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DEPARTMENT OF STATE
BUREAU OF INTERNATIONAL ORGANIZATION
WASHINGTON, D.C. 20523

PROJECT PAPER

Proposal and Recommendations
For the Review of the
Development Loan Committee

INDONESIA - AGRICULTURAL DEVELOPMENT PLANNING AND ADMINISTRATION

4970-2255

1970-12-10

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

UNCLASSIFIED

AID-DLC/P-2255

September 14, 1977

MEMORANDUM FOR THE DEVELOPMENT LOAN COMMITTEE

SUBJECT: Indonesia - Agricultural Development Planning and
Administration

Attached for your review are recommendations for authorization of a loan to The Republic of Indonesia (the "Cooperating Country") in an amount not to exceed Five Million United States Dollars (\$5,000,000) to help in financing certain foreign exchange and local currency costs of goods and services required for the Project.

This loan is scheduled for consideration by the Development Loan Staff Committee on Wednesday, September 21, 1977, at 2:30 p.m., in Room 5951 New State. If you are a voting member a poll sheet has been enclosed for your response.

Development Loan Committee
Office of Development Program
Review and Evaluation

Attachments:

Summary and Recommendations
Project Analysis
Annexes A - G

AGRICULTURAL DEVELOPMENT PLANNING AND ADMINISTRATION PROJECT

- INDONESIA -

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*Not included in printed PP. Copies are available in AID/W (General Counsel), ASIA/PD official files and USAID/Indonesia official files.

AGRICULTURAL DEVELOPMENT PLANNING AND ADMINISTRATION PROJECT

Glossary

AETE	- Agency for Agriculture Education, Training and Extension
ARD	- Agency for Agricultural Research and Development
BAPPEDA	- Provincial Development Planning Agency
BAPPENAS	- National Development Planning Bureau
BIMAS	- Mass Guidance Program (crop production assistance)
BOP	- Bureau of Planning, Department of Agriculture
DGs	- Directorates General
DAP	- Development Assistance Program
Dinas	- Directorates General Subject-matter specialists
DOA	- Department of Agriculture
GOI	- Government of Indonesia
DPS	- Data Processing and Statistics Bureau, ARD
IBRD	- International Bank for Reconstruction and Development (World Bank)
GDP	- Gross Domestic Product
IFY	- Indonesian Fiscal Year (April 1-March 31)
PES	- Project Evaluation Summary
PID	- Project Identification Document
PPDG	- Programming and Planning Units of the Directorates General
PP	- Project Paper
PRP	- Project Review Paper
Repelita	- Five Year National Development Plan
RO	- Regional Office (provincial)
TA	- Technical Assistance
USAID	- United States Agency for International Development

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT PAPER FACESHEET		1. TRANSACTION CODE <input type="checkbox"/> A * ADD <input type="checkbox"/> C * CHANGE <input type="checkbox"/> D * DELETE	PP 2. DOCUMENT CODE 3
3. COUNTRY/ENTITY Indonesia		4. DOCUMENT REVISION NUMBER <input type="checkbox"/>	
5. PROJECT NUMBER (7 digits) <input type="text" value="497-0265"/>	6. BUREAU/OFFICE A. SYMBOL ASIA B. CODE <input type="text" value="04"/>	7. PROJECT TITLE (Maximum 40 characters) <input type="text" value="Agricultural Development Planning"/>	
8. ESTIMATED FY OF PROJECT COMPLETION FY <input type="text" value="83"/>		9. ESTIMATED DATE OF OBLIGATION A. INITIAL FY <input type="text" value="77"/> B. QUARTER <input type="text" value="4"/> C. FINAL FY <input type="text" value="79"/> (Enter 1, 2, 3, or 4)	

10. ESTIMATED COSTS (\$000 OR EQUIVALENT \$1 -)						
A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FA	C. L/C	D. TOTAL	E. FA	F. L/C	G. TOTAL
AID APPROPRIATED TOTAL						
(GRANT)	1300		1300	1300		1300
(LOAN)	3300	1700	5000	3300	1700	5000
OTHER						
U.S.						
HOST COUNTRY		4100	4100		4100	4100
OTHER DONOR(S)						
TOTALS	4600	5800	10,400	4600	5800	10400

