138	3,554	7,692	0	0	23	857	880	0	0	23	857	880					
F. Civil Works	6,215	20,069	26,284	6,215	4,299	10,514	15,770	0	6,483	4,206	10,689	17,937	0	6,483	22,143	28,626					
G. Furniture and Equipment									8,247	11,065	19,312	0	0	8,247	11,065	19,312					
1. Furniture	1,113	6,295	7,408	1,113	6,295	7,408	0	0	0	0	0	0	0	0	0	0					
2. Equipment	5,785	1,909	7,694	5,785	1,909	7,694	0	0	0	0	0	0	0	0	0	0					
Subtotal	6,898	8,204	15,102	6,898	8,204	15,102	0	0	8,247	11,065	19,312	0	0	8,247	11,065	19,312					
H. Special Programs																					
1. Assistance Scheme for Facilities Improvement	0	34,155	34,155	0	0	0	22,884	11,271	0	0	0	37,496	2,965	0	40,461	40,461					
2. Grant-in-aid to Disadvantaged Students	0	14,020	14,020	0	0	0	14,020	0	0	0	0	0	0	0	0	0					
3. Promotion of Teaching Innovations	957	8,670	9,627	957	8,670	9,627	0	0	2,448	1,357	3,805	0	0	2,448	1,357	3,805					
Subtotal	957	56,845	57,802	957	8,670	9,627	36,904	11,271	2,448	1,357	3,805	37,496	2,965	2,448	41,818	44,266					
I. Project Implementation																					
1. CPIU and PPIUs:																					
- Recurrent Costs	0	2,800	2,800	0	0	0	2,800	0	0	0	0	21,474	0	0	21,474	21,474					
2. Operation and Maintenance of Project Facilities	0	16,195	16,195	0	0	0	16,195	0	0	0	0	17,860	0	0	17,860	17,860					
Subtotal	0	18,995	18,995	0	0	0	18,995	0	0	0	0	39,334	0	0	39,334	39,334					
J. Taxes and Duties	0	7,359	7,359	0	0	0	7,359	0	0	0	0	0	0	0	0	0					
K. Interest During Construction	23,533	0	23,533	23,533	0	23,533	0	0	13,721	0	13,721	0	0	13,721	0	13,721					
Total Under OCR Financing	73,908	206,648	280,556	73,908	86,092	160,000	109,285	11,271	59,954	69,815	129,770	123,434	2,965	59,954	196,214	256,168					
II. UNDER ADF FINANCING																					
A. Special Programs																					
1. Remedial and Retrieval Schemes	0	10,240	10,240	0	5,795	5,795	4,445	0	0	5,555	5,555	3,778	0	0	9,333	9,333					
2. Scholarship for Future Teachers in Remote Areas	0	4,596	4,596	0	4,596	4,596	0	0	4,443	4,443	0	0	0	0	4,443	4,443					
3. Special Education for Disabled Children	607	2,152	2,759	607	2,152	2,759	0	0	167	2,579	2,746	0	0	167	2,579	2,746					
4. JSE Programs in Culturally Distinct Minorities	45	1,489	1,534	45	1,489	1,534	0	0	0	1,692	1,692	0	0	0	1,692	1,692					
Subtotal	652	18,477	19,129	652	14,032	14,684	4,445	0	167	14,269	14,436	3,778	0	167	18,047	18,214					
B. Service Charge	316	0	316	316	0	316	0	0	140	0	140	0	0	140	0	140					
Total Under ADF Financing	968	18,477	19,445	968	14,032	15,000	4,445	0	307	14,269	14,576	3,778	0	307	18,047	18,354					
Total OCR and ADF	74,876	225,125	300,001	74,876	100,124	175,000	113,730	11,271	60,261	84,084	144,346	127,212	2,965	60,261	214,261	274,522					
% of Financing	25%	75%		27%	36%	58%	38%	4%	22%	31%	53%	46%	1%	22%	78%						

ADB = Asian Development Bank, ADF = Asian Development Fund, CPIU = central project implementation unit, JSE = junior secondary education, PPIU = provincial project implementation unit.

