

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

42

PROJECT PAPER
INDONESIA
AGRICULTURE PLANNING PROJECT
(497-0342)

660103

APRIL 1984

USAID/JAKARTA

- 1 -

PROJECT AUTHORIZATION

INDONESIA

Agricultural Planning Project
Project No. 497-0342

1. Pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Agricultural Planning Project for Indonesia, the "Cooperating Country", involving planned obligations of not to exceed \$6,000,000 in loan funds and \$3,000,000 in grant funds over a two year period from date of authorization subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the project. The planned life of the project is five years and three months from the date of initial obligation.
2. The project consists of assisting the Ministry of Agriculture in the Government of Indonesia institutionalize at the national and provincial level an improved capacity for agricultural policy analysis and planning, and to link that capacity more closely with the formulation of agricultural programs and projects. The project will support technical assistance, training, special studies and limited commodity purchases.
3. The Project Agreements which may be negotiated and executed by the officers to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority, shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.
4. a. Interest Rate and Terms of Repayment

The Cooperating Country shall repay the Loan A.I.D. in U.S. Dollars within forty (40) years from the date of first disbursement of the Loan, including a grace period of not to exceed ten (10) years. The Cooperating Country shall pay to A.I.D. in U.S. Dollars interest from the date of first disbursement of the Loan at the rate of (a) two percent (2%) per annum during the first ten (10) years, and (b) three percent (3%) per annum thereafter, on the outstanding disbursed balance of the Loan and on any due and unpaid interest accrued thereon.

b. Source and Origin of Commodities, Nationality of Services

Commodities financed by A.I.D. under the project shall have their source and origin in the Cooperating Country or, if

loan-funded, in countries included in A.I.D. Geographic Code 941, or, if grant-funded, in the United States, except as A.I.D. may otherwise agree in writing. Except for ocean shipping, suppliers of commodities or services shall have the Cooperating Country or, if loan-funded, countries included in Code 941, or if grant-funded, the United States, as their place of nationality, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States, if grant-funded, or Indonesia, and Code 941 countries if loan-funded.

c. Conditions Precedent to Disbursement for Project Activities other than Technical Assistance and Training.

(1) Evidence that a Project Steering Committee has been formed and has named its member representatives from the MOA Bureau of Planning, Center for Agro-Economic Research, Center for Agricultural Data Processing, and from the Minister of Agriculture's Expert Staff, and the Directorates General.

(2) Evidence that a Policy Analysis Working Group has been formed and has named its member representatives from the MOA Bureau of Planning, Directorate General, the Center for Agro-Economic Research and other government agencies the Ministry may appoint.

d. Conditions Precedent to Disbursement for Training Activities

Evidence that criteria have been determined for the selection of trainees under the Planning and Analysis Training Component of the Project and that a workplan has been created to implement the selection process.

e. Conditions Precedent to Disbursement for Provincial Activities

(1) Evidence that Province Steering Committees have been formed in South Sulawesi and Central Java, chaired by the Kepala Kantor Wilayah of the Ministry of Agriculture in these provinces, and naming committee member representatives from the Dinas' of Agriculture, the Regional Planning Boards (Bappeda) and the Governors' Offices in each province, and any additional member considered appropriate by the Borrowers/Grantee.

(2) Evidence that a Governor's Instruction has been issued in each province authorizing participation of the respective Dinas' of Agriculture and Regional Planning Boards in the provincial activities component of the Project.

f. The Ministry of Agriculture agrees to continue its efforts to:

(1) develop a Master Plan for computerization within the Ministry;

(2) establish a career path for computer technicians and provide incentives for their retention within the Ministry.

5. I hereby approve a waiver of the requirement that the host country completely funds international travel costs for training valued at approximately \$40,000, since GOI budgeting procedures make this more easily fundable by A.I.D. and as the GOI contribution still remains at 30% of total project costs.

Signature: William P. Fuller
William P. Fuller
Mission Director

Date : 27/4/84

Clearances: AGR: KPrussner: (in draft)
PRO: DZvinakis: (in draft)

Drafted:LA:LChiles:04/01/84, mai

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AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET	1. TRANSACTION CODE <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number _____ DOCUMENT CODE 3
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2. COUNTRY/ENTITY INDONESIA	3. PROJECT NUMBER <input type="checkbox"/> 497-0342 <input type="checkbox"/>
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4. BUREAU/OFFICE ASIA <input type="checkbox"/> 04 <input type="checkbox"/>	5. PROJECT TITLE (maximum 40 characters) <input type="checkbox"/> Agriculture Planning <input type="checkbox"/>
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6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 06 30 89	7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4) A. Initial FY <input type="checkbox"/> 84 <input type="checkbox"/> B. Quarter <input type="checkbox"/> 3 <input type="checkbox"/> C. Final FY <input type="checkbox"/> 85 <input type="checkbox"/>
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8. COSTS (\$000 OR EQUIVALENT \$1 =)						
A. FUNDING SOURCE	FIRST FY 84			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						9,000
(Grant)	(4,200)	(2,800)	(7,000)	(5,700)	(3,300)	(3,000)
(Loan)	(3,200)	(2,800)	(6,000)	(3,200)	(2,800)	(6,000)
Other U.S.						
1.						
2.						
Host Country		250	250		3,900	3,900
Other Donor(s)						
TOTALS	4,200	3,050	7,250	5,700	7,300	12,900

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPRO- PRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) FN	191B	054	054			3,000	6,000	3,000	6,000
(2)									
(3)									
(4)									
TOTALS						3,000	6,000	3,000	6,000

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)	11. SECONDARY PURPOSE CODE
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12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)	A. Code EOTY BR B. Amount:
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13. PROJECT PURPOSE (maximum 480 characters).

The Agricultural Planning Project will assist the Ministry of Agriculture to institutionalize at the national and provincial level an improved capacity for agricultural policy analysis and planning, and to link that capacity more closely with the formulation of agricultural programs and projects

14. SCHEDULED EVALUATIONS Interim MM YY MM YY Final MM YY 06 87 08 89	15. SOURCE/ORIGIN OF GOODS AND SERVICES <input checked="" type="checkbox"/> 000 <input checked="" type="checkbox"/> 941 <input checked="" type="checkbox"/> Local <input type="checkbox"/> Other (Specify) _____
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16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment.)

17. APPROVED BY	Signature William P. Fuller <i>William P. Fuller</i> Title Director, USAID Indonesia	Date Signed MM DD YY 04 27 84
		18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY 06 20 84

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ABBREVIATIONS

AARD	- Agency for Agriculture Research and Development
ADPA	- Agricultural Development Planning and Administration Project
AP	- Agricultural Planning Project
APBD	- Anggaran Pendapatan dan Belanja Daerah - Provincial or Regional Budget
APBN	- Anggaran Pendapatan dan Belanja Negara - National Budget
BAPPEDA	- Badan Perencanaan Pembangunan Daerah - Provincial Planning Boards
BAPPENAS	- Badan Perencanaan Pembangunan Nasional - National Planning Agency
BIMAS	- Bimbingan Massal Swa Sembada Bahan Makanan - Mass Guidance for Self Sufficiency in Foodstuffs
BINA PROGRAM	- Planning Unit Within a Government Agency
BOP	- Bureau of Planning
BPPT	- Badan Pengkajian dan Penerapan Teknologi - Agency for Research and Application of Technology
BULOG	- Badan Urusan Logistik - National Logistics Agency
CADP	- Center for Agricultural Data Processing
CAER	- Center for Agro-Economic Research
CDSS	- Country Development Strategy Statement
DG	- Directorate General
DINAS	- Government Service Unit at the Provincial or District Level
DIP	- Daftar Isi Proyek - Approved Project
DSP	- Daftar Scala Prioritas - Development Priorities List
DUP	- Daftar Usulan Proyek - Proposed Project
EM	- Evaluation and Monitoring Division, Bureau of Planning
ESA	- Economics and Statistical Analysis Division, Bureau of Planning
GBHN	- Garis-Garis Besar Haluan Negara - General Guidelines of State Policy
KANWIL	- Kantor Wilayah, Provincial or Area Office of the Ministry of Agriculture
KABUPATEN	- Second Level of Local Government, Regency or District Level
KECAMATAN	- Third Level of Local Government, Sub-Regency or Sub-District Level
IPB	- Institut Pertanian Bogor - Agricultural Institute, Bogor
MOA	- Ministry of Agriculture
NADB	- National Agricultural Data Base
NESS	- Nucleus Estate Smallholder System
PATANAS	- Panel Tani Nasional - National Farmer Household Survey
PIMPRO	- Pemimpin Proyek - Project Leader
POLA DASAR	- Basic National Principles
PAWG	- Project Analysis Working Group
PSC	- Project Steering Committee
REPELITA	- Five Year Development Plan
UGM	- University of Gajah Mada
UI	- University of Indonesia
UPT	- Unit Pelaksana Teknis - Technical Implementation Unit

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A. Recommendations

A loan of US \$ 6,000,000 and a grant of US \$ 3,000,000 from the USG to the GOI is recommended to support the Agricultural Planning Project. The total project cost is estimated at US \$ 12,900,000 of which the GOI will contribute US \$ 3,900,000 in rupiah equivalent. Life of the project is five years beginning in April, 1984.

The above recommendation is contingent upon the availability of USAID loan and grant funds. USG project loan support will be fully funded at the beginning of the project; grant funding will be obligated over the first two years of the project.

B. Summary and Relation to AID Strategy

The Agriculture Planning (AP) project will assist the Ministry of Agriculture (MOA) to institutionalize at the national and provincial level an improved capacity for agricultural policy analysis and planning, and to link that capacity more closely with the formulation of agricultural programs and projects. The project will build on work done under the AID-assisted Agricultural Development Planning and Administration (ADPA) project scheduled to terminate in September, 1984.

The project comes at an important time in Indonesia's development effort. The economic downturn of the 1980's and sobering economic prospects for the rest of the decade have forced GOI authorities to explore new policy directions to improve resource utilization across sectors.

For agriculture, the new emphasis on effective and efficient policies coincides with a re-orientation of the thrust of agricultural development efforts. Despite successes in increasing rice production during the past 15 years, production remains insufficient to meet the needs of a rapidly expanding population and imports, about one million metric tons per year at present, are still required. Although past purchases have been financed from oil revenues, excess world oil stocks and declining prices now limit foreign exchange availabilities. A world recovery is anticipated, but it will be slow. In the interim, domestic demand continues to expand rapidly and projections suggest that an exportable oil surplus may not be available after 1990. Limited foreign exchange to finance external food grain purchases, has forced MOA planners to explore new strategies for increasing and broadening agricultural production while lowering input subsidies.

Successful food crop diversification will not be easy. Identifying ecologically sound measures to sustain and increase already high rice yields will be difficult. Developing new mechanisms to design and test interventions responsive to local crop diversification problems will require substantial attention. Also, outstanding issues related to rural employment generation, irrigation and water policy, commercial and export crop production and the future role of the public and private sector in agricultural development will require continuous review.

The empirical data and analytical capability to make decisions on these important issues, while improving, is still limited. Traditional reporting systems are slow and often too detailed for policy purposes. Significant areas continue to be under-reported. For example, little is known about the income effects of rice production increases on land owners, farm labor, traders and processors. More information is needed about rural labor market trends including real wages, labor absorption, migration patterns, and the changing economic role of women. Additional data and analysis to answer questions about the relative efficiencies of state, cooperative and private sector involvement in distributing and marketing agricultural inputs and products; the impact of government policies on employment, farm technology, land tenure and farmers' income; and, the relative returns from subsector production investments for determining preferred development strategies is urgently needed to set new policy directions.

The existing agricultural information system is inadequate for several reasons. Data processing capabilities are improving but are still insufficient to integrate the large amount of information required to portray a reliable picture of Indonesian agriculture and farm welfare. Policy and program analysis agencies are short of trained staff to work with the data which already exists. In addition, poor coordination and inadequate sharing of skills and information between various analytical agencies results in inefficient use of talent and data. Finally, continued emphasis on centralized planning has retarded recognition of the need for data and analysis on location-specific agricultural problems. This has in turn impeded development of policies sufficiently flexible to allow for localized solutions, a serious constraint to the effectiveness of food crop diversification.

Senior staff in the Ministry of Agriculture recognize the importance of these issues and are acutely aware of the shortcomings of existing planning and analysis agencies. They have requested AID assistance to strengthen capabilities in this area. The Agricultural Planning (AP) project will support technical assistance, training, special studies and limited commodity purchases to strengthen policy and planning capacity, improve coordination between planning units within and outside the MOA, test and develop sub-national planning approaches, and facilitate stronger links between planning agencies at various levels of government.

National-level activities will build on the results of ADPA and assist the MOA to complete the institutionalization of a capability to handle planning information at the national level. The project will foster the dissemination and use of information for planning purposes and, through continued training, will further increase planning skills and knowledge. Emphasis will be on the application of information: Special Studies will allow the MOA to apply information to clarify pressing policy problems; long and short-term training will emphasize practical applications of information and planning skills not planning theory; long-term advisers will focus on establishing computer capabilities for policy analysis not basic data processing; and project support will improve the flow of information and analysis recommendations to top policy-makers for their action. Special emphasis will be placed on the increased use of new farm household survey data to assist in the localization of national policy decisions.

The project will also test and apply approaches to improving decentralized planning at the provincial level. Province-level MOA staff will be included in both long and short-term training in applied planning skills. In two provinces, the project will develop and test new policy planning models. While experimental, this component will develop the information resources needed for provincial level planning, develop the institutional capacity to identify local agricultural problems, and will provide training in practical skills to design, implement and monitor effective local interventions. Experience gained from the provincial component will provide basic material for a major Special Study in the fourth year of the project on options available to the MOA to encourage nationwide bottom-up, integrated planning.

Recent changes in Ministry personnel associated with the project are encouraging. New appointees to the posts of Secretary General, the Director of the Bureau of Planning, and the Director of the Center for Agro-Economic Research, are experienced agricultural economists who have played key roles in the AID-assisted ADPA project. As heads of these institutions, they will provide leadership to the project and coordinate its various activities. Already they have initiated organizational changes to strengthen their capacity to address short- and long-term policy and planning issues in a more integrated and analytical manner.

The project responds to AID/Washington and Mission strategies for assisting host governments to strengthen their institutional capability to analyze policy and strategy options. Recent Agency-wide policy papers have emphasized the need to support the development of human and institutional capabilities so developing countries can carefully analyze growth and equity objectives in the food and agricultural sector to ensure that interventions support increased efficiency, equity and productivity. The project will also be one of the major efforts in support of the Mission's CDSS theme of strengthening food production and resource management. Increased capacity for agricultural policy analysis and planning is identified in the CDSS as a major requirement to achieve this goal. The project reflects CDSS concerns for human resource development and decentralization by focussing on institutional and manpower constraints at the national level and experiments at sub-national levels to develop approaches for increasing local capacities to design and implement agricultural programs and projects.

C. Outstanding Issues

The majority of issues raised in the process of project design have been addressed to the Project Committee's satisfaction; they and the Committee's responses to them are summarized in Annex A. Several concerns remain however:

1. Project Management and Organizational Barriers to Effective Agriculture Planning:

The Project Paper proposes a Project Steering Committee and two Province Steering Committees for, respectively, overall project management and management of component activities in two provinces. In addition, the Project Paper proposes support to a Policy Analysis Working Group (PAWG),

a creation of the Ministry of Agriculture independent of the Agriculture Planning project, which is expected to continue once the project is completed. Most, but not all, members of the PAWG are expected to be members of the Project Steering Committee as well.

Three questions arise. First, are steering committees the most effective means to manage the project's activities? If so, will the creation of three committees diffuse control unnecessarily? If not, what other options are feasible? Second, should the Policy Analysis Working Group be asked to assume overall project authority in place of the proposed Project Steering Committee? On one hand, experience under other AID-assisted projects indicates that ongoing committees, rather than ones created specifically for particular projects, are frequently more cohesive and effective. Given the organizational barriers to effective agricultural policy-making identified in the Project Paper, is a temporary Steering Committee or the ongoing PAWG better placed to convert policy research and analysis into tangible budgeted programs? Or, are Agriculture Planning project management and the PAWG's work separate tasks which should not be confused (the PAWG's policy agenda will include but will by no means be limited to research and analysis sponsored by the project)? Finally, should the project more directly address the organizational obstacles to effective planning described in the Project Paper? From one perspective, organizational changes are already emerging, albeit slowly, which increase the control over plans and budgets held by Kanwils, the Bureau of Planning and the Secretariat of the Ministry of Agriculture. The project supports and indirectly hastens these changes by increasing the capabilities of these offices as their authorities grow. From another perspective, the bottom line is budgets. As long as primary responsibility for budgeting continues to be held by Directorates General, and no new forum is provided to interpose the planning recommendations of the three offices above or of the PAWG into the budget cycle, increased planning and analysis capabilities will not result in improved ground-level agricultural development programs. Should a clearer strategy to link policy analysis and budgets be defined before the project begins?

2. Improvements in Data:

The quality of analysis to be supported under the project will, in part, be a function of the quality of data analyzed. In the past, data collection has not received much attention. Some data sets are being developed, PATANAS for example, via well designed questionnaires and trained staff. Others, however, are composed of data which filters up through the traditional system in which collection and transmittal errors have been reported. How to improve the quality of data remains an issue. Training thousands of field enumerators would be prohibitively expensive for AID and is an area in which other donors are active. The project, however, encourages analysis based primarily on those data sets which are reliable and the process of analysis will, in itself, assist to identify inconsistencies and errors in these and other data. An assessment of appropriate remedial steps will be assisted by the project but implementing them will not be the project's objective.

3. International Travel Costs:

The ADPA project provided loan funds for all international travel costs of participants. The Ministry of Agriculture's DIP for the Agriculture Planning project for the 1984/85 GOI fiscal year includes no provision for international travel expenses. The Mission, on the other hand, has taken the position on recent projects that GOI should fund international travel for participants at least as far as Garuda flies. The actual costs for participants' international travel under Agriculture Planning will be relatively low - about \$ 40,000 over the life of the project. Do we seek a waiver of AID requirements? If so, through the life of the project or only until GOI fiscal year 1985/86?