11. PROPOSED BUDGET APPROPRIATED FUNDS (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. 1ST FY 77		H. 2ND FY 78		K. 3RD FY 79	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	I. GRANT	J. LOAN	L. GRANT	M. LOAN
(1) FN	B191	054	054	1,300	5000				
(2)									
(3)									
(4)									
TOTALS				1,300	5000				

A. APPROPRIATION	N. 6TH FY		O. 5TH FY		LIFE OF PROJECT		12. IN-DEPTH EVALUATION SCHEDULED MM YY 019719
	Q. GRANT	P. LOAN	R. GRANT	S. LOAN	T. GRANT	U. LOAN	
(1)					1300	5000	
(2)							
(3)							
(4)							
TOTALS					1300	5000	

13. DATA CHANGE INDICATOR WERE CHANGES MADE IN THE PID FACESHEET DATA, BLOCKS 12, 13, 14, OR 15 OR IN PWP FACESHEET DATA, BLOCK 12? IF YES, ATTACH CHANGED PID FACESHEET.

1 NO
 2 YES

14. ORIGINATING OFFICE CLEARANCE SIGNATURE  TITLE Acting Director, USAID/Indonesia		15. DATE DOCUMENT RECEIVED IN AID/3, OR FOR AID/3 DOCU- MENTS, DATE OF DISTRIBUTION DATE SIGNED MM DD YY 08 26 77
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Agricultural Development Planning and Administration Project

Part I. Summary and Recommendations

A. Face Sheet

B. Recommendations

Loans \$5,000,000
(Terms: 40 years, 10 year grace period
 2% interest during grace period,
 3% thereafter)

Grant \$1,300,000 life of project.

C. Description of Project

Why?

Agriculture is the predominant sector in Indonesia's economy. It accounts for about 45% of Indonesia's GDP, provides two-thirds of the employment and about two-thirds of the non-oil exports. The average size farm is about 1/2 hectare (1.2 acres), the average farm income about \$600 per year or less. Indonesia imports about 10% of its rice needs. The average yield per hectare from the rice fields (the major crop by far) is only about two tons per crop, about the lowest in the region, in spite of a rather rapid shift to high yielding varieties. Agricultural development was given top priority in the GOI's first five year National Development Plan (1969-74) and remains predominant in the second five year plan (1974-79). The present emphasis is on increased production, rural incomes and employment opportunities.

In the Indonesian FY 77/78, the GOI allocated \$926 million (9% of the total budget) to agriculture and irrigation sectors. Since Indonesia is strongly committed to government planning for economic development, the planning functions within the Department of Agriculture (DOA) play a critical role in development of the agricultural sector. The key office

in agricultural planning is the Bureau of Planning (BOP), for it influences the DOA's annual budget of \$160 million (the budget is expected to increase rapidly and total over \$1.7 billion during the third five-year plan). In addition, the planning units in the five directorates general and two agencies of the DOA plus the planning offices in each province are a part of the total planning system of the DOA.

The poor majority of farmers (nearly all are disadvantaged by almost any standard) and all people in the agriculture/rural sector are affected in many ways by the planning or lack of good planning in the DOA: the floor price of rice set by the planners in Jakarta affects every rice grower and every rice buyer; the policies and operations of the Bureau of Logistics in buying, storing, and distributing rice affects millions of consumers; the planning and constructing of irrigation systems affects everyone in the system area; the extension service reaches most of the farmers (although often in rather ineffective manner for a variety of reasons, which a recent IBRD loan is helping to overcome); the distribution of farm inputs through the BIMAS program reaches millions of farmers, although it is doing an inadequate job of reaching the poorest; the decisions concerning priority problems for research attention affects many farmers directly or indirectly; the many programs involving agriculture credit, marketing, rural cooperatives, transmigration and rural development in one way or another affect the lives of all farmers.

The second priority component in the AID Agricultural Development Policy Paper (AIDTO A-201, May 19, 1977) is the analytical capability of the host country for agricultural planning and policy formulation. "AID's emphasis should be on building country capacity for planning and policy analysis. This is consistent with one of AID's primary overall objectives: to increase the capacity for self-help and self-sustaining growth."