ACTUAL IMPLEMENTATION SCHEDULE

Project Inputs	Year and Quarter of Implementation													
	1998		1999		2000		2001		2002		2003			
	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Civil Works														
Work Schedules Prepared		■												
Tendering and Contract Award				■										
Actual Activity														
Furniture and Equipment														
Inventory			■											
Tendering and Contract Award					■									
Delivery														
Special Programs														
Assistance Scheme for Facilities Improvement														
Grants-in-aid to Disadvantaged Students														
Remedial and Retrieval Programs														
Scholarship Fund for Future Teachers in Remote Areas														
Special Education for Disabled Children														
JSE Programs in Vulnerable Ethnic Communities														
Preparatory Activity														
Implementation														
Evaluation														
Project Implementation and Management														
Contract and Substitute Teacher Program														
Preparatory Activity														
Implementation														
Selection of Project Implementation Staff														
Project Socialization														
Training of Project Implementation Staff														
Benefit Monitoring and Evaluation Periodic Surveys														
Midterm Review														
Project Completion Report														

JSE = junior secondary education.

■ Implementation Plan per Appraisal

■ Actual

STATUS OF COMPLIANCE WITH LOAN COVENANTS

Covenants	Status
1. The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound administrative, financial, engineering, environmental and educational practices.	Complied with.
2. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 6 to the Special Operations Loan Agreement.	Complied with.
3. The Borrower shall make available, promptly as needed, the funds, facilities, services, land and other resources, which are required, in addition to the proceeds of the Loan, for the carrying out of the Project and for the operation and maintenance of the project facilities.	Complied with.
4. In the carrying out of the Project, the Borrower shall cause competent and qualified consultants and contractors, acceptable to the Borrower and the Bank, to be employed to an extent and upon terms and conditions satisfactory to the Borrower and the Bank.	Complied with.
5. The Borrower shall cause the Project to be carried out in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to the Borrower and the Bank. The Borrower shall furnish, or cause to be furnished, to the Bank, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as the Bank shall reasonable request.	Complied with.
6. The Borrower shall ensure that department and agency activities involved in carrying out of the Project and operation of the project facilities are conducted and coordinated in accordance with sound administrative policies and procedures.	Complied with.
7. The Borrower shall arrange, satisfactory to ADB, for insurance of the project facilities to such extent and against such risks and in such amounts as shall be consistent with sound practice.	The Project did not comply with 7. and 8. since the Government does not insure.
8. Without limiting the generality of the foregoing, the Borrower undertakes to insure, or cause to be insured, the goods to be imported for the Project and to be financed out of the proceeds of the Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use of installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such goods.	
9. The Borrower shall maintain, or cause to be maintained, records and accounts adequate to identify the goods and services and other items of expenditure financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound and accounting principles, the operations and financial condition of the agencies of the Borrower responsible for the carrying out of the Project and operation of the project facilities, or any part thereof.	Partly complied with. The maintenance of an asset inventory has been difficult for the Project, both at the CPIU and the PPIU levels. Auditors' reports in both 2001 and 2002 referred to the lack of adequate data on acquisitions.

