

**A G R I C U L T U R A L   P L A N N I N G**

**i n**

**I N D O N E S I A**

**b y**

**Bill Bolton and Fred T. Cooke, jr.**

**Economic Research Service  
U.S. Department of Agriculture**

**USAID/Indonesia  
Consultancy during the period April 20 to June 11, 1975**

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## AGRICULTURAL PLANNING IN INDONESIA

### SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

1. Planning for agricultural development in Indonesia has not been accomplishing the results that should be expected of it, either at the regional or sectoral levels. Improved planning could stimulate development, resulting in greatly increased output, increased levels of income, and improvements in net trade balances. It would also improve the regional distribution of the benefits of development.
2. Most professional people concerned with plan and project development and implementation in Indonesia are well aware of weaknesses and inadequacies in planning. Generally, they attribute problems largely to failures in organization and coordination. Thus, the solutions are generally presumed to involve administrative and organizational improvements.
3. The fact is that plans lack the specificity necessary to properly guide development. The plans themselves should provide much of the guidance and coordination needed for development. They should point clearly, without conflicting guidance on resource use, to what needs to be done and where it needs to be done. Agricultural development planning in Indonesia has not accomplished this. The planning system has not permitted its accomplishment.
4. Planning can be strengthened if adequate consideration is given to competitive relationships between and among commodities and geographic areas. These relationships have not been adequately treated; partly, but not entirely, because of confusion about the relationship between national, or sectoral, and regional planning.
5. Sectoral and regional planning cannot be effectively performed as separate or parallel activities. Even if meaningful sets of plans could be developed separately, it would be impossible to mesh the two sets after they were prepared independently. Effective national or sectoral planning cannot be done without explicitly considering regional relationships. Effective regional planning cannot be done without explicitly considering national and sectoral relationships.

6. National or sectoral planning involves the same concepts and has the same data requirements as regional planning. The most effective agricultural development planning could be accomplished, for both the sector and the regions, with the use of a single framework, or system.
7. Such a planning system could provide clear guidance on what should be produced and the areas where it should be produced, i.e., on the best product mix for each region.
8. Within such a system, planning at the subsector and regional levels would be primarily for implementation, i.e., project planning. General planning cannot be done effectively at the subsector and regional levels. Project planning can be effectively performed there with guidance from good plans.
9. At the present time, project planning is largely substituting for overall agricultural development planning in Indonesia. Some projects are good. Many are bad, representing attempts to do wrong things at wrong places. Development resources are being ineffectively used as a result. Some development that should be occurring is not taking place. The major contributing cause is inadequate overall planning.
10. Thus, it is concluded that the major opportunity for improvement in the planning system is at the central planning level. Adequate and realistic development plans for the agricultural sector would satisfy much of the need and desire for guidance and coordination, both in the subsectors and in the region.
11. The Department of Agriculture should have a strong central planning activity.
12. The logical place for a strong central planning activity is in the Bureau of Planning. It is, therefore, recommended that the Bureau of Planning strengthen this function for the Department of Agriculture.
13. It is further recommended that the central planning activity, i.e., planning for overall coordinated agricultural development throughout Indonesia, become the dominant activity of the Bureau of

Planning. Other functions and activities of the Bureau should be organized around the central activity. Other functions, such as project evaluation and clearance, should not be downgraded as a result; indeed, they should be strengthened. Rather, the total capability of the Bureau should be upgraded to support the overall development planning activity.

14. The overall agricultural development planning activity, as well as other essential functions, could be performed within the existing organizational structure of the Bureau. Suggested functions for organizational units within the Bureau, together with general recommendations on staffing and on personnel qualifications, are made in Appendix B.

15. Additional details on the planning system information requirements and other characteristics are contained in Appendix A.

16. The implementation of these recommendations would require advisor support for up to two years. After the system is implemented, and as soon as the initial product is produced, the Bureau should be capable of carrying the activity forward on its own, assuming that the Bureau gives proper emphasis to on-job training while the advisors are available. Advisor support would require some donor inputs. These inputs would be relatively modest, especially in comparison with potential benefits.