II. Rationale and Description

A. Project Background

Indonesia's increasing ability to organize and implement agricultural development programs has been demonstrated by major successes in the sector during the past 15 years. Dramatic increases in rice production, grain price stabilization, and the development of selected commercial crops are better known examples. Rice yields, now the highest in Southeast Asia, have grown substantially as the result of major improvements in seed technology, the expansion of irrigation, and the effective management of producer price incentives. Annual production increases of 4.5% over the period reflect a growing technical, research and institutional base to support rice production.

Price stabilization through the efficient management of grain purchases and sales by the National Logistics Bureau (BULOG) has been impressive. This capacity has been extended nationwide, a considerable achievement in light of Indonesia's geography. During this period the terms of trade for rice farmers have been maintained to ensure production incentives while consumer prices have been carefully managed.

Assistance to commercial crop development has also been successful. Nucleus Estate Smallholder Systems (NESS) have been particularly useful for disseminating improved technologies and production assistance to small scale farmers. While the current world economic recession has depressed prices and reduced smallholder estate incomes, the institutional base for future growth of export earnings and farm income within this sub-sector has been established.

Significant agricultural development problems remain however. The downturn of the economy has heightened awareness of the costs of an agriculture and food policy still biased toward rice consumers. The development budget for FY 83-84 includes an estimated \$600 million for agriculture and food related subsidies.

Recent trends in the agricultural sector highlight the need for more effective programs to achieve the goals of growth and productive employment. During most of the 1970's real wages in the formal rural sector were stagnant with an upturn in the latter part of the decade. Little data exist on the informal rural sector where most of the rural poor find part time and seasonal work. Surveys indicate, however, that returns to agricultural labor may be declining overall. Despite high absolute levels of employment in rice production, marginal job creation in rice agriculture appears to be decreasing. Some analyses suggest there may have been no additional productive employment in agriculture as a whole during the last three years. In addition, other problems including increasing levels of soil erosion and siltation which degrade lower crop lands and irrigation systems, inefficient irrigation and water distribution, and growing landlessness remain troubling.

The sense of urgency within the GOI to address these problems has been heightened by an awareness that further dramatic increases in rice yields are unlikely. The production increases of recent years were

primarily due to the introduction of high yielding varieties and use of fertilizer. These technologies are now widespread. Sustaining present yields and increasing absolute production levels merely to keep pace with increases in demand will be major tasks. Non-rice food imports are still large and, with the drain on foreign exchange they represent, the pressure for food crop diversification has mounted. Non-rice food crop production, however, has actually declined during the past four years.

Nonetheless, recent analyses indicate substantial opportunities for recovery and expansion. To lessen dependence on imports, increase income and consumption levels of the lowest income groups, and to meet the demand of a growing livestock feed industry, increased attention to non-rice food crops is essential. As the GOI moves toward a diversified approach to food security there will be ample opportunities to increase agricultural employment and incomes at the same time. Just how this is to be done, however, requires careful analysis.

Increased capacity to devise agricultural strategies and policies will assist the GOI to effectively address these problems and opportunities. It is in this context that AID seeks to assist the MOA and related agencies to improve their institutional capacity to provide policy makers with data, analysis and recommendations for food and agricultural planning.

A review of agricultural policy planning in Indonesia was undertaken in 1982 by a team of two agricultural economists, John Dixon from the East-West Center and Martin Hanratty from the Ford Foundation. Their report and recommendations, entitled "Planning for Agricultural Development in Indonesia," and follow-up research by AID staff, have provided the background for the Agriculture Planning project.

1. Agricultural Development Planning in Indonesia

Planning and decision-making for Indonesia's agriculture sector is complex, involving an array of ministries and agencies including the Ministry of Public Works, the Ministry of Finance, BULOG, and ultimately the President's Cabinet. The major actor, however, remains the Ministry of Agriculture. Through internal resource allocation decisions and the inputs it provides to other ministries, the MOA retains substantial influence over the direction and the pace of agricultural development in Indonesia.

a. Planning Agencies at the National Level

Figure One shows the formal structure of planning-related offices in the Ministry of Agriculture. The Minister is responsible for overall policy decisions. He is assisted by the Secretary General who is responsible for coordinating the activities of the various line agencies. There are four line agencies, each lead by a Director General, which have responsibility for programs in specific commodity areas: food crops, estate crops, animal husbandry, and fisheries. For program operations, each DG has a vertical command structure reaching to the Kecamatan (sub-district) level (although from the province downward the DGs' representatives are also responsible to the province Governor).

There are three specialized service agencies - the Extension and Training Agency, the Agricultural Research and Development Agency (AARD), and BIMAS (the Rice Production Intensification Agency) - that also report to the Secretary General.

Policy analysis, planning, and research occur at various places within this structure. The formal planning arm of the Secretary General and of the Ministry as a whole is the Bureau of Planning (BOP). Each Directorate General, however, has its own planning unit with responsibility for its particular sub-sector. The Agricultural Research and Development Agency, as its name suggests, has general research responsibilities. It contains several institutes, two of which - the Center for Agro-Economic Research (CAER) and the Center for Agricultural Data Processing (CADP) - have sector-wide responsibilities.

The quantity and quality of planning and policy analysis in the Ministry have been limited. Shortages of trained and qualified personnel, limited data and the absence of clear responsibilities have, until recently, resulted in major policy choices being made without the benefit of careful analysis*.

The problem has been compounded by difficulties arising from the administrative structure of the Ministry and by a tendency to concentrate planning and budget control at the top. Coordination of the various Directorate Generals' programs has been difficult. The DG's, particularly the Directorate General of Food Crops which rose to prominence during the successful effort to promote rice production, have planning responsibility for their respective commodity sub-sectors. Under the discipline of commodity production targets, they perceive their role as commodity-specific. National commodity targets and "standard projects" to achieve them are allocated to provinces based primarily on measures of the provinces' past output. The integrated nature of farm-level economic activity tends to be forgotten and the incentive to achieve output targets rather than increase farm incomes reduces interest in delegating planning responsibility to lower levels of administration. The successful experience with mass programs to increase rice production (programs whose success in large part stemmed from the relative homogeneity of wet rice cultivation conditions and practices) has reinforced the tendency to standardize projects nationally rather than delegate design responsibilities downward. As a result what is known as "planning" frequently is, in effect, a management process in which budgets, with standard components submitted by lower administrative levels, are aggregated into program categories and checked line by line for conformity with standard financial cost breakdowns.

* As indicated below, this situation has improved over the past several years, partially because of AID assistance provided through the ADPA project. A recent example, for negotiations with Bulog over appropriate food policy for Repelita IV, was the Ministry's use of an econometric food supply/demand model to project food deficiencies under varied assumptions.

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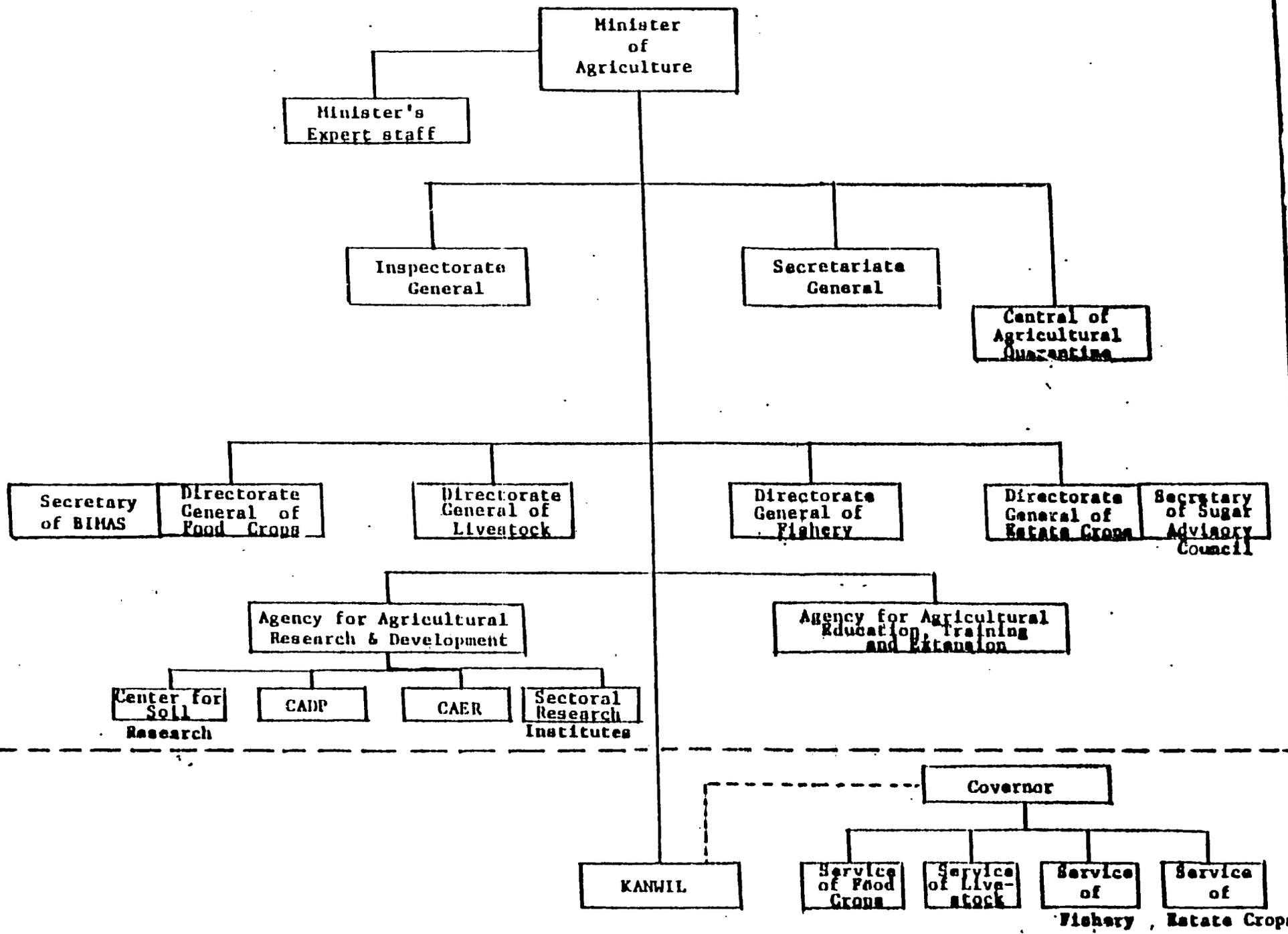


Figure one : MOA Planning Agencies

As agricultural development efforts turn toward non-rice food and export crops, and as farm income and equity are accorded greater priority, the MOA must gradually develop a more integrated and less centralized apparatus for planning and implementing its development efforts. This will be a long and incremental process, but a start has been made in a number of MOA offices.

The Bureau of Planning (BOP): The BOP is a staff office of the Secretary General. Although formally responsible for coordinating and carrying out long term planning, it has neither the financial means nor the authority to implement programs of its own. Limited by a small staff and administrative regulations which discourage post-Masters degree holders to remain in the Bureau, it must influence decisions of the DG's through consultation and persuasion only. The stature of the Secretary General and the BOP's right to formally approve all DG budgets before they are sent to BAPPENAS assist in this regard. Unfortunately, budget approval is reactive and comes too late in the budget cycle for meaningful revisions.

The Bureau of Planning's role is being expanded under the new MOA leadership. The Secretary General and Director of Planning are eager to develop the Bureau's capability to plan ahead, anticipate opportunities across the sector, provide broad strategic guidance to the DG's, and to synthesize long-term planning recommendations for the Minister, BAPPENAS and other influential planning bodies.

Two of the BOP's offices will play particularly important roles as the Bureau's responsibilities expand. The Economics and Statistical Analysis (ESA) division will collate and synthesize information and analyses pertinent to policy and translate them into an acceptable format for top policy-makers within and outside the MOA. Establishing a system for both routine and topical reports of this kind and assuring that only the information necessary for decisions is included in them will be particularly important to their success. ESA staff are also developing the capability to perform secondary analysis at a level of aggregation most appropriate for national decisions. A recent example, was the use of a food crops demand and supply model, run on micro-computers, in determining food policy for Repelita IV.

The Evaluation and Monitoring (EM) division will take the lead for the BOP in coordinating the MOA's program and project budgeting process. EM is weak at present, but the potential to integrate the sub-sector budgets of the Directorates General offers tremendous benefits of efficiency and increased complementarity between DG development programs. The recent return of several ADPA trainees to EM provides new talent on which the division can build.

Despite apprehensions on the part of the Directorates General, there is increasing appreciation that the Bureau should take the lead in overall planning. Its approach is cross-sectoral and holistic while theirs are sub-sectoral and commodity-specific. The adjustment will take time and require collaboration between the BOP and the DG's which still retain the vast bulk of technical expertise, operational funds and staff. It will also require both quantitative and qualitative

improvements in the information and skills available to the BOP to analyze the impact and direction of ongoing and future policy and program changes.

The Center for Agro-Economic Research (CAER): The CAER, a division of AARD, is responsible for conducting policy studies on a wide range of sector-wide agricultural topics. Its most significant undertaking to date is development of a periodic National Farm Household Survey (PATANAS). PATANAS has been launched in three provinces and will begin in a fourth in 1984. When completed the survey will provide the Ministry with detailed and continuous information on levels and sources of farm family income, consumption, and patterns of labor participation in different agricultural sub-sectors. With this information, the MOA will be in a position to analyze the ground-level impact of agricultural policies and the farm-level incentives associated with government-initiated agriculture development programs.

The CAER has a well-qualified staff of about 60 professionals, including 5 Phd's and 15 MS holders. By 1986, the number of Phd's will rise to 13. The Ministry's commitment to retaining this manpower pool reflects a determination to increase the effectiveness of agricultural policy and programs not just with regard to achieving production targets but also in light of the impact on employment and farm income. Under the new MOA leadership, CAER has been delegated the lead role in policy research and continues to strengthen its relations with the BOP, the DG's and universities.

Unlike the BOP or CADP, the CAER has little difficulty retaining highly-trained staff. With its impending acquisition of a mini-computer specifically for PATANAS, the CAER has developed a training plan to assure uninterrupted PATANAS processing following the shift of the data base from the CADP facility. CAER will require assistance to implement this plan. Use of the data base for policy relevant studies with the most potential for policy action will be a challenge. CAER's greatest need is to develop its research output to fit the needs and strike the imagination of top decision-makers. Some successes have already been achieved but further efforts are required to identify new clients, to improve the staff's capability to translate policy questions into action-oriented research, and to develop and market research results which identify the impacts of policies on relevant groups and provide concrete recommendations for action.

The Center for Agricultural Data Processing (CADP): The Center, established in 1974, provides data processing services to research, planning and administration units within the MOA. It does not have a planning role per se nor does it initiate its own analyses.

The major work task of the Center is designing and implementing a National Agricultural Data Base (NADB). Development of the data base is well underway. It includes MOA project and management information, as well as continuously updated information on agricultural production and prices.

The ADPA project supported the development of staff skills and hardware at the CADP. The Center, however, still faces many challenges. Although hardware is in place and operating and programming staff have been trained, the demands on the Center have exceeded its capabilities. While this is a positive sign that indicates a willingness and desire by users to develop information for decision-making, it also points to further staff development needs. Demands on CADP will moderate in the near future when the CAER assumes responsibility for PATANAS data processing - a large task which has, in the past, drawn CADP staff and facilities away from their primary responsibility for the NADB. However, software development and the management of batch processing remain major technical problems at CADP. In addition, although the CADP's programming and processing staff are well trained and enthusiastic, they lack experience in computer applications and management. Like the BOP, CADP has administrative restrictions on providing adequate incentives to retain staff with education above Masters level. It is fortunate that future skill requirements are not academic but experiential. What is needed is the services of an experienced operations manager to oversee and coach inexperienced staff members.

b. Planning below the National Level:

1) Information, Decentralization and Integrated Planning:

Over the past five years the MOA has significantly increased the capability of its national offices to acquire, process and analyze information required for planning. The Agriculture Planning project will devote most of its resources to continue this process.

Ultimately, however, successful planning for agricultural in Indonesia will also require both greater decentralization of decision-making and budget authority and a more integrated approach than prevails now. Decentralization is advisable because the aggregation of data required for national-level consideration disguises local differences in agronomic, economic and social conditions. Increased integration is advisable because, unlike the Directorates General of the MOA, few farmers deal with one commodity sector alone. Farmers' incentives to adopt a new technology reflect an assessment of the contribution it will make to the sum total of income or other benefits derived from complex farming systems in which many commodities and even non-agricultural pursuits may play a role.

The locus of authority to make agriculture planning decisions should coincide with the location of information appropriate to the decision at hand. In a decentralized system planners at the national level would focus, among other things, on determining long-term sector development goals, establishing the macro framework for prices and subsidies, addressing issues of interregional and international trade, working with other government agencies to assure appropriate financing of agricultural development efforts, and monitoring the results of provincial development activities. Provincial counterparts would be concerned with specifying provincial development goals consistent with national guidelines, identifying province-specific problems and opportunities for government intervention, monitoring input use and efficiencies at the farm-level, identifying future demand problems, and providing training and technical assistance to planning units at the sub-provincial level.

Although the GOI has taken tentative steps over the past decade to support decentralized and integrated planning for agriculture, much remains to be done. At the province level, a measure of formal decentralization has been achieved through Regional Budget (APBD) agricultural activities planned by Provincial Planning Boards (Bappedas). Results of this initiative have been mixed. Many APBD-funded agricultural activities are decentralized in name only. Since Bappedas typically have only two or three professional-level staff to concentrate on agriculture, they rely heavily on technical support from provincial MOA personnel. The implementors and designers of APBD activities are therefore the same MOA Dinas' which implement and design National Budget (APBN) agricultural projects. For this reason project activities of APBN and APBD are often the same and joint funding of nationally chosen and designed projects is common. The benefits of decentralized planning have thus fallen short of expectations and future potential is constrained by the limited volume of APBD money available for agricultural activities. 80% of Approved Project (DIP) funds for agriculture during Repelita IV, for example, will be channeled through the APBN, with only 20% from the APBD.