Given the importance of agriculture for the people of Indonesia, and the importance of good planning for agricultural development, the known weakness in the DOA planning system represents a major deterrent to development. The report of two U.S. Department of Agriculture consultants in 1975 ("Agricultural Planning in Indonesia" by Bolton and Cooke) stated: "...the plans lack the specificity necessary to

properly guide development....project planning is largely substituting for overall agricultural development planning in Indonesia. Some projects are good; however, many are bad... the major contributing cause to some development not taking place is inadequate overall planning." (Annex B.14.) Several other consultants have made similar comments (Annex B.13.). The two major weaknesses in agricultural planning are (a) the lack of sufficient numbers of academically qualified people (in both economics as well as agricultural subjects), and (b) inadequate and unreliable information and inadequate data gathering-storage-retrieval system.

DOA does not have sufficient staff and reliable data to do sector analyses although a number of smaller agro-economic surveys are made each year. The only sector analysis of Indonesian agriculture was made by the World Bank staff in 1973 (still considered valid). The World Bank study served as the basis for the agricultural analysis chapter in AID's FY 75 Development Assistance Program (DAP). The DAP stated: "One of the major deterrents to more rapid agricultural development is a poor set of agricultural policies...major problems include incredibly poor data and the lack of trained people who have the time and responsibility to do the analyses." The DAP proposed that AID assist in improving agricultural sector planning, although the mechanisms of approach to improve planning was not clear at the time the DAP was written (March, 1974).

What?

The two elements of this project are (a) long and short term academic training, and technical assistance to improve the capability of the DOA in policy and project planning and implementation and (b) improvements of the data management system by centralizing the function in one bureau, constructing a new data information center, and equipping it with the necessary data processing equipment.

The project budget in summary form is presented below. The grant will finance the foreign exchange costs of the technical assistance contract. About \$3,300,000 of the loan (66%) will be used to finance foreign exchange costs of overseas training and imported commodities and \$1.700,000 (34%)

will be used to assist in financing the local currency costs of in-country training. The GOI contribution of \$4,100,000 represents 39% of total project costs.

Grant financing of the technical assistance is proposed to alleviate the difficulties and frictions resulting from loan financing of high (in relation to Indonesian and third country salaries) American salaries and related costs.

(US\$ 000)

	<u>AID</u> <u>Grant</u>	<u>AID</u> <u>Loan</u>	<u>GOI</u>	<u>TOTAL</u>
○ Degree Training in-country (50)		500	262	762
○ Degree Training U.S./other (30)		870	475	1,345
○ Short Term trng in-country (1200 mm)		720	238	958
○ Short Term trng overseas (120 mm)		540	35	575
		(2,630)	(1,010)	(3,640)
Tech. Asst.-long term (78 mm)	546		210	756
Tech. Asst.-short term (52 mm)	364			364
	(910)		(210)	(1,120)
Commodities (data processing equip., vehicles, etc.)		1,035	190	1,225
Data Processing Info. Center Operations & Maintenance			850	850
			650	650
Sub-Total	910	3,665	2,910	7,485
Contingency (10%)	90	365	300	755
Inflation (30%)	300	970	890	2,160
Grand Total	<u>1,300</u>	<u>5,000</u>	<u>4,100</u>	<u>10,400</u>

How?

Improving the planning capability will be accomplished through (a) technical assistance for planning, data programming and training under a host-country contract (grant funded) between a U.S. university and the DOA and (b) long and short term academic training of some 380 DOA planners in selected U.S., third country and Indonesian universities (loan funded). The participants will be coming from all offices in DOA involved in planning/programming.

Improving the data management system will be accomplished by (a) centralizing the data processing functions in one agency of DOA, (b) constructing a new building in Jakarta to house this activity (GOI contribution) (c) installing the needed data processing equipment (loan funded), and (d) improving the data processing functions through technical assistance (grant funded). Design and construction of the building will be performed by local firms in accordance with GOI regulations.

D. Summary Findings

This project to remove one of the major obstacles to improved agricultural production, incomes and employment opportunities by improving the planning functions of the DOA will ultimately benefit all the farmers and people in the rural sector. It is consistent with the AID Agricultural Development Policy Paper and the country DAP. In addition, this project complements and supports many other AID, IBRD and other donor projects in the agriculture sector of which the following are examples:

- AID's \$5 million loan in 1976 to improve higher agricultural education in Indonesia (497-T-041) 4970264
- AID's Sumatra Agricultural Research Project submitted along with this PP. 4970265
- such AID grant-funded projects as Assistance to Agriculture (0189) and Agriculture Research (0198)
- IBRD's \$21.5 million loan in 1975 for an agricultural research and extension project.
- IBRD's \$22 million loan in 1976 for the national food crops extension project.