17. This activity would require the full support of other agencies within the Department of Agriculture. It would require continuing information inputs from the various Directorates General and comparable level agencies. The benefits to the various subsectors, over time, would far outweigh these efforts. It also would require the full support of BAPPENAS. Such support would facilitate establishment of the numerous informational and coordinative links that would be needed with departments outside of agriculture. However, the benefits of the system to BAPPENAS in terms of providing a better basis for sectoral and regional planning should be obvious.

INITIAL ENVIRONMENTAL EXAMINATION

Project Location : Indonesia

Project Title : Agricultural Development Planning and Administration

Funding : FY-77 \$ 6,400,000

Life of Project : 5 years

IEE Prepared by : D.R. Brooks

14 April 1977

Environmental Action Recommended: Negative Determination

Mission Director's Concurrence:



Thomas C. Niblock, DIR

Date: May 6, 1977

Assistant Administrators Decision:

Threshold Decision by the AA/ASIA  
(Approval/Disapproval of  
Negative Determination recommended  
on next page of IEE)

Approved:   
Michael H. B. Adler, Acting AA/ASIA

Disapproved: \_\_\_\_\_

Date : 12 Aug 1977

I. Examination of Nature, Scope, and Magnitude of Environmental Impacts

a. Description of Project:

The proposed project will upgrade the planning and programming capability of the Department of Agriculture, including the collection, storage and use of basic statistical data. The project is intended to provide assistance to overcome relevant and specific institutional weaknesses. This task will be accomplished through the provision of staff training, technical advisory services, and certain commodities and physical facilities.

b. Identification and Evaluation of Environmental Impacts:

There are no areas of environmental alteration in this project, except for the construction of a building in Urban Jakarta to house the data information center. Construction of such a modest structure is not expected to have any deleterious effect on the environment.

II. Recommendation for Environmental Action

The proposed project is not a major action which will have a significant effect on the human environment. Therefore, this proposed project does not require an environmental assessment. It is therefore recommended that a negative determination be made.

BEST AVAILABLE COPY

LOGICAL FRAMEWORK

AGRICULTURAL DEVELOPMENT PLANNING AND ADMINISTRATION Grant/Loan 0265

Life of Project:  
From FY 77 to FY 81  
Total US Funding \$ 6,400,000  
Date Prepared: August 1977

| NARRATIVE SUMMARY  | OBJECTIVELY VERIFIABLE INDICATOR  | MEANS OF VERIFICATION  | IMPORTANT ASSUMPTIONS  |
|--|---|--|--|
| <p><u>A.1. Program or Sector Goal:</u></p> <p>The broader objective to which this project contributes: Increase agricultural production, rural income, and employment opportunities.</p> | <p><u>2. Measures of Goal Achievement:</u></p> <p>Repelita IV agricultural planning will be superior to prior Repelita planning; projects will be more efficiently planned and executed, with a higher degree of project success. A larger percentage of projects will be designed to directly benefit women and the rural poor without deleterious effects on the environment.</p> | <p><u>3. GOI/DOA reports and records</u></p> <p>Repelita III reports</p> <p>Repelita IV planning</p> | <p><u>4. Assumptions for achieving goal targets:</u></p> <p>The GOI's commitment to National Planning will continue.</p> <p>The GOI will continue to regard improvement of the agricultural sector as a priority developmental goal.</p> |

**NARRATIVE SUMMARY**

**OBJECTIVELY VERIFIABLE  
INDICATOR**

**MEANS OF VERIFICATION**

**IMPORTANT ASSUMPTIONS**

**B.1. Project Purpose:**

Upgrade the planning and programming capability of the Dept. of Agriculture.

**2. Conditions that will indicate purpose has been achieved: End of project status.**

380 trained participants will be performing planning and data collecting, collating and evaluation functions in a structured planning and programming network within the Department of Agriculture. An agricultural data information center will be established and institutionalized.

**3. Project records**

DOA records

**4. Assumptions for achieving purpose:**

The Minister of Agriculture's Decree Number 190/Kpts/Org/5/197 establishing Planning and other project related authority will remain in force.