Covenants	Status
<p>10. The Borrower shall (i) maintain, or cause to be maintained, separate accounts for the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to the Bank; (iii) furnish to the Bank, as soon as available but in any event not later than nine (9) months after the end of each related fiscal year, certified copies of such audited accounts and financial statements and the reports of the auditors' relating thereto (including the auditors' opinion on the use of the Loan proceeds and compliance with the covenants of this Loan Agreement), all in the English language; and (iv) furnish to the Bank such accounts and financial statements and the audit thereof as the Bank shall from time to time reasonably request..</p>	Complied with.
<p>11. The Borrower shall enable the ADB to review the Borrower's financial statements and its financial affairs related to the Project from time to time with the Borrower's auditors, and shall authorize and require any representative of such auditors to participate in any such discussions requested by the Bank, provided that any such discussion shall be conducted only in the presence of an authorized officer of the Borrower unless the Borrower shall otherwise agree.</p>	Complied with.
<p>12. The Borrower shall furnish, or cause to be furnished, to the Bank all such reports and information as the Bank shall reasonably request concerning (i) the Loan, and the expenditure of the proceeds and maintenance of the service thereof; (ii) the goods and services and other items of expenditure financed out of the proceeds of the Loan; (iii) the Project; (iv) the administration, operations and financial condition of the DGPSE and the other the agencies of the Borrower responsible for the carrying out of the project facilities, or any part thereof; (v) financial and economic conditions in the territory of the Borrower and the international balance-of-payments position of the Borrower; and (vi) any other matters relating to the purposes of the Loan.</p>	Complied with.
<p>13. Without limiting the generality of the foregoing, the Borrower shall furnish, or cause the DGPSE to furnish, to the Bank quarterly reports on the carrying out of the Project and on the operation and management of the project facilities. Such reports shall be submitted in such form and in such detail and within such a period as the Bank shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the quarter under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following quarter.</p>	Complied with.
<p>14. Promptly after physical completion of the Project, but in any event not later than three (3) months thereafter or such later date as may be agreed for this purpose between the Borrower and the Bank, the Borrower shall prepare and furnish to the Bank a report, in such form and in such detail as the Bank shall reasonable request, on the execution and initial operation of the Project, including its cost, the performance by the Borrower of its obligations under this Loan Agreement and the accomplishment of the purposes of the Loan.</p>	Complied with.

Covenants	Status
15. The Borrower shall enable the Bank's representatives to inspect the Project, the goods financed out the proceeds of the Loan, and any relevant records and documents.	Complied with.
16. The Borrower shall ensure that the project facilities are operated, maintained and repaired in accordance with sound administrative, financial, engineering, environmental, educational, and maintenance and operational practices.	Complied with.
17. It is the mutual intention of the Borrower and the Bank that no other external debt owed a creditor other than the Bank shall have any priority over the Loan by way of a lien on the assets of the Borrower. To that end, the Borrower undertakes (i) that, except as the Bank may otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will ipso facto equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan, and interest and other charges on, the Loan; and (ii) that the Borrower, in creating or permitting the creation of any such lien, will make express provision to that effect.	Complied with.
18. The provisions of paragraph (a) of this Section shall not apply to (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of Banking transactions and securing a debt maturing not more than on year after its date.	Complied with.
19. The terms "assets of the Borrower" as used in paragraph (a) of this Section includes assets of any administrative subdivision or any agency of the Borrower and assets of any agency of any such administrative subdivision, including Bank Indonesia and any other institution performing the functions of a control bank for the Borrower.	Complied with.
A. Organizational Arrangements (Loan 1574-INO)	
Project Executing Agency	
20. DGPSE, as the Project Executing Agency, shall be responsible for the overall execution of the Project and for policy-level coordination. DGSE shall be responsible for the coordination and supervision of project activities.	Complied with.
Project Steering Committee	
21. Within 3 months of the effective date, MOEC (MONE) shall establish a project steering committee (PSC), which shall be chaired by the Director General, DGPSE. The Director, DSE shall be the secretary of the PSC. The other members of the PSC shall include representatives of BAPPENAS, MOEC [MONE] (including MOEC [MONE]'s Agency for Educational Research and Development), Ministry of Finance, MORA, Ministry of Home Affairs, and the Office of the State Minister for Administrative Reforms. The PSC shall meet at least once every six months to provide policy guidance, and to monitor the progress of, and problems in, project implementation.	Complied with. The PSC was established according to schedule. It met to discuss issues and progress. The committee provided substantial input into the review the draft midterm review report and prepared recommendations for consideration by ADB. It also reviewed the project completion report.