Data availability is also a constraint to effective decentralization. In part, this reflects a shortage of data caused by insufficient staff. But it also stems from a tendency to centralize information at the top. Soil and climate data, production figures, price and household socio-economic statistics collected at the farm level are frequently sent straight to Jakarta for analysis and storage. Access by provincial level planners is limited, and they must frequently rely on less reliable data sources for local decisions.

A measure of integration of commodity-focused planning has been achieved through the creation of a Kantor Wilayah Pertanian (Kanwil) in each province. The Kanwil is charged with integrating and monitoring all APBN agricultural activities in the region. Here too, however, results have fallen short of expectations. The Kanwil is considered a newcomer by many MOA Dinas' which already have their own program agenda. Because the Kanwil has direct control over very little money it must rely on personal persuasion to influence resource allocation decisions of the Dinas'. This role is slowly changing as policy-makers in the MOA, including the Directorates General and the Dinas', recognize the potential complementarities between commodity-focused activities. Other changes are in the offing; beginning in the GOI 1984/85 fiscal year, Kanwils will assume administrative and financial authority over all BIMAS programs. At the same time, Kanwils appear to be informally assuming an important role vis-a-vis the allocation of APBD funds; Bappedas are beginning to rely on Kanwils to assist in formulating APBD agricultural programs and to increase the complementarity between APBN and APBD agricultural activities. Kanwils, however, are still limited by their narrowly-defined budget authority, shortages of staff, limited data for decision-making, and by the fact that the authority to implement most activities rests with the Dinas' or with Technical Planning Units (UPT's) which take orders directly from MOA national offices. The ability of a Kanwil to localize and integrate agricultural development still depends in large part on the Kepala Kanwils' informal working relationships with the Governor, the Bappeda and the Dinas'. The technical ability to do so effectively will require increased information and planning skills.

In the long-run, decentralized and integrated agricultural planning are mutually dependent. For decentralized approaches to be meaningful, they must begin by assessing problems and opportunities at the farm level. These problems are not associated with single commodities but reflect conditions within a complex farming system including fish and livestock production, asset and financial management and off-farm enterprises. The development of the Kanwil is necessary to refocus development planning to reflect this fact. Despite present weaknesses, the Kanwils are the only provincial institutions, with influence over both the APBN and the APBD, which have a potentially critical mass of planning expertise specific to agriculture but not restricted to particular agricultural commodities.

2) Opportunities at the Province Level:

The MOA is anxious to improve administrative mechanisms to integrate agricultural planning. At the national level, the Bureau of Planning will clearly play a key role in future adjustments. Below the national level, responsibility will inevitably fall on the Kanwil. The MOA has requested that the Kanwils' capabilities be strengthened and their potential role in integrating the planning process be clarified under the Agriculture Planning project.

At the same time, there is growing interest within the MOA in exploring how a further measure of decentralized planning might be achieved. Development of "Top-down/Bottom-up" approaches to planning is frequently discussed within the Ministry but a mechanism has yet to be articulated. With 80% of DIP's for operational agriculture development activity channeled through the APBN and with no change in this share anticipated at least through Repelita IV, any mechanism must work not only with the APBD system but with the much larger program activities funded by the APBN. Here too the MOA has requested that the Agriculture Planning project assist to identify and evaluate the options for the Ministry for the future.

In the long term, planning authority for agricultural development in Indonesia may be formally decentralized. There is speculation within the MOA that steps in this direction might be taken at the end of Repelita IV. The rumoured revision of the DUP/DIP system for all government departments could make tremendous changes in the structure of decision-making within the MOA. All this for now, however, is speculation and the fact remains that whatever the formal structure, the resources for more local integrated decision-making - information and the skills to apply it - can be upgraded and applied.

The opportunities to initiate bottom-up planning of APBN agriculture expenditures without a formal change in planning and budget authority are greater than the prevailing top-down pattern suggests. An outline of where and when the opportunities are available requires a brief summary of the planning and budgeting sequence of events.

In simplest terms, the process begins with the General Outline of State Policy (GBHN) which offers extremely general guidance on the style as opposed to substance of government action in all sectors. The GBHN is

followed by issuance of national Basic Principles (Pola Dasar) which begin to specify substantive goals. For Repelita IV, the Pola Dasar relevant to agriculture emphasize four themes: increased production, increased farm incomes, increased foreign exchange earnings and increased employment. The Five Year Development Plan (Repelita) then allocates funds between sectors and specifies particular sub-sector programs and projects to carry out the themes over five years. Food Crops, for example, is the "program" of the Ministry of Agriculture's Directorate General of Food Crops; Peningkatan Produksi Tanaman Pangan is one of several "projects" in the program which aim to achieve the Pola Dasar. Once these programs and projects have been named in the Repelita, they are immutable; all activities must fall within these defined categories. The content of a project can vary however. This provides the first opportunity to "localize" national plans i.e. to adjust them in light of local agronomic, economic and social conditions.

Every project has a Project Leader (Pimpro). For some projects, such as many of those to promote plantation crops, the Pimpro is in Jakarta. These account for perhaps 25 % of total APBN DIP funds spent for agriculture. Others, however, although APBN-funded, have Pimpros in the Dinas'. In either case, the Pimpro's staff usually design one or more "standard DUPs" for lower administrative offices to follow in proposing ground-level implementation activities. Standard DUPs are not mandatory however. There is no procedural bias against a unique DUP as long as it includes the same line items as the standard. If fertilizer is in a standard DUP, for example, there must be fertilizer in all DUPs for that project, although the type and quantity can vary. Informally, of course, there may be biases against non-standard proposals, but the system itself does not preclude them as long as they are oriented toward achieving the Pola Dasar within the broad framework of the name of the project. This means that the initiative to localize a project must come from the next administrative level down from the Pimpro. For a project with its Pimpro in Jakarta, the initiative must come from the province. For projects led by a Dinas, the initiative must come from the Kabupaten Dinas office. No figures are available for the percentage of DUPs which are non-standard; it is assumed the percentage is small. Examples do exist, however. One province recently altered the standard Eimas Padi fertilizer mix in accordance with perceived agronomic needs of the region. The MOA leadership is open to accepting similar adjustments in other provinces.

A second opportunity for localized decision making is in the choice of regions within a province to target APBN projects. With a few exceptions, agriculture offices at the province level or below have the discretion to target programs where and on whom they wish. This means that local authorities, even if they accept standard DUPs, have the power to choose the most appropriate area, agronomically and economically, and to select a complementary package of projects for that area.

Local authorities may also argue the appropriateness of commodity output targets which the MOA in Jakarta sets for a project in a province. Targets are the product of the annual planning/budgeting process within the framework of the Repelita. Typically, around July prior to a given fiscal year, each Directorate General (if the Pimpro is in Jakarta) or each Dinas (if the Pimpro is in the province) allocates

project output targets between lower administrative units. For BIMAS Padi, for example, the Dinas of Food crops in a certain province might be told to extend so much BIMAS credit or inputs to achieve a certain increase in the province's padi production during the following fiscal year. An indirect forum to debate the appropriateness of the target is provided by the Priorities List (Daftar Scala Prioritas). Drawn up once a year by the provincial Governor, Bappeda, Kanwil and Dinas' this list accompanies the package of DUPs which Dinas' submit to their respective Directorates General before the MOA submits a unified budget to BAPPENAS. The Daftar Scala Prioritas can justify divergence from proposed targets, although in practise this appears infrequent. The forum exists, however, and a stronger technical justification for the province's position can strengthen its cause in negotiations. Informal channels to debate targets exist too. These may be faster than the Priorities List although they appear to depend largely on the strength of informal relationships between the parties involved.

The widest opportunities to localize national plans lie in informal deliberations, sometimes years long, which precede the identification of new projects for a Repelita. There is no particular administrative forum for this. The process is informal and the initiative could originate in a number of sources from Dinas' or Kanwils to university staff.

While it is clear that the existing planning and budgeting procedures can allow for more bottom-up planning in agriculture, it is also clear that the initiative and skills to do so must come from below. For example, for projects with province-level Pimpros, neither the Directorate General in Jakarta, the Bureau of Planning, nor BAPPENAS knows more than the fact that a given province has submitted DUPs worth so much. They do not know and therefore cannot contest the content of DUPs. The burden, or the opportunity, to assure that the DUPs are appropriate to an area falls to province and kabupaten officials. The same is true of targets. The MOA is increasingly open to respond to province arguments as long as the province can present compelling evidence to back up its case. The burden of proof is on the province or the kabupaten.

Skills to analyze area-specific farm needs, the capability to set priorities in addressing them, and accurate information to which to apply these skills and capabilities are the first steps for local agricultural offices to initiate bottom-up planning, regardless of whether planning and budget authority is formally decentralized. Equally important is the development of administrative mechanisms to encourage bottom-up and integrated approaches among the different agricultural offices represented in the provinces. Given the mutual dependence of bottom-up and integrated planning in Indonesian agriculture, the development of these skills, information resources and institutional mechanisms can most productively be coordinated through the Kanwil.

2. Progress and Evaluations under the Agricultural Development Planning and Administration (ADPA) Project

The ADPA Project, begun in 1979, has made considerable progress in meeting most of its targets. ADPA improved staff capacity in the Bureau

of Planning through training and technical assistance, and established an electronic data processing facility at the CADP. Training has exceeded original targets. The computer center is operating and serving an increasing number of users throughout the Ministry. Increasing demand has necessitated unanticipated memory upgrades and the purchase of new terminals. A second shift is now required to accommodate the demand and some large jobs, such as PATANAS, are being transferred to other facilities. ADPA's greatest non-computer contributions have been training and the formulation of an agricultural sector policy report, prepared by the BOP with ADPA assistance, which influenced food policy planning associated with Repelita IV.

Unfortunately, ADPA achievements have not been sufficient to fully institutionalize the capacity to plan agricultural development efforts. The report by Drs. Dixon and Hanratty, cited earlier, recommended that efforts within the Bureau of Planning be continued, but that other agencies both inside and outside the MOA, which are members of the informal agricultural planning system, be included in future capacity building efforts. Technical assistance to coordinate this effort was strongly recommended. In addition, they recognized the need to strengthen planning at the provincial level and link it more closely to efforts at the center. Provincial planning was ignored under ADPA.

S.R. Wood in his 1983 evaluation of CADP and CAER, concluded that ADPA training at these institutions has been very effective. He recommended that additional formal training be provided and a strong on-the-job training program be established to assist newly trained staff to apply analytical skills to real problems. These findings substantiated earlier conclusions reached by William Stuart and Sandra Rowland of the U.S. Bureau of Census in their evaluation of CADP. They strongly recommended a shift away from major equipment purchases and increased attention to improved data base management through in-service and on-the-job training.

Finally, an evaluation of the overall ADPA training program by Dr. Irlan Soejono and Dr. Barizi of the Institute Pertanian Bogor recommended continued training for systematic capacity building with key Ministry planning agencies. They strongly suggested that training be more applied than theoretical, and that every effort be made to provide on-the-job training.

Further AID assistance through the Agriculture Planning project will act on these recommendations. A new effort is justified on several grounds. Policy and planning decisions have an impact on efficiency, production, employment and income*. MOA institutions involved in planning and policy analysis have matured and have significantly increased their capacity over the past five years to undertake the kind of integrated planning and policy analysis that is needed. They are now in a position to embark on a coordinated approach to planning and to

* See Economic Analysis for a more rigorous assessment of this.

effectively use technical assistance. In part, this is a result of AID's ADPA training programs; the majority of the academic participants trained under the ADPA project will return to positions in the MOA during 1984. Recent personnel and organizational changes in key MOA planning offices provide a much improved institutional environment for the proposed activities under the new project. These changes combined with increased attention within the GOI to more cost effective utilization of development resources are increasing the demand for timely and effective policy analysis and planning inputs within the MOA.

B. Detailed Project Description:

1. Goals, Purpose, End of Project Status and Outputs:

The goal of the project is increased productivity and employment, and improved efficiency in the allocation of resources in the agricultural sector. To attain this goal the purpose of the project is to develop an improved capacity within the MOA, including provincial MOA offices and selected other organizations, to carry out agricultural policy and planning analysis and to integrate this analysis with the formulation of agricultural policy, programs and projects at both national and local levels.

It is expected that the following EOPS will have been attained by the end of the five-year life of the project :

1. Planning offices within the MOA will be provided with a reliable, timely flow of agricultural sector data, organized into formats appropriate for further assessment and/or decision making. This will include information on agricultural production, employment, land capability and use, supply and utilization of major inputs, import and export levels for all major farm products, crop prices, farm income, sources of farm income, etc.
2. The policy and planning appraisals, analyses, and recommendations of all major planning units within the MOA will reflect extensive use of the data processing and management information systems which CADP and CAER will have developed.
3. CADP will be processing an increasing amount of data in useful form for various other agencies within the MOA.
4. Research and study reports prepared by CAER, BOP, and other planning units will be routinely incorporated into the agricultural sector policy making process. Utilization of these reports by the MOA and other GOI institutions will be reflected in policy decisions, and ministerial and inter-agency directives which establish guidelines and policies affecting the agricultural sector.
5. At the provincial level, institutional and technical mechanisms to combine local agricultural knowledge, formal agricultural data and

planning skills for "bottom-up" planning will have been applied in two provinces and evaluated for application nationwide. An increasing number of projects will be designed at provincial and lower levels.

6. Budgets of various units within the MOA will reflect an increasingly rational allocation of resources based on an improved analysis capability and increased coordination and communication among MOA planning offices. Commitments of resources will increasingly reflect the severity of the problem being addressed, and the priority the problem and its resolution is accorded.

The end of project status outlined above will be the result of the following project outputs:

1. Participants from all major planning offices of the MOA, provincial and lower level MOA offices, and selected other agencies will have received formal training in ~~planning-related~~ skills. The number of individuals to be trained in ~~formal~~ training courses will be:

Masters Degree	30 persons
Short Courses (analysis and planning)	300 persons
Short Courses (computer-related)	75 persons

2. A computerized information management system for the MOA will have been developed. Two large data bases will be operational and will form the core of this information system.
3. There will be a formal system for sharing information among the Bureau of Planning, AARD, CAER, CADP, and the Directorates General planning staffs as well as with other agencies which influence planning for the agriculture sector.
4. There will be more effective systems for coordination of centrally located planning units within the Ministry of Agriculture and planning units at provincial and lower levels.
5. A minimum of ten planning exercises will have been carried out in two provinces to apply ~~experimental~~ approaches to integrated "bottom-up" planning for agriculture.
6. Research and analytical reports will have been completed on specific agricultural sector policy issues and concrete recommendations, backed up by impact analysis, will have been presented to top policy decision-makers.

2. Project Components

The major focus of the Agricultural Planning project will be a set of related activities at the national level of the MOA in Jakarta and Bogor to strengthen both research and planning skills and the information processing facilities developed over recent years with ADPA assistance.

Technical assistance, training and Special Studies will promote the application of data and analytical skills to planning and agricultural policy formulation. Provincial activities will develop information resources and simple planning skills to increase local input into the agricultural planning process. Provincial activities will absorb fewer project funds in part because of their experimental nature. They will, however, also be assisted, monitored and evaluated by central level staff. The central level plays a key role, therefore, in both sets of activities.

Because project activities will cut across major divisions within the MOA, the Secretary General has suggested the formation of a Project Steering Committee (PSC) to coordinate project activities. This committee will be chaired by the Secretary General and will include the Directors of the BOP, CAER, CADP, representatives of the Minister's expert staff and the Directorates General, the Chief-of-Party of the project's Technical Assistance team and the AID project manager.

In addition to providing general policy guidance and coordination for the project, the Committee will approve annual operational plans for staff development and training, determine selection criteria for nominating training participants, make major procurement decisions and monitor the progress and impact of policy studies commissioned by the Policy Analysis Working Group (PAWG) (described below). The Project Steering Committee will be assisted by a small working group consisted of MOA project managers. Finally, proposals for project-funded "planning practicums" in two provinces will be reviewed by the Project Steering Committee to ensure that they fall within the guidelines established and to enhance communication and support between the two levels. A representative of the Project Steering Committee will be selected to monitor provincial activities.

The AID project manager will provide coordination and implementation support from AID for project activities. During the first year, before the project consultant team arrives, he will also assume some of the technical support responsibilities the team will later take on.

The Secretary General, as Chairman of the Steering Committee, will have ultimate authority for project decisions, but the head of the Bureau of Planning will approve routine project expenditures and decisions.

At the national level, project activities will revolve primarily around the MOA Secretariat, the BOP, CAER and CADP. Policy research and planning activities, however, will encourage the participation of planning offices of the Directorates General and will draw upon the considerable talent that exists within the Minister's personnel staff of 18 expert advisors. Non-MOA agencies which have a direct interest in or influence on policy and planning issues being addressed in any specific activity, will also be invited to participate. Bappenas, Bulog and the Ministry of Public Works are the most likely candidates. They will contribute to Special Studies on pertinent policy issues and will be invited to nominate candidates for selected short-term training courses supported by the project.

a. Special Studies:

To assist the Director General in encouraging and coordinating policy analysis within the Ministry an informal group, the Policy Analysis Working Group (PAWG), has been established. Although the group's activities have been constrained by limited funds in the past, the Secretary General is convinced that this type of activity is critical to increasing the influence and productivity of the Bureau of Planning. Consequently, he would like to formalize the group and provide it with flexible funding, sufficient to support an active policy analysis agenda. The PAWG will be responsible for coordinating and supporting analytical efforts throughout the MOA. Analysis funded by the AP project will be directed to supporting the development of planning and research capabilities within the framework set by the PAWG. Recently-returned ADPA participant trainees will play a large role in these activities, applying the skills they have learned.

The PAWG, chaired by the Secretary General, will include representatives of the BOP, the DG's, the CAER, the Minister's expert staff and delegates from selected outside agencies involved in policy-making for agriculture. Ad-hoc appointments will be made from universities as appropriate to the policy topics under review.

As a coordinating body, the PAWG will determine desired directions for agricultural policy research, select appropriate centers to conduct the analysis, including but not limited to the CAER, BOP, university groups or consortia of experts from various institutions and support analysis. The objective will be to produce concrete policy options for decision-makers on particular sectoral or commodity issues along with concise analyses of the impact each option would have on production, exports, farm income and the like. The PAWG will establish a prioritized research agenda annually. Progress and conclusions of analysis will be monitored periodically and fed into the planning and policy-making process.