The project is technically, economically, financially, and socially feasible. It grew out of the DOA's specific identification of their major problems and recognition of what would be needed to be able to overcome them. The project was designed in close collaboration with the people in the DOA who will implement it. Implementation can begin in early FY 1978 as soon as the initial conditions precedent are met. The long term academic training can begin in the fall of 1978.

A negative determination has been made concerning the need for an environmental assessment since this is mainly a technical assistance/institution building project. All statutory criteria have been met. A 611 (e) certification is in Annex E.

E. Project Issues

The various issues and concerns expressed by AID/W in approving the PRP (State 151936, June 29, 1977, Annex A) are discussed and resolved at various places in the PP. (See Part III - Project Analysis, A. Technical Analysis, 1. Appropriateness of Project). There are no outstanding issues to be resolved.

USAID Project Team:

David Brooks, Agriculture Advisor, Chairman
Ralph Singleton, Capital Development Officer
Richard Johnson, Economist
Ralph Gleason, Agriculture Consultant

AID/W Project Design Team:

John Fischer (Consultant)
John Day (AID/W-(TAB)
Cathleen Gleason (AID/W - SER/DM)
Lawrence Kinyon (Consultant)

PART II - PROJECT BACKGROUND AND DETAILED DESCRIPTION

A. Background

Agriculture is the predominant sector in Indonesia's economy. It accounts for about 45 per cent of Indonesia's GDP, provides two-thirds of the employment about two-thirds of the non-oil exports. Most farmers are small holders with about 70% of the farms less than one hectare in size and averaging only 0.6 to 0.7 for Java, Madura and Bali which contain some 85% of Indonesia's population. The basic tenure problem is one of fragmentation; not a latifundia/tenant, absentee-owner type problem. Agricultural Development was the top priority sector during the GOI's First Five-Year National Development Plan (IFY 1969-70-73/74) and remains predominant in the Second Five Year Plan (IFY 1974/75-78/79). The goal of the agricultural sector in the Second Plan, which is in execution, is to increase production, rural incomes, and employment opportunities. The sector goals for the Third Plan are expected to be similar, but with greater emphasis given to equity considerations.

Progress in the agriculture sector has been mixed and productivity and income varies greatly among regions and islands. In recent years rice production has been increasing at around 4% per annum and agricultural product exports exceed imports, both of which are relatively good records. However, 87 million (64%) of Indonesian people had incomes below the threshold poverty income level in 1976, and 91% of those below the threshold, dwell in rural areas and are predominantly dependent on agriculture for a livelihood. Per capita daily caloric intake in the agricultural sector is estimated at less than 1,800 calories, an intake so low it is probably a major factor in infant mortality. Consumption of rice is expected to rise well above the 4% annual increase of the past few years, and unless something is done, the deficit by 1985 will be between 3.5 and 5.0 million M.T. per year.

The soil, water and climatic conditions in Indonesia are adequate to produce the food needed, and in addition can contribute substantially to foreign exchange earnings via exports. Some areas are overpopulated and migration programs are underway since many fertile areas are relatively thinly populated. While Indonesian agriculture is in general among the most intensive in the world, opportunities to increase yields still exist.

Given the agriculture resources available, the relevant question is, "Why has progress not been faster?". Agricultural/rural progress in Indonesia has been constrained by a shortage of good projects, economic policies that have not provided adequate incentives to well-defined target groups, and administrative problems which restrict the delivery of a coordinated program of infrastructure, production inputs and market incentives to the field. The production targets in the Second Plan are not being met. Limited resources are not being used so as to obtain either maximum productivity or socio-economic benefits consistent with plan goals. Weaknesses in planning, policymaking and administration must be confronted and overcome.

Indonesia is strongly committed to government planning for economic development. Planning for all sectors, including agriculture, is conducted within a tightly structured administrative system. Within such a system, there is a positive relationship between the quality of planning and the amount and type of economic development that occurs. Good planning, when accompanied with good implementation, will result in effective use of development resources and accelerate development; poor planning must result in ineffective allocation of development resources and lost opportunities for development. Since the Department of Agriculture's Third Five Year development plan budget is expected to exceed one billion dollars, the importance of better planning is obvious.

The national plan goals and macro economic targets are established by the National Bureau of Planning (BAPPENAS), and the agricultural sector plan is prepared by the Department of Agriculture (DOA). Major responsibility for the sector plan, including project preparation and policy guidance, is vested in a Bureau for Planning (BOP) in the office of the Secretariat General.