<p>Central Project Implementation Unit</p> <p>22. Within 1 month of the Effective Date, MOEC shall establish a CPIU to implement project activities at the provincial level and coordinate the activities of the PPIUs, including administration of the in-country and overseas training programs. The CPIU shall be headed by a full-time project manager and a number of appropriately trained technical and clerical staff. DGPSE shall ensure that a representative from MORA is included in the deliberations of the CPIU on matters relating to project activities concerning MTs. The CPIU shall liaise closely with the existing Central Project Coordination Unit established within DSE for World Bank projects to facilitate coordination of the Project with implementation of ongoing Government and donor-financed activities in JSE.</p>	<p>Complied with. Regular meetings were held to ensure communication exists. There was less commitment to include MORA in discussions at the provincial and district levels. Meetings with other projects – there were eleven (11) projects in Directorate SLTP during the implementation of JSE-2. Although there were no regular meetings, the Director General hosted several inter-project coordination meetings to share developments in systems and procedures, instructional materials, etc.</p>
<p>Provincial Project Implementation Unit</p> <p>23. Within 2 months of the effective date, MOEC (MONE) shall establish a PPIU in each province in the project area to implement project activities at the provincial level, the PPIUs shall (i) determine the specific inputs required in the areas within their responsibility; (ii) report regularly to the CPIU; (iii) consult with the provincial advisory committees regularly, and (iv) cooperate closely with the local project coordinators from the concerned district level offices MONE. Each PPIU shall be headed by a full-time subproject manager and supported by an adequate number of appropriately trained technical and clerical staff. DGPSE shall ensure that a representative from MORA is included in the deliberations of each PPIU on matters relating to project activities concerning MTs.</p>	<p>Complied with. The Project established PPIUs in accordance with the covenant, including full-time subproject managers. The initiative to establish a provincial advisory committee was not pursued. Rather, since many similar organizations exist in each province (and each province approaches such coordination differently), the Project left the provincial process under the designated authority provincial head of education. Limited efforts were made to involve MORA in deliberations on project initiatives since each province had its own established links with MORA agencies.</p>
<p>Provincial Advisory Committees</p> <p>24. Within 3 months of the effective date, MOEC (MONE) shall establish a provincial project advisory committee (PAC) in each province in the project area to provide a channel of communication between the project staff in the PPIUs and the local communities. Each of the concerned provincial office of MOEC (MONE). The other members of the PACs shall include representatives of the provincial offices of MOEC (MONE), MORA, BAPPEDA I, and the Borrower's administrative organization (DINAS I P&K). The PACs shall be responsible for the provincial level, and provide guidance to the district offices of MOEC (MONE) on project Implementation activities. The PACs shall also be responsible for monitoring the optimization of loan proceeds among SLTPs and MTs.</p>	<p>Complied with. See above number 23.</p>
<p>District Advisory Committees</p> <p>25. Within 3 months of the effective date, MOEC (MONE) shall establish a district advisory committee (DAC) in each district within the Project to provide a channel of communication between project staff in the PPIUs and the local communities. Each DAC shall be chaired by the head of the concerned district office of MOEC (MONE). The other members of the DACs shall include the project coordinator from the concerned district office of MOEC (MONE), MORA and representatives from BAPPEDA II and the Borrower's administrative organization (DINAS II). The DACs shall be responsible for providing operational guidance to DPCs on the day-to-day district implementation.</p>	<p>Partly complied with. In each district a local project coordinator (DPC) was appointed. District advisory committees were not set up, since it was decided that each PPIU and each district would set up the most appropriate mechanism. (Note: in many cases, the DPC was the district head of education.)</p>