Agriculture Planning funds will finance selected research efforts of the PAWG, provide occasional short-term TA appropriate to the research topic, and provide the assistance of the project's long-term consultant team as needed to define priorities and to assist both the design and implementation of research plans. The long-term consultants will assist the PAWG to identify short-term consultants with expertise in particular research policy fields.

The Agriculture Planning budget for Special Studies of \$ 5⁰⁰,000 will finance PAWG research for which routine GOI funds are not available. The CAER, BOP and the planning units of the Directorates General have the ability, authority and funds to carry out many of the longer-term research efforts likely to be on the PAWG's agenda. However, short-term topics requiring immediate attention cannot be accommodated within the DUP/DIP process and will require AID Special Study funds. Funds, provided on a quarterly basis, will support short-term local and foreign consultancies and other direct analysis costs. Prior to disbursement, the PAWG will prepare a brief status report outlining progress on

research underway, the balance of funds available to the group and analytical topics requiring support during the upcoming quarter. The report will be submitted to the PSC for review. The Committee will focus on identifying potential bottlenecks in research implementation and remedial steps to be taken, verify that funds are not available from other sources to support new research, assess the policy relevance of new issues raised by PAWG and identify potential users of analytical results. Committee recommendations will be provided to the PAWG and AID. AID will disburse new funds in accordance with PSC recommendations.

Budgeting procedures developed to support short-term studies will be evaluated during the mid-term review. The review will amongst other things determine if the budget mechanism is in fact able, to support the type of short term policy analysis envisioned in the project, suggest alternative mechanisms if performance is less than desired and explore alternative funding sources with the MOA in support of the Special Studies program.

The Special Studies AID will support are not pre-determined as long as the guidelines above are followed. Around the end of the third year of the project, however, the PAWG will sponsor, and AID Special Study funds will support, a study of options for decentralization of planning for the agricultural sector across Indonesia. This work will draw on the results of the AP project's provincial component. While the provincial component itself will encourage increased local planning for agriculture within the existing structure of planning and budget authorities, the Special Study will go a step further to recommend any adjustments to the formal structure of planning and budgeting authorities required to institutionalize increased "bottom up" planning for the future. This will require the skills of budget, as well as agricultural planning specialists.

b. Planning and Analysis Training

The AP project will fund three types of planning and policy analysis training: on-the-job, short courses, and Masters level (S₂) degrees. In accordance with recommendations of ADPA evaluations, Agriculture Planning participants under each training mode will be selected with an eye to the potential for them to apply skills learned once returned to their positions. The content of training offered will be selected or designed to emphasize applied instead of theoretical planning and analysis skills. There will be little or no PhD training offered; with the substantial number of recent returnees from ADPA-funded graduate programs and in light of the "applications" emphasis of the AP project, PhD training will be inappropriate in all but exceptional cases.

Participant selection will be narrower than under ADPA. Trainees will be drawn primarily from offices with a direct role in planning and policy analysis. This will include the Secretariat, the BOP and Bina Program divisions of the Directorates General. At the same time, the institutions from which participants will be drawn will be increased. Nominees will be considered from the Bina Program offices of province Dinas', from the Kanwils and, for short courses which deal with

agricultural planning and policy topics which cross GOI ministerial lines, from Bulog, Bappenas, the Central Bureau of Statistics (CBS) and BPPT, among others. Training will thus focus more closely on planning and policy personnel but, in some cases, will define participants according to their role in planning for particular subjects regardless of their ministerial affiliation. It is expected this will facilitate future coordination between Ministries on agricultural policy questions.

Criteria and a workplan for selecting academic and short-term trainees will be prepared by the Project Steering Committee in accordance with this approach and will be approved by AID prior to commitments of funds for training expenses.

Masters Training:

Masters training will be made available to selected staff of the BOP, the Secretariat, planning officers of the Directorates General, and the MOA Dinas' and Kanwil in South Sulawesi and Central Java. The selection of participants will be made by the Project Steering Committee in accordance with the agreed criteria.

The target number of participants to receive Masters training will be 30 persons. While specific fields of study will be determined by the Project Steering Committee and will remain flexible to assure responsiveness to particular needs of the planning offices involved, the majority of participants will study disciplines within economics and rural or area development. A new discipline, not funded under ADPA but highlighted by ADPA evaluations, will be management training; as policy and data analysis capabilities have increased in the planning offices concerned, the need to organize and manage staff and resources to use them effectively has risen as well.

Most Masters training will be obtained within Indonesia or the Southeast Asia region. Courses at the University of Indonesia (UI), the Agricultural Institute at Bogor (IPB) and the University of Gajah Mada (UGM) proved particularly useful under ADPA. Specialized courses are offered within the region by, among others, Thammasat in Bangkok and the University of the Philippines in Los Banos. As part of its training workplan the Project Steering Committee will review these course offerings and suggest ways to tailor them to specific applications needs of participants' offices or institutions. Masters degree training needs which cannot be met within the region will be provided for by programs at U.S. universities. The geographic breakdown of Masters training funded is expected to be about 20 at Indonesian universities, 6 in the Southeast Asian region and 4 in the United States.

Non-Degree Short Courses:

Short-course training of two weeks to two months will be provided to planning staff from the BOP, the Secretariat, Directorates General and to planning officers from MOA Dinas' and Kanwils throughout Indonesia. Although Masters training will be limited to MOA staff, short-courses with relevance to particular agriculture policy issues involving agencies outside the MOA will also be offered to planning staff of these

organizations. Bulog, Bappenas, CBS, Public Works and the BPPT are the most likely possibilities. Candidates nominated from these offices and agencies will be selected by the Project Steering Committee in accordance with the selection criteria established.

Approximately 300 short course participants will be funded under the project at a rate of about 3 courses of 20 participants each per year. The courses themselves will be similar to those offered under ADPA in the fields of development administration, project design and implementation, and policy analysis. During the first year of the project, however, the Project Steering Committee will assist the universities involved to redesign their short-course approach so that skills and concepts learned are more readily applied to actual planning and policy issues. The MOA will bear final responsibility to assure the relevance of course materials and teaching methods to the needs of MOA staff. Case study methods will be adopted. UI, IPB and UGM faculties will continue to present short-courses as they have under ADPA. However, once changes to make the courses more applied have been tested at these institutions, the curriculae will be shared with Hasanuddin University so that short course offerings there can complement activities funded in South Sulawesi under the AP provincial component.

On the Job Training:

ADPA provided long- or short-term training to 750 MOA employees in a variety of fields. Many of these participants need guidance and coaching to begin to apply the disciplines learned. Routine on-the-job training of MOA staff in selected planning offices will be provided by the long-term AP consultant team and will not require funds from the project training budget. The team's broad responsibilities are discussed in a later section. With specific reference to training, the consultants will provide on the job guidance primarily to BOP staff planners, CADP programmers and managers and to CAER programmers and analysts. The consultants' assistance to MOA staff during Special Studies will comprise another form of on the job training. A third approach, which will draw on the project training budget, will be short policy analysis workshops led by senior MOA or university staff. These will be selected by the Project Steering Committee and assisted by the consultant team. The format will be similar to that of the Stanford Food Research Institute's food policy analysis courses sponsored by Bulog, where subject experts are called in on short notice to discuss approaches to a topical policy issue and train staff in their application. AP training funds will be available for short-term consultants and other costs of up to four policy workshops during the life of the project. AID will approve the Committees's workshop funding proposals according to an assessment of the proposal's link to priority policy questions and the transferability to MOA planners of the analytical techniques to be presented.

c. Data Processing and Management

AID assistance for data processing and management under the AP project has been designed in accordance with long-term MOA plans for

computerization. For the future, growing demand for rapid information and computer facilities in different parts of the Ministry will be met by a "distributed integrated data system". Various divisions of the MOA will develop their own processing facilities, as needs and funds permit but the CADP will guide these choices to assure compatibility between centers. Communication within the system will be provided by rapid, inexpensive radio-communications links. The CADP will be the center for finance, personnel, project monitoring, material, and agricultural price and production data in the NADB. CAER will be the center for research data, particularly PATANAS, in Bogor.

The data processing and data management component of Agriculture Planning will assist to complete the development of CADP and CAER computer facilities. Emphasis will be on improving the management of NADB and PATANAS processing for planning and policy analysis applications. PATANAS will be given highest priority particularly in the first year of the project. Since the CAER has been designated the lead role for MOA economic research for policy and planning, and since PATANAS is required for information on the farm-level impact of policy and plans, it is important that it develop smoothly. Training, technical assistance and commodities will each play a role.

Project training funds will support about 75 participants in non-degree short-courses for a variety of technical skills both in Indonesia and overseas. These range from 3 to 12 months and include, among others, Computer Center Management courses offered by the U.S. Bureau of the Census and USDA and Data Base Administration courses presented by a variety of firms in Singapore and the U.S. A complete list of courses and anticipated person-months of training is given on page 21.

On the job training (OJT) will be equally important to consolidate and apply the skills of ADPA returnees at the CADP and AP returning participants at CADP and CAER. OJT will be provided by long-term project consultants: a computer management advisor at CADP and an applications specialist at CAER. These services will be financed under their contract. The particular fields of OJT are also listed on page 21.

Commodities and related services procured for CADP and CAER under the project will be limited to small items essential to complete the implementation of the NADB and PATANAS data bases. No large hardware purchases will be financed. Procurement will include several disk drives and peripherals, a radio communications link to transfer data between the CADP and CAER minis, software and maintenance costs through the third year of the project (to be assumed by the MOA in year four), and the continued services of a local firm to assist in the testing and implementation of the NADB. A detailed procurement list is given in Appendix H.

d. Technical Assistance

The project will provide the services of four long-term advisors: two planning and policy research advisors, a specialist in computer

Staffing And Training Plan for CADP/CAER *

Required Staff Skill	Existing Staff	Proposed Staff	Types of Training Required	Total Person-Months of AP-funded Training	Probable Location	Remarks
1. Computer Center Management	4	6	Short Course(ST) Overseas OJT (Continuous)	20 mm	IPSC, ERS-USA	
2. Project Management	4	8	OJT/TA	Continuous		CADP/CAER
3. Systems Analysis	-	6	OJT/TA	Continuous	CADP/CAER/IPSC/EAS	2 for CADP/CAER 4 for Users
4. Systems Programmers	3	5	HIS/IBM, SHORT COURSE	30 mm	US/Singapore/IPSC/EAS	
5. Data Base Administrators.	1	5	HIS/IBM and Data Base	20 mm	US/Singapore	
6. Data Base Programmers	-	4	HIS/IBM Consulting Firm	16 mm	US/Singapore	
7. Communications (Hardware & Software)	-	3	OJT/In-Country	6 mm	CADP/CAER/private firms	
8. Applications Programmers	15	23	Short Course	130 mm	NCI AIT	
9. Trainers	1	3	OJT/TA	Continuous	CADP/CAER	
10. Computer Medium/Documentation Librarian	1	2	OJT/In-Country	4 mm	CADP/private firms	
11. Documentations Systems	-	1	OJT	Continuous	CADP/CAER	
12. Machine/Job Data Control and Key punch operators	23	12	OJT	Continuous	CADP/CAER	

* Personnel will advance to higher level skills areas both through additional training and from gaining additional on the job experience. New staff recruitment will be a continuous process based on planning for staff transfers and projected work loads.

** Vendor supplied refers to Honeywell Information Systems (HIS) and IBM short-term training which will be funded by the Project. HIS training will take place in U.S.; IBM education centers in Singapore and Hong Kong will be used.

*** IPSC= International Statistical Programs Center (Bureau); ERS= Economic Research Service (USDA); NCI= National Computer Institute, Manila; AIT= Asian Institute of Technology, Bangkok

applications and a data processing management consultant. At least three of the advisers will be recruited by open Request for Proposal from institutions also capable of providing up to 27 person-months of the short-term TA required for special studies and training. It is anticipated that long-term adviser positions will be filled by persons from outside Indonesia because qualified Indonesians in these fields are in short supply and/or already fully committed. Short term TA will be recruited from Indonesia, the U.S. and the region.

Draft Scopes of Work for the long term advisers are provided in Annex F. Their responsibilities and qualifications are summarized below.

The Chief of Party (COP) will be a senior planning and research advisor based in the Secretariat. He will be directly responsible to the Director, Bureau of Planning, assisting him and other key planning staff to develop policy agendas and strategies to translate policy research into planning and policy action. He will be a member of the Project Steering Committee and the Policy Analysis Working Group. The COP should be an economist with a strong background in agriculture or resource management. Experience in similar positions, a proven ability to initiate policy research and planning in a government institutional environment, and the capability to interact effectively on a professional level with top Indonesian planners will be the primary qualifications for the position. Indonesian language competence and previous exposure to planning in Indonesia will be important considerations.

A second planning and research advisor will be based in the Bureau of Planning and directly responsible to the Director of the BOP. Approximately 80% of the consultant's time will be devoted to assisting the BOP to clarify the roles of its five divisions and to strengthen its capability to coordinate program, project and budget planning across the MOA. The consultant will concentrate on assisting the Economic and Statistical Analysis Division to improve the timely flow of economic information to agricultural policy decision-makers in and outside the MOA, and assisting the Director of the BOP to develop the Evaluation and Monitoring Division's coordinating role in the MOA's program and budget process. On the job training, guiding BOP staff in these two divisions in particular, will be a major task of the consultant. About 20% of the consultant's time will be spent assisting activities under the project's provincial component. He will coordinate and foster communication between the BOP and the Kanwils in two provinces. These responsibilities are summarized in the description of that component. Like the COP, the BOP consultant will be an economist with specialization in agriculture or resource management. He will have proven organizational abilities and experience with micro-computer applications to agricultural planning.

The computer applications specialist will be based at the CAER in Bogor and be directly responsible to the CAER's Director. His primary responsibility will be to assist the further development of the PATANAS data base and to advise on the optimal use of hardware and software for research applications. About 20% of the specialist's time will be devoted to activities under the project's provincial component where, in collaboration with the BOP agricultural economist, he will assist province offices to upgrade and apply information stored in

micro-computers to local agricultural planning efforts. As an intermediary between the technical world of computer hardware and the analytical one of analysis applications, the specialist will require unique skills. Technical computer expertise from micros to minis, broad knowledge and experience with agricultural and natural resource applications, and experience with the hardware configurations, data bases and applications techniques found in Indonesia will be necessary. Micro-computer work with mid- and lower-level MOA staff provincial will require that the specialist be able to work in Indonesian.

The computer management consultant will assist to improve the efficiency of data processing operations at the Center for Agricultural Data Processing. ADPA evaluations have identified opportunities for improving management of batch processing, staff programmers and key punch personnel and increasing the efficient use of mini-computer peripherals. Although CADP staff are well-trained, evaluations have stressed the need for on-the-job training under an experienced computer center manager. The consultant will fill this role. As a secondary responsibility, he will advise the CAER on management issues in the development of PATANAS processing capabilities. The consultant will be directly responsible to the Director, CADP, but will retain the flexibility to assist the CAER as needed.

e. Provincial Activities:

Funds will be allocated under the project to develop and apply new approaches to local planning in Central Java and South Sulawesi. There will be two parts: a modest increase in the information resources available to the Kanwils, and applied "planning practicums" for province and kabupaten-level agricultural planning staff. The development and application of these approaches will be an iterative process, with a goal of developing model mechanisms to implement local agricultural planning nationwide. The development process will require flexibility to test and modify new components as the project proceeds. However, sufficiently stringent guidelines and monitoring will also be required to assure the project objectives are met.

Upgraded Information Resources:

A micro-computer, software and training for information storage, simple data tabulation and statistical analysis required during planning practicums will be provided to each of the two Kanwils. Although the hardware and its applications to planning will consume only a small part of the provincial component budget, they will assist the Kanwils to compile existing useful data on local agronomic and economic conditions and to analyze it in terms of the impact of projects on output, employment and farm income. The results will be important to the MOA in considering options for a measure of planning decentralization in other provinces and the information processing required at different administrative levels to do so. The extent to which micros can return useful local information to the provinces from its present location in nationally-collected data bases will be one measure of the ability of the present system to be localized. It will also point toward future opportunities to reverse the flow i.e. for information to be collected and analyzed at the province before or at the same time the data is sent

to Jakarta. Finally, the experience with simple micro-computer applications in addressing practicum topics will assist the MOA to define practical analytical techniques appropriate to the capabilities of provincial staff for local planning nationwide.

The project will provide a basic micro equipment package, including data base and statistical software, voltage controls, a maintenance contract, and training for two Kanwil officers from each province. Additional software and training will be financed as new practicum applications and the availability of useful data sources mandates. But because one purpose is to develop an information storage and analysis tool replicable by Kanwils throughout Indonesia, direct expenditure in each province will be limited to \$50,000 for the life of the project. Other costs associated with transferring information to Kanwils may be considered but only in consideration of the feasibility for the MOA to finance the same cost nationwide in the future.

Initial micro computer specifications, ~~useful software and training~~ will be determined by AID and each Kanwil based on the recommendations of an ADPA-funded study to take place in April, 1984. The study will examine present computer availability and computer literacy in the provinces, compatibility with CAER and CADP mini equipment, the type and form of data available at the province level, and the software options for practicum-style exercises. Compatibility with MOA mini-computers will facilitate transfer of information between the micros and the equipment presently used for national data base analyses in Jakarta and Bogor. Software choice will emphasize simple practical techniques easily applied to practicum style problems and comprehensible to both provincial and kabupaten staff. The development and applications of micro facilities and skills at both Kanwils will be assisted by the AP-funded computer applications specialist.

Planning Practicums :

Practicums will be applied training exercises, about two months long, in which staff from the Kanwil, the MOA Dinas' (province-level) and the Bappeda apply analytical planning techniques to formal data and combine this with the local knowledge of kabupaten-level Dinas staff to address local agricultural problems and opportunities. The short-term impact of practicums will be the design and submission of new DUPs appropriate to local conditions, recommendations to change ongoing project DIPs or project targets in accordance with local needs and opportunities, or DIPs to effect either of these. Skills for assessing desirable investments and setting priorities for applying limited funds will also be increased, particularly among kabupaten level participants.