**NARRATIVE SUMMARY**

**OBJECTIVELY VERIFIABLE  
INDICATOR**

**MEANS OF VERIFICA-  
TION**

**IMPORTANT ASSUMPTIONS**

**1. Outputs:**

- a. More efficient and effective approach to agriculture planning
- b. Trained personnel
- c. Improved system of data collection
- d. Computer-based information center

**2. Magnitude of Outputs:**

- a. Magnitude not relevant
- b. 80 advanced degrees, plus 300 received short-term training
- c. Magnitude not relevant
- d. Building completed, equipment installed and operating

**3. Project records**

DOA records

**4. Assumptions for achieving outputs:**

- a. Participants will complete their courses of instruction and return to their parent organization.
- b. All DOA Directorates and Agencies will supply inputs to the data information center.

**1. Inputs:**

AID-Loan \$ 5.1 million  
Grant \$1.3 million

GOI - \$4.1 million plus personnel

**2. Implementation Target  
(Type and Quantity)  
Inputs**

See details in Attachments 2 & 3.  
Summary Cost Estimates

**3. USAID**

- a. Project Evaluation
- b. Project Appraisal Reports

GOI

DOA records

**4. Assumptions for providing inputs:**

GOI A sufficient number of fully qualified participant nominees will be provided. Data information center building completed prior to arrival of equipment.



|   |   |                              |
|---|---|------------------------------|
| AGENCY FOR INTERNATIONAL DEVELOPMENT<br><b>PROJECT AUTHORIZATION AND REQUEST<br/>                 FOR ALLOTMENT OF FUNDS PART I</b> | 1. TRANSACTION CODE<br><input type="checkbox"/> A ADD<br><input type="checkbox"/> C CHANGE<br><input type="checkbox"/> D DELETE | PAF<br>2. DOCUMENT CODE<br>5 |
|---|---|------------------------------|

|                                |   |
|--------------------------------|---|
| 3. COUNTRY/ENTITY<br>Indonesia | 4. DOCUMENT REVISION NUMBER<br><input type="checkbox"/> |
|--------------------------------|---|

|  |   |  |
|--|---|--|
| 5. PROJECT NUMBER (7 digits)<br>[ 497-0265 ] | 6. BUREAU OFFICE<br>A. SYMBOL ASIA      B. CODE [ 4 ] | 7. PROJECT TITLE (Maximum 80 characters)<br>[ Agricultural Development Planning and Administration ] |
|--|---|--|

|  |   |
|--|---|
| 8. PROJECT APPROVAL DECISION<br><input checked="" type="checkbox"/> A APPROVED<br><input type="checkbox"/> B DISAPPROVED<br><input type="checkbox"/> DE DEAUTHORIZED | 9. EST. PERIOD OF IMPLEMENTATION<br>YRS [ 0 ] [ 5 ]      QTRS [ ] |
|--|---|

| 10. APPROVED BUDGET AID APPROPRIATED FUNDS (\$000) |                         |                    |         |                     |         |                     |         |                     |         |
|--|-------------------------|--------------------|---------|---------------------|---------|---------------------|---------|---------------------|---------|
| A. APPROPRIATION                                   | B. PRIMARY PURPOSE CODE | PRIMARY TECH. CODE |         | E. 1ST FY <u>77</u> |         | H. 2ND FY <u>78</u> |         | K. 3RD FY <u>79</u> |         |
|  |                         | C. GRANT           | D. LOAN | F. GRANT            | G. LOAN | I. GRANT            | J. LOAN | L. GRANT            | M. LOAN |
| (1) FN   | B191                    | 054                | 054     | 1300                | 5000    |                     |         |                     |         |
| (2)  |                         |                    |         |                     |         |                     |         |                     |         |
| (3)  |                         |                    |         |                     |         |                     |         |                     |         |
| (4)  |                         |                    |         |                     |         |                     |         |                     |         |
| TOTALS   |                         |                    |         | 1300                | 5000    |                     |         |                     |         |