<p>B. Implementation of Project Activities</p> <p>Improving Access to JSE in Remote Areas</p> <p>26. In planning the expansion of JSE, DGPSE shall take into account the need to optimize existing JSE capacity of private SLTPs and MTs. Prior to the establishment of new open SLTPs and small SLTPs under the Project, the project manager shall ensure that the PPIUs have confirmed that other JSE facilities within the relevant school catchment area have been optimized.</p> <p>Assistance Scheme for Facilities Improvement (ASFI)</p> <p>27. DGPSE shall carry out the ASFI through the CPIU and PPIUS in accordance with arrangements acceptable to the Bank. These arrangements shall in particular include eligibility criteria agreed upon between the Borrower and the Bank, transparent procedures in the selection of schools applying for assistance under this scheme, and adequate supervision of the activities carried out under this scheme by the PPIUs in conjunction with the schools and local communities involved. DGPSE shall ensure that the private and public schools selected for ASFI provide quarterly reports on the status of the project implementation, including the manner and utilization of funds.</p> <p>28. Under ASFI, the Borrower shall provide grants to participating project schools for development and/or minor upgrading and refurbishment of facilities as well as provide the school with basic necessities such as toilets and water supply under Part A (iv) of the Project. The Borrower shall make available funds for the purchase of materials and the hiring of skilled master-carpenters to participating schools under the Project. DGPSE, in consultation with the local coordinators for the Project from the district-level office of MOEC (MONE), shall ensure that participating project Schools agree to contribute in-kind support to the upgrading and refurbishment works through the provision of free labor from the concerned school communities, including the parent associations, under the supervision of school principals.</p> <p>Education Services Contracting Program and Committees</p> <p>29. The Education Services Contracting (ESC) Program shall be aimed at giving children from poor families an opportunity to enroll in and/or continue their education in private SLTPs or MTs. The Borrower shall contract selected private SLTPs and MTs to enroll a predetermined number of students who shall qualify for financial assistance under the ESC Program based on family income and other eligible criteria agreed upon between the Borrower and the Bank, and in accordance with transparent procedures for the selection of students under the ESC Program.</p> <p>30. DGPSE shall carry out the ESC Program for private SLTPs assisted under this Project through the CPIU and PPIUs in accordance with arrangements acceptable to the Bank. The PPIUs shall be responsible for setting up an ESC Program committee in each private SLTP assisted under the Project.</p> <p>31. Each ESC Program committee shall consist of the school principal, a representative of the parent/teacher association of the school, and the yayasan concerned. The committee shall include a PPIU representative when required to participate in its deliberations.</p>	<p>Complied with. Opening of some new schools led to the closure of private schools or declining enrollments, but, in most cases, these schools were small and had low accreditation status. At no time did a fully accredited private JSE school stop operating as a result of the school construction program.</p> <p>Complied with.</p> <p>Complied with.</p> <p>Cancelled from the Project.</p> <p>Cancelled from the Project.</p> <p>Cancelled from the Project.</p>
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<p>32. The Borrower shall try to ensure that all eligible students as determined by each of the ESC program committees are provided with assistance under the ESC program. The Borrower shall give preference to female students eligible for assistance under the ESC program and shall achieve at least an overall female: male ratio of 60:40 among the assisted students.</p>	<p>Cancelled from the Project.</p>
<p>Staff Training and Development</p>	
<p>33. DGPSE shall ensure that the staff development program shall include the training of eligible teachers, principals and adequately qualified supervisors. The CPIU shall be responsible for the administration of the long-term training programs (both overseas and in-country) and the short-term programs (overseas).</p>	<p>Complied with. The CPIU took control of teacher training in 2002 with a reformed program of teacher in-service training by instituting a process of testing teachers on defined subject competencies and scheduling courses according to competencies. Before this, the recruitment of participants had not been managed well by the PPIUs.</p>
<p>34. Within 6 months of the effective date, and prior to the commencement of training or award of fellowships, CPIU shall submit a staff development program plan to the Bank for approval. The staff development program plan shall include details on the (i) proposed long-term training programs (both overseas and in-country), (ii) selected institutions and venues for training (iii) eligibility criteria for the proposed long-term and short-term training programs (both overseas and in-country), (iv) subjects to be covered under the training programs. And (v) financial terms and conditions. The eligibility criteria for long-term (in-country and overseas training programs shall in particular include the commitment by staff to continue their service with MOEC (MONE) after completion of training.</p>	<p>Complied with. The CPIU submitted a staff development plan in May 2000, although ADB letters indicated that this requirement had not been fulfilled in sufficient detail. One reason for this difference in opinion was the CPIU's understanding that the staff development program referred only to long-term training and did not cover short-term training in-country (see 34 (iii)).</p>
<p>35. Prior the commencement of long-term training (in-country and overseas), DGPSE shall ensure that the recipients of long-term (in-country and overseas) training are contracted to remain in service with MOEC (MONE) in accordance with the Borrower's procedures acceptable to the Bank. DGPSE shall try to ensure that the recipients who breach their contracts are required to refund the cost of overseas training to the Borrower on a pro-rated basis.</p>	<p>Complied with.</p>
<p>36. DGPSE shall ensure that short-term in-service training of teachers will be conducted in an integrated manner acceptable to the Bank. The short-term in-service training programs shall in particular include (i) classroom management in lesson plan development skills, (ii) teaching methodologies, and (iii) monitoring, supervision and self assessment skills.</p>	<p>Complied with.</p>
<p>37. The Borrower shall ensure that measures acceptable to the Bank are taken during project implementation to increase the number of places allocated to females in the education system for staff and teacher training.</p>	<p>Complied with. The proportion of women benefiting from training was monitored carefully, to ensure equity in all programs.</p>
<p>School Staffing</p>	
<p>38. DGPSE shall hire suitably qualified contract teachers for project assisted schools during project implementation. In particular, MOEC (MONE) shall take appropriate measures to (i) provide adequately qualified substitute or contract teachers to provide adequate coverage for the teachers on training under the Project; and (ii) ensure that project-assisted schools in remote areas are adequately staffed during project implementation.</p>	<p>Complied with. Many more contract teachers than originally targeted were hired.</p>