Formerly, the five Directorates General were separate ministries, each performing individualized, relatively uncoordinated functions. The first step toward integration of these organizations was taken in 1968 when they were all brought into the Department of Agriculture. The Minister of Agriculture's Decree Number 190/Kpts/Org/5/1975, dated May 2, 1975 concerning "Organization Structure and Job Description of the Department of Agriculture", placed responsibility and provided the legal basis for the Bureau of Planning, the Program Directorates of

the respective Directorates General and other related units to carry-out their planning and programming functions. The Bureau of Planning has responsibility as well for maintaining surveillance over the Department's organization and administrative procedures and recommending improvements. Much progress has been made in unifying the DOA into a team concerned with the problems in the agricultural sector, but strong community interests and loyalties remain and the lack of integrated approaches to rural area development exists.

The operational activities of the DOA are handled by five Directorates General (food crops, estate crops, animal husbandry, fisheries, and forestry) and two agencies. The planning/programming network, which is schematically depicted in Attachment B.1, includes: (1) the Bureau of Planning; (2) the Directorates of Programming in each of the five Directorates General; (3) the Programming Units in the Agency for Agriculture Education, Training, and Extension (AETE) and the Agency for Agriculture Research and Development (ARD); and (4) planning/programming units in the 27 provincial offices of each of the five Directorates General.

In addition to these planning/programming offices, two other units play important supporting roles and will be involved in the implementation of this project: (1) the Division of Data Collection and Processing unit of BOP since it is responsible for the assembly and supply of data required by the DOA to plan and execute its various functions and (2) the Staff Education and Training unit of AETE since it is responsible for staff development and training within the DOA.

The major constraint to better planning is the shortage of professionally trained personnel. Neither the quantity of personnel required nor the quality needed to do the job are available. The BOP has 60 professionally trained people, but only 40 are sufficiently experienced to provide leadership in activities such as project design, and 10 or less have a significant amount of training in economics or related fields. In none of the operating units is there a sufficient number of trained analysts to do adequate planning, and the professional staff available are almost all technical specialists. Thus the planning units cannot be expected to prepare economically viable projects, and the BOP does not have sufficient personnel to provide them with the needed guidance and training. Furthermore,

the few available people are occupied almost entirely with short-run, operational issues rather than with analysis and planning.

Indonesia is a very large country and many developmental projects are oriented toward the provinces. The 27 provinces prepare and implement many projects which include an agricultural component. The BOP cannot now provide the provinces with the expertise needed.

The second serious constraint to better planning is the weak data base and data processing methods. The IBRD Agricultural Sector Survey of June, 1973 speaks of "the incredibly poor quality of agricultural statistics" in Indonesia. Numerous other reports indicate similar findings. The data which are available are usually tabulated and released so late they are of little or no value to decision and policy makers.

Initial planning for the present project began in earnest when in April and June 1975 two USAID-financed consultants, Drs. Bill Bolton and Fred T. Cooke, Jr., of the Economic Research Service of the U.S. Department of Agriculture*, conducted a study of agricultural planning in Indonesia. Their final report listed 17 conclusions and recommendations, some of which are excerpted as follows (Annex B.14 has more detailed summary):

"Improved agricultural 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."

... plans lack the specificity necessary to properly guide development ... at the present time, project planning is largely substituting for overall agricultural development planning

Some projects are good; however, many are bad ... development resources are being ineffectively used ... Some development that should be occurring is not taking place. The major contributing cause is inadequate overall planning. ...the major opportunity for improvement in the planning system is at the central planning level.

*Agricultural Planning in Indonesia by Bill Bolton and Fred T. Cooke Jr., Economic Research Service, U.S. Department of Agriculture, USAID/Indonesia Consultancy, April 20-June 1, 1975. Available in ASIA/PD files and at USAID/Indonesia

Adequate and realistic development plans for the agricultural sector would satisfy much of the need and desire for guidance and coordination, both in the sub-sectors and in the region.

The Department of Agriculture should have a strong central planning activity....The logical place for a strong central planning activity is in the Bureau of Planning".

In June of 1976, the Mission submitted a PID to AID/W which outlined a very broad project for assistance to the DOA in the area of technical assistance, research, training and pilot projects. Subsequently, following a meeting with the Mission Director, the Minister of Agriculture decided that there was a need for a more limited and sharply focused project on planning and program formulation.