| A. APPROPRIATION | N. 4TH FY |         | O. 5TH FY |         | LIFE OF PROJECT |         | 11. PROJECT FUNDING AUTHORIZED  |  | A. GRANT       | B. LOAN |
|------------------|-----------|---------|-----------|---------|-----------------|---------|---|--|----------------|---------|
|                  | C. GRANT  | P. LOAN | R. GRANT  | S. LOAN | T. GRANT        | U. LOAN | (ENTER APPROPRIATE CODE(S))<br>1. LIFE OF PROJECT<br>2. INCREMENTAL LIFE OF PROJECT |  | 2              | 1       |
| (1)              |           |         |           |         | 1300            | 5000    |   |  |                |         |
| (2)              |           |         |           |         |                 |         |   |  |                |         |
| (3)              |           |         |           |         |                 |         |   |  |                |         |
| (4)              |           |         |           |         |                 |         |   |  |                |         |
| TOTALS           |           |         |           |         | 1300            | 5000    | C. PROJECT FUNDING AUTHORIZED THRU  |  | FY [ 7 ] [ 9 ] |         |

|   |   |
|---|---|
| 12. INITIAL PROJECT FUNDING ALLOTMENT REQUESTED (\$000)                     | 13. FUNDS RESERVED FOR ALLOTMENT                  |
| A. APPROPRIATION<br>B. ALLOTMENT REQUEST NO. _____<br>C. GRANT      D. LOAN | TYPED NAME (Chw./SKR/EM/ESD)<br>SIGNATURE<br>DATE |
| (1)   |   |
| (2)   |   |
| (3)   |   |
| (4)   |   |
| TOTALS  |   |

14. SOURCE/ORIGIN OF GOODS AND SERVICES     
 000   
 841   
 LOCAL   
 OTHER \_\_\_\_\_

15. FOR AMENDMENTS, NATURE OF CHANGE PROPOSED

|                       |                               |                             |                                 |                                   |
|-----------------------|-------------------------------|-----------------------------|---------------------------------|-----------------------------------|
| FOR PPC/PIAS USE ONLY | 16. AUTHORIZING OFFICE SYMBOL | 17. ACTION DATE<br>MM DD YY | 18. ACTION REFERENCE (Optional) | ACTION REFERENCE DATE<br>MM DD YY |
|-----------------------|-------------------------------|-----------------------------|---------------------------------|-----------------------------------|

PROJECT AUTHORIZATION AND REQUEST FOR ALLOTMENT OF FUNDS

PART II

Name of Country: Indonesia Name of Project: Agricultural  
Development Planning and  
Administration

Number of Project: 497-0265

Pursuant to Part I, Chapter 2, Section 103 of the Foreign Assistance Act of 1961, as amended, I hereby authorize a Loan and a Grant to The Republic of Indonesia the "Cooperating Country" of not to exceed Six Million, Three Hundred Thousand United States Dollars (\$6,300,000) the "Authorized Amount" to help in financing certain foreign exchange and local currency costs of goods and services required for the project as described in the following paragraph. The project consists of training, technical assistance and commodities to improve the planning capability of the Department of Agriculture (hereinafter referred to as the "Project"). Of the Authorized Amount, five million dollars ("Loan") will be loaned to the Cooperating Country to assist in financing certain foreign exchange and local currency costs of goods and services required for the Project.

I approve the total level of A.I.D. appropriated funding planned for this Project of not to exceed Six Million, Three Hundred Thousand United States Dollars (\$6,300,000), Loan and Grant of which \$5,000,000 will be Loan funded and \$1,300,000 Grant funded.