<p>39. DGPSE shall pilot test a program to encourage senior secondary education graduates from remote areas to become teachers in junior secondary schools DGPSE shall establish a scholarship program for the upgrading of eligible graduates from the project area. The eligibility criteria for scholarships shall in particular include a demonstrated willingness of the applicant to be contractually bound to be assigned to teach in schools in their home areas in accordance with procedures developed by the Borrower and acceptable to the Bank.</p>	<p>Complied with since 1,774 high school students began this program (original target 1,740), with a graduation rate of over 90%. MONE has provided additional grants to districts so they can hire contract teachers and it is expected that many of these graduates will be hired through this mechanism.</p>
<p>Supervisors</p> <p>40. DGPSE shall take appropriate measures to ensure that each province within the project area is covered by a sufficient number of adequately trained and qualified supervisors during project implementation. DGPSE shall take appropriate measures to ensure that henceforth, the main criteria for the hiring and retention of supervisors are (i) adequate qualification, and (ii) merit.</p>	<p>Complied with.</p>
<p>Flexible School Hours/Periods</p> <p>41. DGPSE shall pilot test a program to permit, where appropriate, eligible small SLTPs to adjust school hours/periods to address the needs of their students and communities, within a set of guidelines to be prepared under the Project. Eligible small SLTPs shall be located in project areas where student enrollment and attendance are restricted by cultural, societal and occupational patterns, or by seasonal crop cultivation patterns.</p>	<p>Complied with.</p>
<p>Institutional and Capacity Building</p> <p>42. Within six months of the Effective Date, DGPSE shall establish two task forces (one diagnostic and one operational) at the central level, and two task forces (one diagnostic and one operational) in each of the five provinces in the project area to implement the institutional and capacity building component of the Project.</p>	<p>Complied with. The Project introduced an institutional and capacity development program mainly for district staff and school principals, but implemented this through regular government structures rather than special task forces.</p>
<p>C. Project Sustainability</p>	
<p>Continued Support to Project-assisted Schools</p> <p>43. The Borrower shall support the sustainability of schools assisted under this Project through the introduction of a transparent and predictable mechanism to allocate budgetary resources and assistance in kind on a timely basis. This mechanism shall be based on eligibility criteria relating to (i) potential for expansion (which indicator shall include school location, existing student enrollment levels and JSE student catchment area); (ii) good management (which indicators shall include full-time principals and adequate numbers of full-time teachers, well-maintained facilities and premises and adequate administrative and financial records); and (iii) the willingness of the local community served by the project-assisted school to actively participate in school activities, including the operation and maintenance of project assisted facilities. In particular, the Borrower shall, after project implementation, maintain policies developed under the Project to ensure the continued improvement of the quality of education in remote areas through adequate teacher allocation and staffing.</p>	<p>Complied with. The requirement of schools to submit a school development plan as a basis for assistance from the Project is in response to this covenant. The plans were reviewed by districts and provinces, and priority interventions identified.</p> <p>The focus upon improving education in remote areas has continued through local, provincial and central funding. All of the new small schools built under the Project for rural and remote areas were allocated complete sets of teaching staff.</p>