This PP addresses the planning, programming and to a limited extent, administration problems within the Department of Agriculture. The proposal is based upon the Department's own analysis of their problems, the conclusions reached by Bolton, Cooke and consultants, and independent USAID analysts. The project proposal was developed jointly by USAID and DOA. DOA officials participated in drafting key sections of the document and have reviewed it. Thus, we do not anticipate problems in negotiation of the Project Agreement, or in compliance with the terms and conditions presented herein.

The current organizational framework in DOA will accommodate the principal recommendations of the Bolton/Cooke report. Discussions between USAID, the Project Design Team and GOI officials in August 1977 indicate a strong desire to make the minor additional organizational changes which would improve the planning process. Senior DOA and BAPPENAS officials have indicated firm intent to strengthen to BOP and give it authority commensurate with the responsibilities it has for planning, policy and administrative guidance to policy makers.

The AID Agricultural Development Policy Paper released in June 1977 (A-201) lists the development of an analytical capability for agricultural planning and policy formulation in developing countries as meriting high priority for AID

assistance. The AID policy paper states "AID's provision of technical assistance and training to strengthen this capability has been increasing in recent years. This support should continue, given the powerful impact which planning and policies can have on agricultural production and on the welfare of poor people". The AID policy paper also states that . . . while AID should have a capacity to carry on a dialogue with an LDC on its agricultural policies, it should not try to make LDC policy, but rather, seek to strengthen the country's policy analysis capacity". There is, therefore, a good fit between AID policy and the objectives of this project. (underscores added for emphasis).

B. Detailed Description

1. Introduction

This project is designed to assist the Department of Agriculture (DOA) in its efforts to improve its capability to carry out agricultural sector studies and agro-economic research, and to design and manage effective programs for dealing with the problems of rural people, most of whom are poor.

The project calls for a personnel development component involving on-the-job training for mid-level career employees of the Department and for advanced degree training in-country, in the U.S.A., and in code 941 countries. Also included is a technical assistance component to the DOA in the form of two long-term specialists, each assigned to a key unit in the Department, the services of short-term technical experts as needed, and the development of an improved data management and analysis system. AID will assist in the effort by providing loan and grant funds as well as technical advice and consultation. The GOI will also provide local currency financing for physical facilities, and in-country training logistical support. Certain project administrative inputs will also be provided by the GOI through established DOA agencies.

2. Project Goal Purpose, Outputs and Inputs

a. Goal

The broad sector goal to which this project con-

tributes is, as expressed by the GOI in the Second Five Year Plan - 1974/79 (Repelita II): "...to develop an integrated effort to increase production, equalize income distribution and create more employment opportunities in the agricultural sector". In Repelita III, the Third Five Year Plan - 1979/84, higher priority is to be given to equity issues. Specifically, the goal of this project is to support on-going efforts to not only increase agricultural production, but also to enhance the quality of rural life through income gains and increased employment opportunities for the rural poor.

If future programs and projects prepared and implemented by DOA serve to involve the lower income earning echelons in the agriculture sector in the process of economic development in Indonesia, the project may be considered successful.

b. Project Purpose and End of Project Status

The project purpose is to upgrade the planning and programming capability of the DOA by helping to institutionalize within the DOA the ability to carry out effective agricultural policy analysis and the capacity to design and evaluate appropriate developmental program and project alternatives.

This project will substantially improve the capability of the key planning and policy guidance units to (a) relate DOA programs to the needs and problems of the poor rural inhabitant, (b) prepare long and short range agricultural strategies and plans, (c) efficiently process agricultural data and (d) perform necessary micro and macro analysis of that data, (e) communicate and interact more effectively with BAPPENAS.

This purpose will have been reached if, in Repelita IV and beyond, agricultural development plans and projects exhibit a number of significant identifiable characteristics not present in current plans and projects. First, projects prepared within the DOA will reflect a greater sensitivity to socio-economic variables, the full set of income and employment generating impacts of development upon the welfare of the rural poor, the important role women play in rural life and agricultural production, and environmental consequences of alternative courses of action. Second, planning units in the DOA will be more aware of the need for sound analytical app-

roaches and the use of appropriate data; therefore, data being collected will be more accurate, it will be processed and reach the user more quickly and the form will be consistent with administrative needs. Third, the natural and other resources of the country will be better managed. Programs being emphasized in MOA will be those which generate high benefits in relation to costs, and new projects will involve management systems known to be within the capability of the implementing agency.

c. Project Outputs

The outputs of the project are: (a) an enlarged pool of capable technicians and experts located throughout the DOA planning network, (b) an improved system of data processing, storage and statistical analysis, (c) a new data information center, and (d) an improved system by which planning and policy analysis is carried out within the DOA.