The MOA is reluctant to program additional project funds to support the implementation of practicum recommendations. At the onset of the experiment, it prefers to focus on making adjustments in existing resource flows to support new initiatives. A Provincial Steering Committee, consisting of top staff of each of these offices, will seek channels within the existing budget structure to act upon practicum recommendations. However, if this initial position does not prove effective, alternative approaches, including use of project funds, may be considered.

In a long term perspective, practicums will serve the MOA as an applied test of a) the adequacy of existing information resources for local planning, b) the usefulness of new information sources which will be made available to Kanwils under the project, c) simple techniques to combine formal data and informal "local knowledge" in devising local plans specific to agriculture, d) institutional mechanisms for Kanwils to integrate the commodity-oriented approaches of Dinas planning, e) the optimal roles of the Bappeda and Kanwil in increasing the complementarity of APBN and APBD agricultural efforts, and f) the ability of the existing APBN budget process to absorb more planning input from the province and kabupaten levels. As a test, what happens during the implementation of the practicums and in the follow-up stage when budget action is pursued in light of practicum recommendations, will have to be monitored and evaluated carefully to adjust future practicums and provide guidance to the MOA for decisions concerning institutionalization of local integrated planning approaches for agriculture throughout Indonesia.

1. Supervision and Management:

A Province Steering Committee will supervise the design and implementation of each practicum. The committee will consist of the head of the MOA Kanwil (Kepala Kantor Wilayah), the head of the Bappeda (Ketua Bappeda), a representative of the province Governor's office, the head of each agricultural Dinas (Kepala Dinas) and a designated representative of the provincial university. A representative of the MOA's Bureau of Planning, to be named by the Project Steering Committee in Jakarta, will participate as an observer to facilitate a two-way flow of information and ideas between the provinces and the BOP on approaches to planning and actions to be taken in light of practicum recommendations. The Kepala Kanwil, the Provincial project manager, will serve as the province committee chairman. Ad-hoc additions to the committee may be made if the chosen practicum topic warrants.

Practicum management will be delegated to a Province Working Group comprised of either Kanwil staff or the heads of planning sections (Kepala Bina Program) of the Kanwil and each Dinas. An agricultural specialist from the Bappeda will also be a member. The chairman of the Working Group will be the Kepala Bina Program of the Kanwil.

2. Selection of Participants:

Practicum participants - a maximum of 20 per practicum - will be selected by the Working Group in accordance with the technical skill or local knowledge they can contribute to addressing the practicum topic chosen and according to the potential for each participant to make use of the techniques applied in the practicum in normal work responsibilities once the practicum is completed. Participants will be drawn from the Dinas' (province and kabupaten levels), the agriculture staff of the Bappeda, and the Kanwil. Extension service officers will participate as warranted by the topic.

The mix of kabupaten to province-level participants will be about 50/50. Since kabupaten-level officers prepare most of the DUP's for province agricultural projects, most of the burden to "planning

localization" falls ultimately on them. While they do not have the background in analytical techniques which province-level staff have and have difficulty setting priorities when submitting packages of DUP's to their province offices, the kabupaten is the highest administrative level at which local cropping patterns are known in detail. The province, on the other hand, is the lowest administrative level with easy access to national sources of information, such as PATANAS or the National Agricultural Data Base (NADB), as well as being the lowest level with developed skills for applying analytical techniques to agricultural problems. For the purpose of planning practicums, the interface between "Top-down" and "Bottom-up" will lie somewhere between the kabupaten and the province where local information, national data with local components, and the skills to deal with these converge.

Provincial-level participants will be selected primarily from the Bina Program sections of Dinas' and the Kanwil, as well as, the Bappedas. Since the practicum will be a team effort with some parts done all together and other parts carried out in smaller groups, the participants should have various disciplinary backgrounds.

3. Selection of Topics:

The Province Steering Committee will be responsible for selecting the practicum topics, determining appropriate information and analytical techniques to be applied, and defining the results expected, i.e. a scope of work for the participants as a group. If the committee is unable to reach a decision, the Chairman will make the final topic determination. The following guidelines will apply to topic selection:

- a) the topic must be either a) the agricultural problems/opportunities of a particular kabupaten or group of kabupatens with similar agricultural characteristics, b) the problems and opportunities of a particular cropping rotation regardless of location, or c) any other current agricultural problem/opportunity in the province which could involve at least two of the four Dinas';
- b) there must be a large probability that a practicum of about two months duration can conclude with well-researched recommendations to address the topic chosen. Feasible, not ideal solutions are the goal;
- c) there should be a large probability that practicum-inspired recommendations can be acted upon either in the short- or long-run. Short-term action can include adjustment of existing DIP's, submission of new DUP's, adjustment of project output targets, or adjustment of extension advice to reflect practicum findings. Long-term action could include dialogue with the MOA in Jakarta or with the Bappeda over program and budget coordination to a specified end. In either case, tangible expectations must be defined at the time the topic is chosen.

Once a topic is selected and a draft plan for the practicum approved by the Province Steering Committee, the Chairman (Kepala Kanwil) will report the plan to the Project Steering Committee which will verify that the topic is within the guidelines above and will suggest appropriate instructors and/or useful information sources.

4. Information to be Used:

The information to be used in the practicums will be a combination of upgraded formal data and informal local knowledge. Expensive and time consuming baseline surveys will not be part of the practicums. A variety of ground level data bases, some assisted by the ADPA project, are now becoming available. The Kanwils' information resources will assist provinces to obtain this information on a continuing basis and in a usable form. Quick surveys to fill critical gaps in the information that exists or to confirm modifications in it suggested by the "local knowledge" of kabupaten level participants will be possible. The starting point for the practicums will therefore be the various data sources - PATANAS, the LECS land use model, the NADB and, possibly, farm household surveys of the Central Bureau of Statistics (PBS) - that are now becoming available. The Agriculture Planning Project Steering Committee and project consultants in Jakarta will assist to identify other useful information as practicum topics are chosen and assist the provinces to obtain and apply it within the replicable cost constraint.

5. Instructors:

Instructors for the practicums will be chosen and contracted by the Working Group in accordance with particular skills needed to address the selected practicum topic. Both South Sulawesi and Central Java have strong resident academic staffs which can be utilized. Care will be taken, however, to assure that the practicum instructors bring simple, applied techniques which can be understood by practicum participants at both the province and the kabupaten level. The techniques and approach must be simple and practical enough not just for the practicums but for later application by the participants in their ongoing positions. In this regard, instructors drawn from both provincial and national MOA staff, with extensive applied field experience, may prove most effective. As the Kanwil and Province Steering Committee deem necessary, temporary assistance of AP-funded long-term technical advisers can be requested from the Project Steering Committee in Jakarta and, in unusual cases, expatriate short-term advisers could be requested through the AP project. The emphasis, however, will be in-house and Indonesian instructors.

6. Analytical Techniques to be Applied:

The analytical skills to be applied by practicum participants will be determined by the Working Group in consultation with project-funded consultants in Jakarta and practicum instructors. Techniques will be selected in accordance with the nature of the topic and the capabilities of the participants. The primary criterion will be simplicity. Techniques as simple as drawing up a farm income flow for several alternative adjustments to a particular cropping pattern or several variations on an APBD standard DUP will probably, for example, prove more useful than linear programming. Experience through several rounds of practicums will determine empirically which techniques are useful and which are not. Data tabulation and simple statistical calculations will be facilitated by the micro-computer at each Kanwil. The AID-funded computer applications specialist from the CAER/CADP and the consultant

agricultural economist from the BOP will spend up to a week in the province prior to a practicum to assist Kanwil staff and practicum instructors to identify and apply simple micro-computer techniques relevant to the topic and the data available on it.

7. Practicum Format:

Variations in practicum format will be encouraged to test different approaches. One possibility is for participants from kabupaten and province offices to gather for about ten days for an introduction to the practicum topic, familiarization with the available data, basic theory behind the approach to be used and training in simple applied techniques. If the topic is area-based i.e. the kabupaten, group of kabupatens or cropping systems approaches, kabupaten participants would then return to their respective districts for up to six weeks to develop an analysis and recommendations based on observation in their own area using the techniques learned. Province-level participants would either apply the techniques to cross-kabupaten data or support kabupaten officers individually. Instructors and the Working Group would periodically monitor and advise each participant. After the field application period, participants would re-convene for approximately a week to present their findings. Instructors would assist the group to define a set of recommendations e.g. a model DUP, adjustments to existing projects or targets (APBN or APBD), or a set of issues for discussion with the MOA in Jakarta. Another possibility, if the topic has no particular geographic orientation or if the Province Steering Committee feels it more productive for participants to work as a group, would be for participants to divide into sub-groups according to specialized experience or skills to address different components of the topic. They might or might not leave the training site depending on the needs of the topic chosen and the scope of work approved by the Steering Committee.

8. Follow-up Action:

The recommendations emerging from each practicum will be summarized by the participants with the instructors' assistance and forwarded to the Working Group. The Working Group will prepare a report for the Province Steering Committee outlining the problem addressed, the information sources used, the methods used to address the problem, the strong and weak points of the approach, the participants' recommendations and a list of feasible options to act upon them. The committee will determine the preferred route, if any, to seek funding or other change and will recommend improvements for the next practicum round.

The project will not fund practicum-inspired activities nor will the MOA seek to establish extraordinary funding channels to do so. Instead, participating Dinas', Bappedas and Kanwils will be responsible for seeking opportunities to act upon practicum conclusions or fund activities suggested by them within the existing APBN and APBD budget systems.

Once a year, the two Kepala Kanwils will jointly report progress and problems encountered in the practicum approach to the Agriculture Planning Project Steering Committee in Jakarta. A written report

prepared by each Kanwil for the occasion will summarize the problems/opportunities addressed, the participants' recommendations, the Province Steering Committee's decision concerning action to be taken, and any results of that decision. The report will include the Kanwil's assessment of what types of information are useful for Kanwils, what additional types are needed, which analytical techniques can be used, and the lessons learned for expanding the approach to Kanwils in other provinces.

9. Schedule of practicums:

A minimum of five practicums will be held in each province during the life of the project with at least three completed in each province by the end of the third year. Maintaining this schedule will be important since a meaningful mid-term project evaluation will require the completion of at least two practicum cycles in each province. Also the AF-funded Special Study on decentralization should not begin until the pros and cons of various provincial planning methodologies begin to become clear, presumably after three rounds of practicums have been completed.

10. Expansion of Practicums to other Provinces:

Kanwils from most province have requested that practicums be held in their areas. The Secretary General of the MOA has selected Central Java and South Sulawesi to start with on the understanding that practicums may be extended to West Sumatra and East Java later in the project or at its conclusion. In the meantime, delegates from the Kanwils of West Sumatra and East Java will monitor development of the practicum approach by attending provincial Steering Committee review meetings and participating in the annual meeting in Jakarta to review the Kanwils' reports. More extensive observation by these delegates may evolve. The decision to extend practicums to West Sumatra and/or East Java will be made by the Project Steering Committee with AID approval based on the recommendations of the mid-term evaluation of the AF project.

Central Java and South Sulawesi were selected because of the diversity of agricultural environments they represent and the strong interest of local MOA staff in increasing local planning capacities. Central Java represents the "inner-island" provinces. It has a population of over 27 million, a primarily rice-based agricultural sector but also a growing area of "upland" non-rice farming. In such a densely populated province, agricultural problems and opportunities revolve largely around the efficiency of intensive agriculture and the maximization of farm incomes from small plots of land. Practicum topics will reflect this. The Kepala Kanwil in Central Java is an experienced MOA officer known for his interest in decentralized planning. The Dinas' and Bappeda are relatively well-staffed and skilled.

South Sulawesi, a growing "secondary crops" outer island province with 6 million people, is one of the larger outer island provinces as well as being a target for transmigration. In South Sulawesi, practicum topics will more likely center on questions of extensive agriculture and land use and on the logistical problems, such as marketing, that the geography of the province presents. The Kepala Kanwil is also known for

his interest in decentralized planning. Dinas and Bappeda staff are relatively skilled too, with some having received training from Japan in planning techniques which they are anxious to apply. Both Kepala Kanwils have contributed heavily to the concept of planning practicums. Their interest, the capabilities of provincial officials with whom they work, and the different agricultural constraints and opportunities faced in the two provinces make Central Java and South Sulawesi good testing grounds for the practicum experiment.

Role of Technical Assistance

Through periodic visits to the two provinces, and from their positions in Jakarta, Agriculture Planning TA consultants will facilitate the development of information resources at the Kanwils, advise on the application of simple planning techniques in the practicums, monitor the progress of practicums in developing successful techniques for local integrated planning, and assist the Project Steering Committee to evaluate how successful practicum-inspired approaches could be applied elsewhere in Indonesia. Primary responsibility will fall on the AP-funded computer applications specialist and the BOP-based agricultural economist. These responsibilities are outlined in the draft Scopes of Work in Annex F.

III. Financial Plan

The Agricultural Planning Project will be a five year project, beginning in the first quarter of the Indonesian Fiscal Year (IFY) 1984/85, or near the beginning of the fourth quarter of the US Fiscal Year 1984. The total cost will be \$12,900,000 of which \$6,000,000 will be an AID Loan and \$3,000,000 an AID Grant. \$3,900,000, or 30% of total project costs, will be contributed by the GOI.

Tables 1, 2, and 3 present the project budget in three ways. The budget was constructed in four steps: a) expenditures were scheduled in the fiscal years in which it is anticipated they will occur, b) a base price was assigned to each according to February 1984 quotations (for commodities) or recent AID costs (for TA and training), c) an inflation factor, compounded at 6% for AID-funded expenditures and 10% for GOI-funded costs, was applied to the value of each item, and finally d) a contingency factor of 15% was applied to all budget categories. Inflation is thus built into the figures in Tables 1, 2 and 3 rather than added as a separate line item. In table 2, TA costs are allocated between the four project output components in the ratio 30%/30%/25%/15% while vehicle and vehicle support costs are allocated equally to all but the provincial component.

The GOI contribution of \$ 3.90 million represents 30% of the \$ 12.900 million total project cost. It consists of in-kind contributions valued at \$ 2.66 million for staff, office space, computer time and facilities, commodities, training and support services for technical assistance. Additional cash outlays of \$ 1.24 million will be contributed by the GOI for computer operations directly attributable to project activities, maintenance and software license fees, MOA project staff honoraria, country travel, and for costs of additional office equipment and support.

Funds Availability and Recurrent Cost Implications

The GOI's proposed budget for IFY 84/85 includes sufficient cash and in-kind contributions to support all projected activities during the first year of the project. The priority the project has been given by the MOA and the GOI's approval of the proposed terms of the Project Loan Agreement, are taken as evidence that the GOI is committed to financially support the project over its full life.

This is primarily an institution building project with most of its investment in training, primarily short-term and on-the-job. There are no significant recurrent costs associated with these activities. If planning methodologies tested in the provinces are successful, the MOA does plan to extend these to other provinces. The magnitude of recurrent costs incurred cannot be measured at this time since the elements which could be extended will only become clear as the project is implemented. However, if improved local planning techniques are successfully introduced, the improved resource allocation resulting from these activities should pay, economically if not financially, for this expansion.

Table 1
SUMMARY COST ESTIMATE AND FINANCIAL PLAN
 (US\$ 000)

Use	Source	AID		Host Country		Total
		FX	LC	FX	LC	
1. <u>Special Studies</u>		-	200		335	535
2. <u>Training</u>		900	1,500		1,215	3,615
3. <u>Commodities & Commodity Services</u>		600	375		1,275	2,250
4. <u>Technical Assistance</u>		4,170	80		575	4,825
	Sub Totals	5,670	2,155		3,400	11,225
	Contingency @ 15%	850	325		500	1,675
Total		6,520	2,480		3,900	12,900

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Table 2
COSTING OF PROJECT COMPONENTS/INPUTS
(In \$ 000 or equivalent)

Project Inputs	Project Outputs				Total
	Special Studies	Planning Analysis Training	Data Processing/ Management	Provincial Activities	
AID Appropriated Special Studies (non TA research costs)	200	-	-	-	200
Training	-	1,180	715	505	2,400
Commodities & Commodity Services	10	10	845	110	975
Technical Assistance	1,270	1,270	1,060	650	4,250
Sub Total	1,480	2,460	2,620	1,265	7,825
Host Country	480	650	1,725	545	3,400
Totals	1,960	3,110	4,345	1,810	11,225
Contingency @ 15%	295	465	650	270	1,675
Total	2,255	3,575	4,995	2,080	12,900

Table 3

Projection of Expenditures by Fiscal Year
(US\$ 000)

Fiscal Year	AID		Host Country	Total
	Loan	Grant		
1984	195	25	225	445
1985	1,270	655	580	2,505
1986	750	970	600	2,320
1987	775	950	680	2,405
1988	1,600	-	840	2,440
1989	610	-	475	1,085
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	5,200	2,600	3,400	11,200
Contingency @ 15%	800	400	500	1,700
T o t a l	6,000	3,000	3,900	12,900

Computer maintenance and software license fees will continue after the project's completion. All of these costs will be assumed by the MOA beginning in the fourth year of the project. They total approximately \$150,000 per annum by 1987 - a cost the Ministry is fully prepared and able to bear.

Methods of Financing

Under the TA element of the project budget, there will be a direct AID contract with an institution/private firm to provide approximately 200 person months of long-term TA and 27 person months of short-term TA. This will be on a direct payment basis by AID to the Contractor. A Mission Direct Letter of Commitment may be issued if required. It is anticipated that other short-term contracts under \$100,000 will be HCC with payment made by the GOI and then reimbursed by AID.

Commodities will be procured by AID under direct payment/- reimbursement procedures. Data base implementation services are planned to be HCC with AID direct payment.

In-country training will be via the GOI DUP/DIP process with AID-direct reimbursement. Funds will be committed via PILs. Off-shore training will use AID PIO/P procedures. Funds for Special Studies will support short-term Indonesian and foreign consultancies and other direct analysis costs. It is anticipated direct reimbursement procedures will be used for Special Studies, but, some advances may be required as existing GOI budgetary description rules for pre-financing may prove to be inflexible.