<p>44. Where applicable, the Borrower shall ensure that, after project implementation, private SLTPs and MTs self-fund and retain contract teachers provided to them under the Project.</p>	<p>Complied with. MONE has continued to provide grants to districts for contract teachers. Many of the contract teachers provided under the Project have been hired by the private schools in which they were located.</p>
<p>D. General Obligations</p>	
<p>Budget Allocation</p>	
<p>45. Without limitation to the generality of section 4.02 of this Loan Agreement, the Borrower shall provide the necessary budget allocations to meet the incremental recurrent costs of the Project, both during and after Project, both during and after project implementation.</p>	<p>Complied with.</p>
<p>Land Allocation</p>	
<p>46. Without limitation to the generality of section 4.02 of this Loan Agreement, the Borrower shall provide in a timely manner appropriately situated land for the establishment of new open SLTPs and small SLTPs under the Project. Within one year of the Effective Date, the CPIU, in consultation with the PPIUs, shall have confirmed the land sites for the establishment of new open SLTPs and small SLTPs under the Project. The Borrower shall compensate land users, including those without ownership rights, for all land and other assets at replacement rates.</p>	<p>Complied with for new small SLTPs. However, government policy to consolidate existing open SLTPs meant that no new SLTPs were established. Instead, the focus became improving quality and relevance.</p>
<p>Maintenance of Financial and Administrative Records</p>	
<p>47. DGPSE shall ensure that all schools receiving assistance under the Project maintain adequate financial and administrative records, and provide consolidated financial statements to the PPIUs semi-annually during project implementation. DGPSE shall ensure that the PPIUs in turn provide these statements to the CPIU.</p>	<p>Partly complied with. Implementation occurred through the school-based management program and through principal teacher training programs. However, there was not full compliance by schools.</p>
<p>Benefit Monitoring and Evaluation System</p>	
<p>48. Within six months of the Effective Date, DGPSE shall establish a BME system in accordance with the provisions of the Bank's "Handbook for Benefit Monitoring and Evaluation".</p>	<p>Complied with. ADB acknowledged acceptance of the BME framework prepared in 2000 with the understanding that targets would need to be revised periodically.</p>
<p>49. CPIU, in consultation with MOEC [MONE]'s Agency for Educational Research and Development, shall further refine the BME framework and confirm verifiable indicators to measure project benefits gather further baseline information, confirm achievement goals, firm up monitoring and recording arrangements, and establish systems and procedures for evaluating the findings.</p>	<p>Complied with.</p>
<p>50. During project implementation, DGPSE shall periodically compare actual and projected performance to baseline and target indicator, and recommend measures for intermediate corrective action. DGPSE shall evaluate the benefits of the Project after the Project has been completed in accordance with a schedule and terms of reference to be agreed upon by DGPSE and the Bank.</p>	<p>Complied with. The Project completed its first report in 2001 (South Kalimantan). In 2002 a report was prepared on North Sulawesi and instruments tested in other provinces (Central and Southeast Sulawesi). An overall study occurred in early 2003 and the full report was issued in December 2003.</p>
<p>Periodic Reviews and Mid Term Review</p>	
<p>51. DGPSE, through CPIU, shall continuously monitor, assess and report on the physical implementation and financial aspects of the Project.</p>	<p>Complied with.</p>
<p>52. A midterm review of all aspects of the Project shall be carried out by DGPSE and the Bank during the third year of project implementation.</p>	<p>Complied with.</p>