I hereby authorize the initiation of negotiation and execution of the Project Agreement by the officer to whom such authority has been delegated in accordance with A.I.D. regulations and delegations of authority 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:

a. Interest Rate and Terms of Repayment

The Cooperating Country shall repay the Loan to A.I.D. in United States 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 United States 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 Goods and Services

Except for ocean shipping, goods and services financed by A.I.D. under the Project shall have their source and origin in the Cooperating Country and countries included in A.I.D. Geographic Code 941 except as A.I.D. may otherwise agree in writing. Ocean shipping financed under the Loan shall be procured in any eligible source country except the Cooperating Country.

c. Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement, Borrower/Grantee shall furnish in form and substance satisfactory to A.I.D., a Training Plan and an Implementation Plan.

| Typed Name  | Office Symbol | Date | Initials |
|-------------|---------------|------|----------|
| Clearances: | A.            |      |          |
|             | B.            |      |          |
|             | C.            |      |          |
|             | D.            |      |          |
|             | E.            |      |          |
|             | F.            |      |          |

Signature \_\_\_\_\_

Typed Name of Authorizing  
Officer

Office Symbol \_\_\_\_\_

UNITED STATES GOVERNMENT

# Memorandum

TO : DISTRIBUTION

DATE: May 31, 1977

FROM : ASIA/PD: A. *AM* Love

SUBJECT: Indonesia: Agriculture Development Planning and Administration Project PRP

3p.

1. An Asia Project Advisory Committee Meeting to review subject PRP will be held Thursday, June 2, 1977, at 9:00 a.m. in Room 609, Rosslyn Plaza. Your participation is invited.
2. An issues paper developed by the Project Committee is attached to this memo. A copy of the PRP is also hereby distributed to those who did not receive this document earlier.

Attachments: a/s

Distribution:

|                                 |                            |
|---------------------------------|----------------------------|
| *AA/ASIA: JSullivan (Designate) | *ASIA/TR/SDP: AJacobs      |
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| ASIA/DP: WLefes                 | USDA: MSolomon             |
| ASIA/DP: RMeehan                |                            |
| PPC/DPRE: RBobel (6)            |                            |
| GC/ASIA: CStephenson            |                            |
| TAB/AGR/ESP: JDay               |                            |
| SER/ENGR: JSloan                |                            |
| SER/DM: JTMcMahon               |                            |

\*PRP also distributed with this memo.



Project Committee Appraisal  
Indonesia  
Agricultural Development  
Planning And Administration Project

The Project Committee recommends that the APAC authorize USAID/Indonesia to proceed with the Project Paper on condition that (1) USAID agree to a different approach to project design per paragraph (4) below and, (2) that USAID, with consultant assistance, provide assurance (by cable) that issues discussed in paragraphs (1-3) below will be effectively addressed during PP preparation.

1. Organizational Problems: The project assumes that the primary constraints to effective overall agricultural planning are lack of trained manpower and relevant, accessible data. However, we understand that the Department of Agriculture (DOA) is highly compartmentalized, with significant problems of coordination among various Directorates. We need a better understanding of the current planning system employed by the DOA, the relative roles and responsibilities of the Bureau of Planning and the various directorates, and the extent to which problems of authority and coordination impede the development of a rational, effective planning process.
2. Reliability of Data: The reliability/completeness of current data and data collection systems is not discussed in the PRP. We believe this omission is significant in light of a 1972 IBRD report on the agriculture sector which stated: "The incredibly poor quality of agricultural statistics... is a serious handicap to sound economic planning and project identification." If the quality of available information has not improved, purchasing a computer may be premature and encourage use of poor data.
3. Beneficiary Linkages: The PRP makes the case that better agricultural planning will inevitably benefit the entire farm population of Indonesia, including the small farmer. However, the PRP does not discuss how the current planning process takes small farmer issues into consideration and how improved planning, by design, will provide increased benefits to small farmers.
4. Approach to Project Design: The Mission has requested three consultants to assist in the "pre-implementation" stage. One would evaluate DOA's need for a computer-based information system in 1 1/2 months, and two would assist in organizing available information/documents in a manner more immediately accessible. We question the appropriateness of proceeding with decisions about filing/cataloging and a computer system without first addressing the design issues raised in paragraphs 1-2 above.

Instead, we would propose that 3-4 consultants with backgrounds in agricultural economics and management information systems make assessments concerning the overall planning system of DOA, reliability of data, and organizational/policy issues, and assist in designing a planning project that effectively addresses these issues. The need for a computer-based system would be analyzed as one aspect of the overall information system for agricultural planning. (A proposed scope of work will be distributed at the APAC meeting.)