IV. Implementation Plan

A. Administrative Arrangements

The Project Steering Committee (PSC), and Province Steering Committees will be formed as Conditions Precedent to disbursement of funds. Also, the MOA will formalize membership on the Policy Analysis Working Group (PAWG). The PSC will bear ultimate responsibility for implementation of the project. The PSC will:

- 1) establish annual operational plans for the project;
- 2) establish criteria for selection of academic participants and approve project-funded staff development and training plans for participant units within the MOA;
- 3) approve major procurement plans;
- 4) approve replenishments of Special Study funds for policy research;
- 5) approve province practicum topics if consistent with selection guidelines, assist Province Steering Committees to identify practicum instructors and information resources, and monitor and assess practicum results;
- 6) hold Quarterly and Annual Reviews and prepare follow-up reports documenting issues and progress under the project.

The Policy Analysis Working Group (PAWG) will:

- 1) establish annual policy research agendas with operational and budget plans;
- 2) provide the PSC with Quarterly reports on status of project funded research including analysis of applications of research results in the MOA policy decision-making process;
- 3) coordinate policy research inputs from other offices and agencies, both within and outside the MOA.

The Province Steering Committee will:

- 1) select practicum topics in accordance with selection guidelines;
- 2) review and approve/disapprove the Province Working Group's proposals concerning:
 - a) information sources to be used to address topic;
 - b) analytical techniques to be applied;
 - c) instructors to be contracted to carry out practicum;
 - d) administrative arrangements and responsibilities to implement practicum;
 - e) participants;
 - f) scope of work for participants as a group and the tangible results expected;

- 3) review the Working Group's summary of practicum results and:
 - a) determine follow-up action;
 - b) suggest improvements in practicum administration and methodology;
- 4) monitor progress of follow-up action.

On Behalf of the Province Steering Committees, their Chairman will:

- 1) notify the Project Steering Committee of practicum topics chosen and solicit its suggestions regarding useful instructors and information resources;
- 2) submit final practicum proposal to the PSC to be forwarded to USAID for financing approval;
- 3) submit financing vouchers to PSC to be forwarded to USAID for payment;
- 4) prepare and present to the Project Steering Committee an annual report on practicum progress summarizing:
 - a) topics addressed
 - b) useful information, analytical techniques and teaching methods
 - c) participants' recommendations
 - d) action pursued
 - e) results obtained from action taken
 - f) lessons learned for expanding integrated planning approval elsewhere
- 5) supervise the transfer to the Kanwil of information resources and micro-computer skills for practicum use.

AID will:

- 1) provide budget and technical assistance inputs as described in the project paper;
- 2) review payment proposals forwarded by the PSC;
- 3) review and approve payments for Special Studies, training, TA, commodities, and provincial activities as allowed for under the Project Agreement.

B. Contracting Provisions

1) Technical Assistance

Three long term advisors will be recruited by an open Request for Proposals from institutions also capable of providing up to 27 man months of the short-term TA for Special Studies and Training. Draft Scopes of Work are given in Annex F.

The computer applications specialist will be contracted directly by AID under a one year PSC contract funded by the project. At the end of the first year, with the concurrence of the GOI, he will join the institutional team. Contracting for short-term consultants for special purposes, including evaluations, will be done in accordance with applicable GOI and AID regulations.

2) Commodities

Commodities will be procured by Direct AID contracts in accordance with GOI and AID regulations. The present Host Country ADPA contract for the NADB physical design and testing contains the necessary language to permit a non-competitive follow-on contract. A waiver from competition for the purpose of follow-on work will be sought provided assessment of work to date indicates continuation is desirable.

Computer commodities to be purchased (detailed in Annex H) through Direct AID contracts for the purpose of upgrading existing facilities will be sole-sourced to Honeywell and IBM firms respectively for reasons of equipment compatibility. The telecommunications network equipment and new data-entry facility will be competitively procured within the constraints of the technical compatibility requirements and requirements to procure U.S. made commodities.

Micro-computer equipment to be procured for the provincial component will be obtained by AID Direct contracts in accordance with software and transcription compatibility requirements determined by an ADPA-funded study beginning in April, 1984.

Three project vehicles will be procured by Host Country contract using AID loan funds and will be in accordance with GOI and AID regulations.

C. Summary of Waivers

- 1) Waiver of requirement that host country completely fund international travel costs of training participants (to be contained in Project Authorization Letter). The appropriate mix of MOA/AID funding breakdown to be negotiated prior to approval of project by Executive Committee.
- 2) Waiver of nationality and competition requirements for Computer Applications Specialist
- 3) Waiver of proprietary procurement regulations for Honeywell and IBM upgrade commodities on compatibility grounds.
- 4) Vehicle waiver as required.

D. Implementation Schedule

The project schedule below is detailed for the first 13 months and indicative for the remainder of the Project. Since provincial planning practicums will be repeated events, a schedule for each is given separately on page 40. The practicum schedule is indicative also - the timing of events can change within the constraint that at least five practicums will be carried out in each province during the life of the project.

Indicative Schedule of Events

<u>Elapsed Time</u> (Months)	<u>Activities</u>	<u>Responsibilities</u>
0	PP Approved Project Agreements signed. ADPA analysis of data management needs in two provinces begins.	AID Jakarta GOI/AID
3	CP's met. Project Committees established. Training plans for BOP and CADP established.	GOI
3	RFP published and criteria set for evaluation of proposals.	GOI
3	First group participants (computer) for overseas short-courses selected and Aigu Tests taken. English language training arranged.	GOI
3	TA contracts approved for evaluation of data base design.	GOI/AID

4	Evaluation of data base design completed.	GOI
	1st Quarterly Project Review.	GOI/AID
	ADPA data and micro computer survey completed.	
5	Institutional contractor bids received and evaluated.	GOI/AID
	Computer applications specialist contracted.	AID
	Indonesian university short-courses redesigned.	GOI
6	Data base implementation contract approved.	GOI/AID
7	Institutional contractor selected, negotiations begin.	GOI/AID
	2nd Quarterly Review Meeting.	GOI/AID
	Contracts for Honeywell/IBM upgrades signed.	AID
9	Contract for institutional TA signed.	GOI/AID
	Two-month short-course in Development Administration policy analysis begins at UI and UGM (40 participants).	GOI
	Micro-computer/software procurement begins.	AID
9	First participants begin 10-month training course at NCI; 4-month computer center management training at ISPC.	GOI/AID
10	3rd Quarterly Review.	GOI/AID

11	TA team arrives. Honeywell/IBM upgrade equipment installed.	GOI/AID GOI/AID
12	1st practicum completed. Micro-computers/software installed in province. Micro-computer training begins. Micro-computer data transcription begins. Radio communications link installed.	GOI GOI/AID AID GOI/AID AID
13	1st Annual Review.	GOI/AID
24	2nd Annual project review. 2nd Round of practicums completed.	GOI/AID GOI
30	Mid-term project evaluation.	GOI/AID
36	3rd Annual project review. Evaluation of provincial planning methodology.	GOI/AID
40	Beginning of Special Study on decentralized planning.	GOI/AID
48	4th Annual project review.	GOI/AID
60	Final Project Evaluation.	GOI/AID

INDICATIVE SCHEDULE OF PRACTICUM ACTIVITIES
AND RESPONSIBILITY

EXPECTED ELAPSED TIME (MONTHS)	ACTIVITY	RESPONSIBILITY
Month 0	Select practicum topic.	Committee
1 1/2	Submit draft practicum plans to Committee.	Working Group
2	Review/approve draft practicum plan.	Committee
2 1/2	Notify PSC and USAID of draft plan.	Committee Chairman
3	Approve (via countersigned PIL) draft plan as consistent with guidelines.	PSC/USAID
4	Suggest applicable data sources, analytical techniques for use in practicum.	AE/Computer-Specialist
4	Suggest potentially useful instructors.	PSC
5	Initiate search for instructors, selection of participants, preparation of facilities and materials, and detailed work plan for practicum.	Working Group
5	Submit proposed budget to USAID/PSC for approval.	Committee Chairman
6	Review/approve practicum budget (via countersigned PIL).	PSC/USAID
6	Assist Working Group to obtain data required and train Kanwil staff in selected data manipulation techniques.	AE/Computer-Specialist
7	Contract instructors, facilities.	Working Group
<hr/>		
(7 - 3)	(Practicum)	(Instructors) (Working Group) (Participants)
<hr/>		
10	Submit summary report, recommendations, proposed action to Committee.	Working Group
10	Determine follow-up action and responsible parties.	Committee
10	Submit vouchers to USAID/PSC for reimbursement.	Committee Chairman
11	Report practicum results to PSC/USAID.	Committee Chairman
12	Reimburse practicum costs.	USAID

PSC = Project Steering Committee (Jakarta)
 Committee = Province Steering Committee
 AE = Consultant Agricultural Economist
 PIL = Project Implementation Letter

V. Monitoring Plan

A monitoring system will be established at both the national and provincial level. The purpose of monitoring at the national level will be to:

1. determine whether the planned levels of inputs for all project components are being provided on a timely basis and whether the outputs are being obtained;
2. to facilitate communication between various levels of project administration and to ensure that implementation issues are addressed;
3. to allow for administrative adjustments which would facilitate implementation of numbers 1 and 2 above.

Monitoring responsibility will be held jointly by the Project Steering Committee (PSC) and AID. Monitoring information will be provided to these parties as follows:

1. A quarterly report will be prepared jointly by representatives of the Project Steering Committee and the Technical Assistance consultant team. This report will form the agenda for quarterly project review meetings. Following the review meetings an edited quarterly report will be provided to AID and to all members of the PSC and the Province Steering Committees. The report will provide the following information:
 - status of staff development and training plans for all components of the project;
 - progress of Special Studies undertaken;
 - status and progress of computer centers' development and a summary of planning and policy analysis activities;
 - progress in implementing planning practicums in the provinces and results being achieved;
 - status of information upgrade development and application within the two provinces;
 - project financial status.

The information provided in these quarterly reports will be complemented by an annual report covering all project components.

Monitoring information for the provincial component will be complemented by semi-annual reports provided to the PSC and AID by project consultants as follows:

- 1) A report by the TA computer applications specialist describing:
 - progress in placing micro-computer hardware and software at Kanwils;
 - agricultural data selected and/or transferred to Kanwil micros;
 - development of skills to utilize the information by Kanwil staff;
 - particular applications carried out in or outside of practicums;
 - future needs.

- 2) A report by the TA agricultural economist describing:
 - progress in implementing planning practicums;
 - the appropriateness of chosen topics to the goal of localizing planning;
 - the appropriateness of the instructors and analytical techniques taught;
 - tangible results achieved by practicums.

The annual reports of each Kepala Kanwil will include independent assessments of most of the monitoring variables in the semi-annual consultant reports.

VI. Evaluation Plan

The project will fund periodic process evaluations of various project components at different stages during the life of the project. Full scale evaluations of the project as a whole will be undertaken during the third and fifth years.

At the national level, component evaluations will be undertaken for short course planning and policy analysis training provided by Indonesian universities, to review the logical and physical design of the National Agricultural Data Base prior to its full implementation, and to annually review progress toward a distributed, integrated data processing system across the Ministry. These evaluations will provide an outside assessment of progress toward end of project status indicators and will allow for adjustments in the implementation of project components involved.

Evaluations of university short courses will be undertaken at the end of each course to assess the quality and relevance of the curricula and teaching approach to participants' on-going work needs. These evaluations will be designed into the courses, calling for participation of both participants and trainers both during, at the end and a few months after course completion. Results will be used to modify the content of subsequent courses and selection procedures for them as appropriate.

The National Agricultural Data Base (NADB) will have been designed and tested by the beginning of the project. Data entry, storage and access for such a large system pose complex technical issues which AID Mission staff cannot adequately evaluate. Consequently, an evaluation of the data base management system by experts in the field is planned. This evaluation, scheduled to be conducted within the first four months of the project, will evaluate the data base design, suggest final required adjustments and recommend a phased implementation plan to MOA and NADB administrators.

Full scale evaluations of the project as whole will be carried out during the third and fifth years of the project. The evaluation teams will consist of consultants, probably both American and Indonesian unaffiliated with the administration of the project. These evaluations will include an assessment of:

- administration of the project;
- budget and resource utilization;
- performance in accordance with the project implementation plan, outputs, purpose and goal of the project;
- coordination and relationships between GOI institutions involved in the project;
- the success of planning methodologies tested at the provincial level in increasing local input into APBN and APBD programs and recommendations for their replication;
- quality and relevance of all training programs.

Background sources will include the Quarterly and Annual project monitoring reports, semi-annual reports on the provincial component provided by project consultants, results of policy research reports and the findings of component evaluations described above.

At the completion of these evaluations, the teams will provide both oral and written reports to the PSC and AID on their assessment of all project components, progress to meet the EOPS for the project and recommendations for any adjustments in project implementation.

Evaluation of Provincial Level Components

Evaluation will require particular emphasis under the provincial component because of the component's experimental nature and the iterative succession of lessons learned in each round of practicums and each acquisition and application of new information resources by the Kanwils.

The first purpose of evaluation will be to determine the extent to which planning practicums and upgrading the information resources of the Kanwil have increased local input into the MOA decision-making process in the two provinces. Evaluation will thus focus primarily on the extent to which the End of Project Status (EOPS) indicators have been achieved. The second purpose of evaluation will be to assess the extent to which attaining the EOPS in Central Java and South Sulawesi has assisted the MOA to increase local input into agricultural planning elsewhere in Indonesia.

As with the national activity evaluations, evaluation responsibility will be held by the Project Steering Committee and AID. Input will be provided by MOA offices, project consultants and outside evaluation teams as follows:

- 1) The Kanwils' annual reports to the Project Steering Committee will include assessments of:
 - the extent to which action on practicum recommendations has resulted in tangible changes in APBN or APBD programs and projects;
 - the extent to which practicums and information upgrading have assisted the Kanwil to integrate commodity-focused planning in the province;
 - lessons learned for promoting "bottom-up" and integrated planning in other provinces.
- 2) After three training practicums have been completed but prior to the scheduled assessment of provincial planning methodology around month 36, the TA computer applications specialist will synopsise the experience to date with information upgrading at the Kanwils and recommend micro-computer hardware, software, applications and training most useful for Kanwils throughout Indonesia. The TA agricultural economist will likewise summarize the experience and results of practicums to date and recommend specific information resources and skills training in planning techniques which should be extended at the province and kabupaten levels nationwide. The

consultant's report will include his own evaluation and justification of any changes in formal planning and budget authorities necessary to permit integrated "bottom-up" planning to occur.

- 3) By the end of the third year of the project, the mid-term project-wide evaluation conducted by outside consultants in cooperation with the Project Steering Committee and AID will assess the progress the provincial component has made toward attaining the EOPS of the log-frame. The evaluation team's work will be facilitated by prior preparation of the monitoring and evaluation reports described above.
- 4) A fourth-year Special Study to be carried out by the Bureau of Planning was described earlier. It will use these evaluations and monitoring reports to prepare detailed recommendations for the MOA to improve local planning not only within the existing structure of planning and budgeting authority but under a variety of scenarios for formal decentralization.

VII. Conditions and Covenants

Conditions Precedent to First Disbursement :

(1) An opinion of the Minister of Justice that the Loan Agreement has been duly authorized and/or ratified by, and executed on behalf of the Borrower, and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms.

(2) A statement of the name of the person holding or acting in the office of the Secretary General of the Ministry of Agriculture, as specified in the Loan Agreement Section _____ and the Grant Agreement Section _____, and of any additional representatives, together with a specimen signature of each person specified in such statement.

Conditions Precedent to Disbursement for Project Activities Other than Technical Assistance and Training.

(1) Evidence that a Project Steering Committees has been formed and naming its member representatives from the MOA Bureau of Planning, Center for Agro-Economic Research, Center for Agricultural Data Processing, and from the Minister of Agriculture's Expert Staff, and the Directorates General.

(2) Evidence that a Policy Analysis Working Group has been formally formed and naming its member representatives from the MOA Bureau of Planning, Directorates General, the Center for Agro-Economic Research and other government agencies the Ministry may appoint.

Conditions Precedent to Disbursement for Training Activities

Evidence that criteria have been determined for the selection of trainees under the Planning and Analysis Training Component of the Project and that a workplan has been created to implement the selection process.

Conditions Precedent to Disbursement for Provincial Activities:

(1) Evidence that Province Steering Committee have been formed in South Sulawesi and Central Java, chaired by the Kepala Kantor Wilayah of the Ministry of Agriculture in these provinces, and naming committee member representatives from the Dinas' of Agriculture, the Regional Planning Boards (Bappeda) and the Governors' Offices in each province, and any additional member considered appropriate by the Borrowers/Grantee.

(2) Evidence that a Governor's Instruction has been issued in each province authorizing participation of the respective Dinas' of Agriculture and Regional Planning Boards in the provincial activities component of the Project.

The Ministry of Agriculture agrees to inform A.I.D. about the Ministry's continuing effort to:

- (1) develop a Master Plan for computerization within the Ministry;
- (2) establish a career path for computer technicians and provide incentives for their retention within the Ministry.

VIII. Project Analysis

A. Economic Analysis

1. Importance of Agriculture:

The agricultural sector is important, if not vital, to the economic and social well-being of Indonesia for the foreseeable future. Despite its declining importance over the last decade the agriculture sector in many respects is still the single most important sector in the Indonesian economy. It is the source of 25 percent of GDP, 55 percent of employment, 70 percent of non-oil exports, and the location (rural) of over 75 percent of the population. Further, although the relative importance of agricultural output has declined from 40 percent of GDP to 25 percent of GDP over the last ten years, the real growth rate in the sector has averaged a very respectable 3.8 percent during the same period.

The agricultural sector, if intelligently managed by GOI policy makers, will continue to play a key stabilizing role in Indonesian development over the next several decades. Positive real growth of 3-4 percent per annum for the sector as a whole is considered feasible by most observers. Real growth in the agricultural sector will in turn support and stimulate non-farm rural economic activities. The sum of these effects (overall improvement in economic and employment opportunities in the rural areas) will provide meaningful alternatives to the ever increasing numbers of prospective urban migrants.