**GROSS ENROLLMENT RATES IN PROJECT PROVINCES,
1999/00-2003/04**

	1999/00	2000/01	2001/02	2002/03	2003/04	Increase 1999/00– 2003/04 (%)
South Kalimantan	69.8	70.3	71.4	73.4	77.8	11.5
East Kalimantan	71.6	71.0	76.9	79.2	87.4	22.1
North Sulawesi	72.2	90.7	93.6	95.4	95.8	32.7
Gorontalo	73.3	70.1	61.2	63.2	78.2	6.7
Central Sulawesi	67.1	72.6	77.1	81.3	76.4	13.9
Southeast Sulawesi	76.2	82.3	86.6	88.4	90.6	18.9
National	72.4	75.1	76.4	77.4	78.4	9.8

Sources: Provincial data from provincial records
National data from "Education Indicators in Indonesia, 2003-2004", Ministry of National Education, 2005

**EXAMINATION PERFORMANCE IN THREE PROVINCES,
1999/2000–2003/04**

Year	Indonesian	Mathematics	Science	English
East Kalimantan				
1999/00	4.73	4.91	4.53	4.99
2000/01	4.78	4.82	5.00	4.73
2001/02	5.20	4.73	4.53	4.51
2002/03	5.80	4.53	4.94	5.35
2003/04	5.83	5.00	4.74	5.43
% change	23.36	1.83	4.64	8.82
South Kalimantan				
1999/00	5.13	4.97	4.63	4.85
2000/01	5.37	5.22	5.11	4.90
2001/02	5.18	5.01	5.10	4.64
2002/03	6.52	4.52	6.38	5.72
2003/04	5.72	4.79	6.47	4.78
% change	11.50	-3.62	39.74	-1.44
North Sulawesi				
1999/00	5.55	3.75	4.29	4.75
2000/01	5.05	3.91	4.18	4.40
2001/02	5.13	5.02	5.19	5.04
2002/03	6.17	6.17	6.97	5.42
2003/04	6.96	7.28	7.59	7.05
% change	25.41	94.13	76.92	48.42

Note: Scores range from 1 to 10, with 10 as the highest score.
Source: Provincial records.

DISTRIBUTION OF PROJECT SCHOOLS ACROSS EDUCATION SUBSECTORS

	MONE		MORA		Total		Total
	Public	Private	Public	Private	Public	Private	
South Kalimantan	314	48	55	50	369	98	467
East Kalimantan	269	127	16	51	285	178	463
North Sulawesi	249	193	5	27	254	220	474
Gorontalo	79	11	4	21	83	32	115
Central Sulawesi	296	57	18	77	314	144	458
Southeast Sulawesi	258	28	25	61	283	89	372
Total	1,465	464	123	287	1,588	761	2,350
%	62	20	5	12	68	32	100
Total Schools in Project Provinces, 2003/04	1,465	598	145	566	1,610	1,164	2,774
% distribution	53	22	5	20	58	42	100

MONE = Ministry of National Education, MORA = Ministry of Religious Affairs.
Source: Project records.