In addition to its continuing importance as a source of direct and indirect economic growth, employment, and urban stability, the agriculture sector is also seen as an important source of expanded non-oil exports over the coming years. Non-oil exports are projected to almost double during Repelita IV, with plantation and small holder tree crops such as rubber, coffee, and palm oil expected to carry a sizable part of the burden. Agricultural imports can also be expected to decline as the GOI continues to promote self-sufficiency in basic food crops. In sum, the potential of the agricultural sector has important, largely positive, implications for foreign exchange earnings and saving over the next several years.

2. Potential of Better Planning:

The basic rationale of the Agricultural Planning Project is that better planning will make a positive difference to the agricultural sector. In principle this will be accomplished through more efficient resource allocation, working through the mechanism of improved agricultural project and program formulation. Abstracting from the problems and costs of implementing new projects and programs, the most reliable measure of potential impact of better planning is the total resources that could, in principle, be affected by policy decisions based on better planning and analysis.

In the broadest sense, all resources flowing to, from, and within the agricultural sector can be affected by GOI policy decisions. In principle the GOI can affect all basic economic decisions within the

agricultural sector including consumption, production, investment, savings and the adoption of new technologies. It can do this directly through government-organized and financed projects and programs and through state-owned enterprises. It can do this indirectly, and most economists would argue more pervasively and efficiently, through traditional monetary, fiscal, financial, and pricing policy instruments. Thus, it could be argued that the GOI, through policy decisions based on better agricultural planning and policy analysis, could better manipulate the economic decisions relating to 25 percent of GDP, 55 percent of employment, and possibly 75 percent of the population. At present this amounts to perhaps \$15 billion, 35 million workers, and 120 million people.

Even if only resources directly programmed through the GOI budgetary process are considered, the amounts are substantial. Estimated development (investment) budget expenditures for agriculture and irrigation in 1983/84 total more than \$1.3 billion. Next year's budget is \$1.4 billion and the Repelita IV budget is \$10.0 billion. None of these figures include the routine (operating) budget associated with agriculture and irrigation. It is also conceivable that budgets of related government departments might be affected by improved agricultural planning and policy analysis, eg. transmigrasi, which is usually directed toward "potential agricultural areas", has a \$3.8 billion budget for Repelita IV.

If we were to assume that the effects of improved agricultural planning and analysis were limited solely to the direct development budget expenditures by the GOI for agriculture and irrigation, it would require less than a one percent improvement in the efficiency of the investment allocation for a single year to recover the entire cost of the project. If we were to assume that only 10 percent of GOI agricultural and development budget expenditures were affected by improved agricultural planning and policy analysis and that only a net one percent improvement in investment efficiency occurred, attributable to better planning, it would require less than 12 years to recover the total cost of the project (assuming a 15 percent discount rate, project costs spread evenly over project implementation period, no benefits from project until the fourth year, and that relevant GOI budget components remain constant at the planned Repelita IV average level).

Many alternative hypothetical examples could be concocted to demonstrate the essential point that large amounts of resources are under the direction of the GOI every single year in the agricultural sector, are likely to continue to remain so, and that even tiny improvements in allocation efficiency would more than economically justify this project. There are substantial grounds in past international experience and in Indonesia itself that government can intervene in a benign, positive fashion in agricultural development. (There are also examples in the obverse of course.)

The Indonesian government can be expected to continue its attempts to better manage agricultural development. Indonesian economic decision-makers tend to respect good economic analysis and have demonstrated in the past they are willing to act upon this analysis

subject, of course, to ever present political considerations. In sum, agriculture is very important to Indonesia, the potential payoff from improved agricultural planning and policy analysis appears substantial, and the prospects of the GOI taking into consideration and acting upon planning and policy analysis activities appear good. Given this, the prospects for project benefits exceeding projects costs appear extraordinarily high.

B. Social Soundness Analysis

1. Beneficiaries:

The immediate beneficiaries of this project will be the technicians and planning staff of the MOA who participate in the training, planning and policy analysis activities of the project. The Directorates General and research agencies will benefit from improved information systems and policy recommendations which provide rationality and specificity to program and project planning and implementation. Officials in selected provinces will also benefit; they will receive additional resources and more flexibility to address agricultural development problems in their regions. Indirectly, a large portion of the population will gain from an improved agricultural planning system which allocates resources more effectively and assists in increasing agricultural productivity and efficiency in Indonesia. In this regard it is significant that much of the project's effort, particularly activities applying PATANAS and encouraging bottom-up integrated planning, will assist the MOA to orient agricultural planning in Indonesia increasingly toward maximizing farm income rather than crop production levels alone.

2. Social Impact:

Agriculture Planning is an institution-building effort. Its social impact is indirect. But the leverage exerted by improved planning capabilities on the allocation of resources for agricultural development is potentially powerful and can affect the majority of Indonesians. How it will affect them socially depends on the two key variables in planning: the nature of information applied and the analytical skills with which it is applied.

At the national level, the project supports the continued development and application to planning of two core data bases: the National Agricultural Data Base (NADB) and the National Farm Household Survey (PATANAS). The NADB is primarily a management tool for the MOA with additional information on crop production and prices. It is necessary for management but offers few innovations for increasing the social impact of MOA programs. PATANAS, on the other hand, as described earlier gives the MOA for the first time, continuous information on variables such as farm incomes, their sources, the participation of all family members, including women, in income-earning activities, household consumption and expenditure patterns, and the like. With PATANAS, the MOA is now in a position to analyze the impact on farm families of ongoing and future agricultural development programs. PATANAS will play a central role in virtually all planning applications funded under the project. While this does not guarantee more socially appropriate

policies, the priority the Ministry has given to PATANAS development is strong evidence that appropriate social impact will play a growing role in the policy making process. This is supported by a growing appreciation of the relationship between the acceptability to beneficiaries of government programs and the success of the programs themselves even when project output is denominated in terms of production tons or foreign exchange.

At provincial levels, the project promotes the participation of kabupaten-level agricultural officers in the project design process. While one purpose is to introduce them to the use of information in the form of formal data, including PATANAS, another is to encourage the application to projects of their own "local knowledge" on such variables as cropping patterns and family roles in farming. While the kabupaten-level is still several administrative layers above the ground level for true "bottom-up" planning, it is several layers closer than that which prevails now and thereby opens doors for greater sensitivity to local social needs and conditions and, ultimately, for more appropriate social impact of agricultural development efforts.

The analytical skills to apply information in planning are a second determinant of the social impact of what is planned. The ADPA project trained a large number of agricultural officers in social science disciplines such as development economics, rural sociology and anthropology, and social ecology. The majority of these trainees have recently returned to the Ministry and will play a large role in policy Special Studies and routine planning exercises during the project. Training in similar disciplines will continue under AP although the emphasis will be more applied than academic. At the same time, efforts to integrate commodity-focused planning and budgeting under the provincial component will compel a greater appreciation of the many facets of farm-level activity and the need to consider the incentives for farm families to participate in government programs. A greater appreciation of the social impact of what is planned will result.

3. Social Feasibility:

The social feasibility of the Agriculture Planning project depends more on relationships between its direct beneficiaries, the staff of various offices in the MOA, than on the socio-cultural environment of the rural population which will benefit indirectly.

The Ministry, as described earlier, has committed itself to both a more integrated holistic approach to planning for the agricultural sector and increased local input into the planning process. The expenditure of funds for the AP project is the latest manifestation of this. Changes in these directions, however, will create tensions within the bureaucracy. For integrating commodity-focused planning, the Bureau of Planning and the Kanwils will be strengthened. To the extent that this is perceived as infringing on the realms of the Directorates General and their provincial Dinas', the process may encounter resistance. The potential for this is increased by the fact that the AP project focuses on increasing the effectiveness and efficiency of GOI funds in the agricultural sector; the project itself will not add resources for program operations.

Increased local input into the planning process clashes with a tradition of top-down decision-making. These are both political and cultural reasons for the traditional approach and the AP project must operate within the parameters they define. It is significant, however, that a counter tradition has developed over the past decade beginning with the establishment of Bappedas in the 1970s. All of the offices of the MOA involved in the AP project, but particularly the BOP, the Dinas' and the Kanwil, are anxious to explore new ways to influence planning from below. In this regard, AP's focus on increasing local planning input within the existing system of planning and budget authorities is reassuring and has muted potential misgivings.

The project is socially feasible although the risks of intra-MOA conflict are real. Commitment to the approach from the top, particularly the Minister and the Secretary General at the national level and the Governors at the provincial level has set the framework for project activities. The Directorates General and Dinas' ascribe to the theory that integrated and bottom-up planning can increase the effectiveness of their programs. Implementation guidelines for the project will encourage this attitude by drawing on the skills and responding to the interests of the Directorates and Dinas'. Ideas for Special Studies will be actively solicited from them. Province practicum topic selection guidelines stress that at least two Dinas' should have a direct interest in any one practicum and the majority of both long and short-term training participants funded by the project will come from Dinas and Directorate General planning staffs.

Agricultural Planning
Issues PaperA. Issues Identified in PID Approval Cable:1. Effective Demand and Potential Clients for Planning Information:

The APAC correctly notes that "...the impact of agricultural planning is incremental and informal." Similarly, the effective use of information and analysis for planning has and will continue to be a step-by-step process. The question in Indonesia, however, is not whether there is or is not a clientele and demand for information. Rather the problem is one of supplying the market that is already there and shifting the use of planning information and analysis away from ad-hoc last minute demands for it toward its use for longer term strategic thinking.

There are two types of demand for agricultural data and analysis in Indonesia: sporadic and routine. Different divisions of the MOA but particularly the BOP sporadically receive urgent requests for information and policy recommendations from the Minister, Parliament, Cabinet Technical Committees, Bappenas, and other parties. These requests are unanticipated and usually arise out of ad-hoc discussions for policy-making. Until now, the MOA has felt itself unable to respond adequately - time and information itself have been insufficient. What is produced is considered below standard. An increase in both the quality and speed of the response is needed. With the completion of two major data bases over the next few years and continued training and TA under the Agriculture Planning project focused on policy analysis, the MOA's ability to respond to sporadic requests of this type will increase dramatically.

Routine demand is more difficult to measure yet, ultimately, more important since routine information and analysis can help to anticipate problems and opportunities and develop policy accordingly rather than simply assist in crisis management. There are two parts to the problem - the ability to deliver and the demand for the product. As with sporadic information, the ability to deliver is almost there. Agriculture Planning will assist to complete its development. AARD and the BOP, however, must strive to increase the market for routine information and analysis relative to that for sporadic demand. It will do so under the Agriculture Planning project in a variety of ways: a) by satisfying sporadic demand, both parties will instill confidence on the part of policy-makers and interest or reliance on routine information, b) by identifying who the policy-makers are, what routine information would be of value to them, and designing compelling formats and a delivery system to provide it to them, c) by Special Studies under the project which use the data and analyses capabilities of the MOA to respond to the "felt needs" of all the important GOI groups affecting agriculture policy. A major component of the responsibilities of the AID-financed project team leader and the computer applications specialist will be assisting to develop and prove the usefulness of AARD information and analysis to the ultimate users in government.

2. Coordination Among Various Planning Bodies in the GOI:

The APAC and the Mission agree that a lack of coordination between various planning bodies affecting agriculture in Indonesia is a potential risk for any effort to increase planning capabilities. The PP background description points out the variety of entities involved both within the MOA and across the GOI. The project will not change either the MOA or GOI structure. It will, however, focus its attention on upgrading the capabilities of those planning units which play an integrating role in the MOA's planning process (the BOP at the national level and the Kanwils in the provinces). The project will involve all of the MOA Dinas' with the Kanwil in planning practicums at the province level, and will foster planning collaboration at the national level between the Directorates General and the BOP as well as outside agencies such as Bulog and Bappenas by including these parties on the project Steering Committee and the Policy Working Group and by eliciting Special Study proposals from each according to their respective interests. Thus, although the risks are real, they are not risks posed by the project but rather an existing problem which the project proposes to address. The abilities of project TA consultants to build informal bridges between planning entities will be an important factor in facilitating the process.

3. Appropriate Training:

Evaluations have described two basic shortcomings of ADPA-funded training: that training tended to be too academic thus creating difficulties for participants in applying new skills once back in their jobs and that participant selection was too widely dispersed across the Ministry and curricula too loosely related to job functions to permit a critical mass of skilled analysts to form in the MOA upon the participants' return.

The Agriculture Planning project takes these considerations into account. Training selection, for both formal and on-the-job applications provided by planning practicums, is more tightly related to ongoing job functions. The content of training, as emphasized in the project description, is heavily oriented towards applications.

4. Contracting and Title XII:

The RFP for TA under the project will not discourage universities from competition. BIFAD will be notified ahead of time.

5. Meaning of Decentralization:

This issue is discussed in detail in the Project Background section. In brief, the project addresses both the greater understanding and quicker dissemination of information from the central MOA and the increase in capabilities on the part of provincial MOA officials to formulate local policy and initiatives. The project addresses these concerns within the existing formal planning and budgeting structure.

6. Focus of the Provincial Component:

The provincial component is outlined in the detailed project description and sections following.

7. Evaluation Benchmarks:

Evaluation is discussed in Section VI.

8. Nutrition:

There is no specific nutrition or nutrition impact assessment component in the project. Nutrition concerns, however, are addressed in several ways. First, as the Project Background section describes, food policy and the sufficiency of food supply is a primary concern, perhaps the primary concern, of agricultural policy in Indonesia. Agricultural policy analysis capabilities are inseparable from food and nutrition issues. In this context, increasing the former has a positive effect on the latter. Second, nutrition and food sufficiency will be topics for project-funded Special Studies. The MOA's Food and Nutrition Unit (UPBM) will participate in these studies. Third, PATANAS data will be the key information in most policy or program analysis activities of the project. PATANAS includes household expenditure and consumption variables as part of its measure of farm household welfare. They serve as indirect proxies for nutrition.

9. Relationship to the Development Studies Project (DSP):

Agriculture Planning is fundamentally different from DSP. Special Studies funded by the Agriculture Planning project are designed to encourage MOA planners to increase their analytical skills and their ability to apply data to policy questions. The project is an institution-building effort in which the process is ultimately more important than the immediate end product.

AGRICULTURAL PLANNING LOGICAL FRAMEWORK

Narrative Summary

Program or Sector Goal :

Increased productivity and employment, and improved efficiency in the allocation of resources in the agriculture sector.

Project Purpose :

Improved capacity within the MOA, including selected provinces, for agricultural policy analysis and planning and to link analysis and planning more closely to the formulation of agricultural policy, programs and projects.

Objectively Verifiable Indicators

Measures of End Achievement :

New or adjusted agricultural policies and programs which provide stronger base for agricultural sector's contribution to Indonesia's development.

Conditions Expected at End of Project:

1. A reliable timely flow of agr. sector data, organized into analytical formats, being provided to MOA decision makers.
2. Policy and planning decisions of MOA reflect data processing/management input from GADP and CAER.
3. GADP providing data processing services to all major offices within MOA.
4. Research and study reports produced by CAER, BOP and other planning units systematically incorporated into agr. sector policy/decision making process.
5. Approval of development budgets within MOA directly linked to analytical base developed by MOA planning units.
6. Institutional and technical mechanisms to increase local input into agr. planning have been applied in two provinces and evaluated for application nationwide.
7. Knowll Partoulans' information resources two provinces permit Knowll to better integrate Dinas, APBR and APBD development activities.

Means of Verification

1. Issues of government plans, decrees and ministerial directives.
2. Measures of increased productivity, efficiency and equity in the agricultural sector.

1. Documents and reports prepared by MOA planning officials.
2. Evaluation.

Important Assumptions

1. GSI institutions willing to undertake and implement policy changes based on improved analysis and improved studies.
2. Implementation of agr. policies, programs and projects to be effective.

1. GSI conditions to decentralization of agricultural planning continues.

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Narrative SummaryOutputs:

1. Trained personnel.
2. Computerized Data Management System.
3. Completed studies on agr. sector policy issues.
4. More effective planning approaches as foundation for allocation of development budgets.
5. Strengthened environment within GOI for agr. sector policy dialogue.
6. Identification of new approaches to decentralizing agricultural planning at provincial level.
7. A minimum of 10 planning practitioners held in two provinces.
8. Planning information resources of two families upgraded.

Inputs:

1. Consultants
2. Commodities
3. Training
4. Studies

Objectively Verifiable IndicatorsMagnitude of Outputs:

1. 30 FA's, 300 received short course training in planning and analysis, 75 received short course training in computer-related skills.
2. Data-base systems operational.
3. All planning offices within MOA being served by Data Processing Center.
4. Studies completed; disseminated to policy/decision making levels.
5. Planning for agriculture and budget allocations more closely related.

Implementation Schedule
(Target Dates):

TA	\$ 4.9 Million	Financial Records
Commodities	1.1	
Training	2.9	
Studies	0.2	
	<u>\$ 9.0 Million</u>	

Means of Verification

Evaluations, Periodic reports

Important Assumption

1. Qualified candidates available appropriate training programs identified.
2. Level of cooperation within MOA sufficient for building data bases; integrated data processing system.
3. Leadership of MOA follows through on projected restructuring of planning offices.
4. AID capable of recruiting appropriate TA.

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5C(3) - STANDARD ITEM CHECKLIST

Listed below are the statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the agreement by imposing limits on certain uses of funds.

These items are arranged under the general headings of (A) Procurement, (B) Construction, and (C) Other Restrictions.

A. Procurement

- 1. FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed? Yes via competitive procurement.

- 2. FAA Sec. 604(a). Will all procurement be from the U.S. except as otherwise determined by the President or under delegation from him? Yes

- 3. FAA Sec. 604(d). If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company? NA

- 4. FAA Sec. 604(e); ISDCA of 1980 Sec. 705(a). If offshore procurement of agricultural commodity or product is to be

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- financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.) NA
5. FAA Sec. 604(g). Will construction or engineering services be procured from firms of countries otherwise eligible under Code 941, but which have attained a competitive capability in international markets in one or these areas? NA
6. FAA Sec. 603. Is the shipping excluded from compliance with requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 per centum of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent that such vessels are available at fair and reasonable rates? No
7. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? If the facilities of other Yes

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Federal agencies will be utilized, are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

8. International Air Transport. Fair Competitive Practices Act, 1974. If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available? Yes

9. FY 1982 Appropriation Act Sec. 504. If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States? NA

B. Construction

1. FAA Sec. 601(d). If capital (e.g., construction) project, will U.S. engineering and professional services to be used? NA

2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable? NA

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3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the CP)? NA

C. Other Restrictions

1. FAA Sec. 122(b). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter? Yes

2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? NA

3. FAA Sec. 620(b). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries? Yes

4. Will arrangements preclude use of financing: Yes

a. FAA Sec. 104(f); FY 1982 Appropriation Act Sec. 525: (1) To pay for performance of abortions as a method of family

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planning or to motivate or coerce persons to practice abortions; (2) to pay for performance of involuntary sterilization as method of family planning, or to coerce or provide financial incentive to any person to undergo sterilization; (3) to pay for any biomedical research which relates, in whole or part, to methods or the performance of abortions or involuntary sterilizations as a means of family planning; (4) to lobby for abortion?

b. FAA Sec. 620(g). To compensate owners for expropriated nationalized property? Yes

c. FAA Sec. 660. To provide training or advice or provide any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? Yes

d. FAA Sec. 662. For CIA activities? Yes

e. FAA Sec. 636(i). For purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? Yes

f. FY 1982 Appropriation Act, Sec. 503. To pay pensions, annuities, retirement pay, or

adjusted service
compensation for military
personnel?

g. FY 1982 Appropriation
Act, Sec. 505. To pay
U.N. assessments,
arrearages or dues? Yes

h. FY 1982 Appropriation
Act, Sec. 506. To carry
out provisions of FAA
section 209(d) (Transfer
of FAA funds to
multilateral
organizations for
lending)? Yes

i. FY 1982 Appropriation
Act, Sec. 510. To
finance the export of
nuclear equipment, fuel,
or technology or to train
foreign nationals in
nuclear fields? Yes

j. FY 1982 Appropriation
Act, Sec. 511. Will
assistance be provided
for the purpose of aiding
the efforts of the
government of such
country to repress the
legitimate rights of the
population of such
country contrary to the
Universal Declaration of
Human Rights? Yes

k. FY 1982 Appropriation
Act, Sec. 515. To be
used for publicity or
propaganda purposes
within U.S. not
authorized by Congress? Yes

5C(2) PROJECT CHECKLIST

Listed below are statutory criteria applicable generally to projects under the FAA and project criteria applicable to individual funding sources: Development Assistance (with a subcategory for criteria applicable only to loans); and Economic Support Funds.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE? HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT?

A. GENERAL CRITERIA FOR PROJECT

1. FY 1982 Appropriation Act; Sec. 523; FAA Sec. 634A; Sec. 653 (b).

(a) Describe how authorizing and appropriations committees of Senate and House have been or will be notified concerning the project;
(b) Is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that amount)?

The committees in appropriation of Senate and House were notified of the project through the FY84 Congressional Presentation (Asia program page 74) and through a Congressional notification.

2. FAA Sec. 611(a)(1).
Prior to obligation in excess of \$100,000, will there be (a) engineering, financial other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

Yes

3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance? No further legislative action is required.

4. FAA Sec. 611(b); FY 1982 Appropriation Act Sec. 501. If for water or water-related land resource construction, has project met the standards and criteria as set forth in the Principles and Standards for Planning Water and Related Land Resources, dated October 25, 1973? No

5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project? No

6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. No

7. FAA Sec. 601(a).
Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; and (c) encourage development and use of cooperatives, and credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

The project should directly encourage (e) and (b) and indirectly encourage (c) and (d)
8. FAA Sec. 601(b).
Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise.)

NA
9. FAA Sec. 612(b), 636(h);
FY 1982 Appropriation Act
Sec. 507. Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.

Normal project disbursement procedures assure this.

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- 10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? No

- 11. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? Yes

- 12. FY 1982 Appropriation Act Sec 521. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity? NA

- 13. FAA 118(c) and (d). Does the project take into account the impact on the environment and natural resources? If the project or program will significantly affect the global commons or the U.S. environment, has an environmental impact statement been prepared? If the project or program will significantly affect the environment of a foreign country, has an environmental assessment been prepared? Does the
The project has a limited impact on the environment, since it primarily provides technical assistance. Insofar as the project directly contributes to more effective planning it will be beneficial to the environment.

project or program take into consideration the problem of the destruction of tropical forests?

14. FAA 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (dollars or local currency generated therefrom)? NA

B. FUNDING CRITERIA FOR PROJECT

- i. Development Assistance Project Criteria The project is designed to benefit the rural poor.

a. FAA Sec. 102(b), 111, 113, 281 (a).
Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and

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otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries?

b. FAA Sec. 103, 103A, 104, 105, 106. Does the project fit the criteria for the type of funds (functional account) being used? Yes

c. FAA Sec. 107. Is emphasis on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)? Yes

d. FAA Sec. 110(a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)? Yes

e. FAA Sec. 110(b).
Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing, or is the recipient country "relatively least developed"?

NA

f. FAA Sec. 122(b).
Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?

Yes

g. FAA Sec. 281 (b).
Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civil education and training in skills required for effective participation in governmental processes essential to self-government.

The project supports the GOI efforts to more rationally plan agricultural policies to increase food production.

2. Development Assistance
Project Criteria (Loans
Only)

a. FAA Sec. 122(b).
Information and conclusion on capacity of the country to repay the loan, at a reasonable rate of interest.

GOI is able to repay the loan.

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b. FAA Sec. 620(d). If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20% of the enterprise's annual production during the life of the loan? NA

c. ISDCA of 1981, Sec. 724(c) and (d). If for Nicaragua, does the loan agreement require that the funds be used to the maximum extent possible for the private sector? Does the project provide for monitoring under FAA Sec. 624(g)? NA

3. Project Criteria Solely for Economic Support Fund

a. FAA Sec. 531(a). Will this assistance promote economic or political stability? To the extent possible, does it reflect the policy directions of FAA Section 102? NA

b. FAA Sec. 531(c). Will assistance under this chapter be used for military, or paramilitary activities? NA

c. FAA Sec. 534. Will ESF funds be used to finance the construction of the operation or maintenance of, or the supplying of fuel for a nuclear facility? If so, NA

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has the President certified that such use of funds is indispensable to nonproliferation objectives?

d. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made? NA

e. FAA Sec. 133. Notwithstanding any other provision of this joint resolution, none of the funds appropriated under section 101(b) of this joint resolution may be available for any country during any 3-month period beginning on or after October 1, 1982, immediately following the certification of the President to the Congress that such country is not taking adequate steps to cooperate with the United States to prevent narcotic drugs and other controlled substances (as listed in the schedules in section 202 of the Comprehensive Drug Abuse and Prevention Control Act of 1971 (21 U.S.C. 812) which are produced, processed, or transported in such country from entering the United States unlawfully. NA



ANNEX D

REPUBLIC OF INDONESIA
NATIONAL DEVELOPMENT PLANNING AGENCY
JAKARTA, INDONESIA

No. : 800 /D.I/3/1984

Jakarta, March 28, 1984

Mr. William P. Fuller
Director
USAID
American Embassy
Jakarta

Re : Agricultural Planning Project

Dear Mr. Fuller,

On behalf of the Government of Indonesia, we hereby request a loan of six million dollars (\$ 6,000,000) and a grant of three million dollars (\$ 3,000,000) to implement the above project. The Government of Indonesia will provide the rupiah equivalent of three million and nine-hundred thousand dollars \$ 3,900,000 both in cash and in-kind to support this project over its planned five year life.

The purpose of the project will be to assist the Ministry of Agriculture to institutionalize at the national and provincial level an improved capacity for agricultural policy analysis and planning, and to link that capacity more closely with the formulation of agricultural programs and projects. The project will build on work done under the AID assisted Agricultural Development Planning and Administration project scheduled to terminate in September 1984. The project will be implemented by the Ministry of Agriculture and its implementing units.

Looking forward to your favorable consideration.

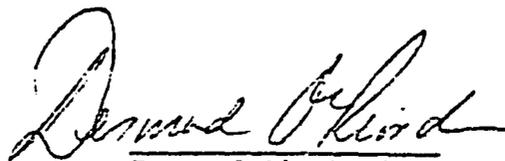


Yours sincerely,

Muchtarudin Siregar
Deputy Chairman

ENVIRONMENTAL CONSIDERATIONS

No initial Environmental Examination, Environmental Assessment, or Environmental Impact Assessment was required for the Project Identification Document since the proposed project met each of the three criteria for a categorical Exemption to Section 216 analyses (cf 22 CFR Part 216 Environmental Procedures, 216.2 (c)(1) Categorical Exclusions). As stipulated in the PID, the potential for environmental issues has been monitored by the Project Committee and the Mission Environmental Officer has reviewed the Project Paper. No environmental issues have been identified.



Desmond O' Riordan
Mission Environmental Officer

Date: 2/25/94

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Draft Scopes of Work
Long-Term Consultants

The services of four consultants will be contracted : a Senior Agricultural Policy Analyst, an Agricultural Economist, a Computer Applications Specialist and a Computer Management Consultant. Draft scopes of work, describing each of these positions are provided below.

The Senior Agricultural Policy Analyst, Agricultural Economist and Computer Management Consultant will be recruited through an open Request for Proposal to institutions also capable of providing up to 27 person-months of short-term consultants to assist project funded Special Studies. The Computer Applications Specialist will be hired through a Host Country Personal Services Contract.

1. Senior Agricultural Policy Analyst

The Senior Agricultural Policy Analyst will act as Chief of Party. He will work directly with the Director, Bureau of Planning, MOA, assisting him to identify medium and long term policy issues which require analytical backstopping, to translate the issues into researchable topics, to identify institutions and/or individuals who can conduct the research, and will assist to translate research results into policy relevant answers. In collaboration with the Agricultural Economist and MOA colleagues he will supervise short term policy studies as requested by the Secretary General and the Director, BOP, identify staff training needs and monitor the selection of Ministry staff for long and short term training. Finally, as leader of the consultant team, he will serve on the Project Steering Committee and the Policy Analysis Working Group.

Due to the senior nature of the post, the Senior Policy Advisor should have a well proven ability to initiate policy research and planning in a government institutional environment, and the capacity to interact effectively with top Indonesian planners. Training in economics with a strong background in agriculture and resource management will be required. Indonesian language competency and previous exposure to planning in Indonesia will also be important considerations.

The Senior Policy Analyst will be responsible for:

1. developing an agenda of policy issues for review by the Ministry's Policy Analysis Working Group and periodically updating the agenda as new issues arise and old questions are answered;
2. coordinating the research program embodied in the agenda;

3. formulating a staff development plan which identifies critical individuals for short- and long-term training, and suggesting levels of on-the-job training needed, and areas to be covered in the training;

As COP he will also responsible for:

1. managing the consultant team;
2. providing periodic reports to AID as required on the progress achieved under the project, and suggesting changes in procedures and additional substantive areas for project attention not considered in the initial project design.

2. Agricultural Economist

The Agricultural Economist will work in the Bureau of Planning under the guidance of the Director. Approximately 80 percent of his time will be devoted to assisting Bureau management in formulating a development plan for the Bureau's five divisions. This will include defining the functions of each division and the training need to perform these functions. Particular attention will be placed on assisting the Economic and Statistical Analysis Division to improve the economic intelligence provided to the BOP Director and other agricultural policy decision-makers and on strengthening the Evaluation and Monitoring Division. Providing on the job training to staff in these divisions, and others as needed, will be a major task of the consultant.

The remaining 20 percent of the consultants' time will be spent assisting activities under the projects provincial component. He will identify analytical techniques appropriate for provincial level application, advise the Kanwil on data requirements and simple micro-computer application useful for provincial level planning. The consultant will assist to develop training curriculum for the provincial planning practicums and will monitor and evaluate these activities. Provincial activities will require periodic travel to two provinces.

The Agricultural Economist will need a strong grounding in basic economic planning, forecasting and evaluation techniques. Previous experience working with government planning agencies in a developing country, a proven ability to develop and present training materials, and knowledge of micro-computer applications to agricultural planning are important. Because the consultant will be working at levels within government where English is not spoken, the ability to speak and read Bahasa Indonesia or to learn to do so will be required.

Specifically, the Agricultural Economist will be responsible for:

- a. assisting the Director of Planning to formulate a staff development plan for the Bureau of Planning including a clear statement of the function of each division, a description of mechanisms to coordinate interdivisional activities, staff skills needed to carry out stated functions and the training required to upgrade planning and evaluation skills;
- b. defining and providing appropriate on-the-job training for BOP and provincial personnel in techniques for economic planning, forecasting and evaluation;
- c. assisting BOP staff, especially in the Economic and Statistical Analysis Division, to establish procedures to effectively respond to "brush fire" policy issues raised by senior government personnel inside and outside the MOA;
- d. with the Computer Applications Specialist, advising the Kanwil on data and micro-computer techniques most useful for improving local planning capabilities;
- e. monitoring and annually evaluating local level practicum training programs;
- f. providing a complete evaluation of the provincial level component of the project including an assessment of information need, planning skills, and structural adjustments in planning and financial authorities needed to successfully extend the provincial level approach to other Indonesian provinces.

3. Computer Applications Specialist

The Computer Applications Specialist will work directly with the Director of the Center for Agricultural Economics Research, Bogor. He will assist Center staff to develop the PATANAS data base, identify potential data base users and the form of their analytical needs, and define staff training requirement to meet user needs. He will identify and develop software packages to support the analysis planned by the Center, and will provide on-the-job training in areas such as research design, computer software applications and data base management to Center personnel.

Approximately 20 percent of the Specialist's time will be devoted to supporting activities under the provincial component. This will include assisting two provincial Kanwil offices to upgrade and systematize data for local planners, developing simple data management techniques to assure efficient storage and access and, in collaboration with the Agricultural Economist adapting suitable computer software packages for local planning.

The wide range of responsibilities assigned to the consultant will require unique skills. He must have proven technical

expertise and experience with both micro and mini-computers particularly Honeywell Level 6 and IBM 4331 minis, working knowledge of data base management techniques, applications programming experience with software packages, including but not limited to SPSS, SAD, SAS/ETS, MPSX and MPSX/ECL and must have knowledge and experience with the application of computer technologies to Indonesian agricultural and natural resource policy problems. Working with middle- and lower-level staff in the Provinces will require knowledge of Bahasa Indonesia or a willingness to learn.

The Computer Application Specialist will be responsible for:

- a. assisting to define methods for inputting, storing and outputting data contained in the PATANAS survey;
- b. conducting a survey of potential data base users outside CAER which identifies the form of demand, and the software, hardware and staff skills needed to meet it;
- c. assisting in the acquisition and installation of computer software packages including but not limited to SPSS, SAS, SAS/ETS, MPSX and MPX/ECL and the development of on-the-job training for this software;
- d. advising the Director on the Center's future computing requirements and least-cost approaches to meeting demands for Center services;
- e. assisting MOA Kanwil officers in two provinces to identify important provincial level data, develop a local data management system, provide on-the-job training in the use of micro-computers for provincial agricultural planning and provide periodic assessment of performance and problems associated with the provincial project component.

4. Computer Management Consultant

The Computer Management Consultant will work directly with the Director, Center for Agricultural Data Processing. He will assist the Director to develop and implement policies which define the role of the Center within the Ministry, establish an integrated data processing network linking computer facilities in various Ministry divisions and increase the Center's data processing capabilities and efficiency. He will recommend and assist in implementing improved procedures to manage batch processing, assure data base security, and improve communication between users and Center staff. Also, he will be required to assist in defining training needs and will provide on-the-job supervisory support. As a secondary responsibility, the consultant in conjunction with the Computer Applications Specialist, will assist the Director of CAER to development an efficient data base management system for PATANAS.

To successfully accomplish these objectives, data processing management experience, preferably in a developing country context, will be essential. A comprehensive understanding of computer systems particularly the Honeywell Level 6, keying and accounting procedures, and basic telecommunication computer interfaces will be required. Knowledge of Bahasa Indonesia, software programs used in agriculture data processing and of Indonesian agricultural data bases will be useful.

Specifically, the Computer Management Consultant will be responsible for:

- a. assisting the CADP to develop a comprehensive policy paper which specifies the respective data processing responsibilities of CADP and its users defines efficient operational relationships between the CADP and users, clarifies the status of CADP within the MOA organization, and establishes priorities for users and applications and for the sets procedures which guarantee this security of data stored in the computer;
- b. assisting to develop a manpower development program for CADP which suggests policies for developing a career path for computer specialists within CADP, identifies Center training needs and establishes procedures to consolidate training by assigning appropriate work tasks to returning trainees;
- c. establishing a conceptual framework and operating procedures for a Ministry-wide data storage and retrieval system including procedures to prioritise access, share costs, develop software and share data;
- d. assisting the Computer Applications Specialist at CAER to establish data management procedures for PATANAS; and
- e. conducting periodic progress reviews within CADP to identify problems and remedial action.

Request to Waive Nationality and Competition
Requirements to Procure the Services of
Mr. Stanley Wood as the Long-Term Computer
Applications Specialist

(the requirements for this waiver are not clear due to the continuing uncertainty of contracting procedures under new contracting regulations. If requirements are clarified by the time the PP is submitted to the Executive Committee, the waiver request will be included)

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Procurement List
Commodities and Related Services

	<u>Base Cost</u>
1. <u>for CADP Honeywell Level 6 :</u>	
4 - 275 mb. exchangeable disk drives	\$ 200,000
1 - data entry system and terminals	200,000
2. <u>for CAER IBM 4331 :</u>	
1 - exchangeable disk drive	50,000
1 - 8' diskette unit	5,000
3. <u>data base testing and implementation for CAER/CADP:</u>	
services, private firm	200,000
4. <u>software rental and system maintenance :</u>	
for Honeywell Level 6 and IBM 4331 (3 years)	300,000
5. <u>radio-communications link CAER/CADP:</u>	
4 - receivers/transmitters with antennae)	50,000
2 - relays)	
6. <u>provincial component</u>	
2 - micro-computer packages (processor, drives, keyboards, display, DOS, manual, cords, printer accessories)	20,800
2 - uninterruptible power supply units	9,000
2 - sets systems software	2,000
2 - sets applications software (5 years)	18,000
systems maintenance	13,000
data transcription services (5 years)	25,000
7. <u>vehicles :</u>	
3 - project vehicles (Holden or Ford sedans)	30,000
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TOTAL	\$1,122,800