BOP as the focal point for the planning and policy analysis activity of DOA, will augment its staff by 30 professionals trained in economics, other social sciences, project preparations and evaluation and related fields. BOP will then have a core staff of approximately 40 well-trained key personnel capable of effectively addressing major questions of policy and program formulation.

The Project also seeks to improve the planning capabilities of each of the five Directorates General and the provincial planning units through a program of in-house and on-the-job training for mid-level career employees and post-baccalaureate training for selected candidates.

The project calls for 300 candidates to receive on-job training in Indonesia, and 80 to follow graduate programs either in-country or abroad. Altogether the current manpower pool in the DOA will be augmented by 380 individuals with specialized expertise, and a "critical mass" of analysts within the BOP created who can provide the leadership necessary for a well conceived program in agriculture.

An important output of the project is the significantly improved data management facility. This includes automatic

data processing equipment, appropriate data analysis formats for statistical calculations, and 15 trained data processing specialists. A series of training seminars and short-courses will be carried out for the purpose of familiarizing upper-level GOI officials with the general capabilities of the DOA data processing system. Some 50 participants are programmed for this latter activity.

d. Project Inputs (costs and sources of funding in Financial Analysis)

Training Component

The training component is an extremely important element of this project. A unique feature of the proposal is that a heavy emphasis is given to (a) reaching down to the provincial level where planning takes place based upon the input of local and district level agriculturalists and (b) the use of Indonesian resources to carry out much of the training activities. These resources include those of the Agency for Agricultural Education, Training and Extension, and the several institutions of higher learning in Indonesia.

Various types of training are envisaged: on-the-job, short-term, long-term, non-degree and economic degree; mostly in-country but also abroad. (Observational and study tours abroad for key officials are included.) Relatively short-term in-country training for those now on the job will receive priority attention to quickly improve current staff qualifications and performance. Placing emphasis initially on this type of urgently needed training will provide opportunities to select from among the trainees promising candidates for some of the long-term degree training assignments.

Technical Advisory Services

(i) one agricultural sector planning specialist for 2 to 4½ years (4½ years are assumed in the financial plan, but an assessment of the need for the last 2½ years will be made before the end of the first 2 years) to work full time in Indonesia to assist the DOA in implementing this project (including coordinating the training activities, arranging the short-term consultancies, etc.) and to advise the BOP on its planning/programming functions;

(ii) one data processing and computer specialist for 2 years to assist in procurement and installation of the data processing equipment, to assist in determining the data needs of DOA, and to assist in developing linkages between the data processing unit and the planning units in other offices.

(iii) 52 months of short-term consultants as needed for the general implementation of this project and for the achievement of project outputs.

Commodities

The main item is the data processing equipment, maintenance, auxiliary equipment, and soft-ware development training and related needs. A detailed list of all commodities and related items is in Annex B.10. In addition, six vehicles are to be financed by the project (four from the AID loan and two by the GOI).

Physical Facilities Component

The physical facilities will be entirely funded by GOI. The main item will be a facility to house a centralized, data processing facility-based, agricultural data and information storage and retrieval system. An integral part of such facilities are accommodations (meeting, reading and work areas) to encourage DOA staff, the academic community, students and others to use it. The possibility of expanding an existing library facility to include such center and oversee its operation has been explored. This is impractical for the Department's Library for Agriculture and Biology located in Bogor, some 70 kilometers from Jakarta which is too inaccessible for day-to-day use by the intended principal users who are mostly located in Jakarta, therefore other alternatives must be considered. One alternative is to build a new center. The DOA has available land in Jakarta for this purpose. The project includes a GOI contribution for the building, utility systems, essential furnishings and grounds improvement.

Part III. Project Analysis

A. Technical Analysis

1. Appropriateness of Project

The strategic issue in the technical analysis is whether the project, including the use of the technology proposed, is appropriate and timely. The DOA, BAPPENAS and USAID have given careful, detailed consideration to all aspects of the issue and have concluded that the project is completely appropriate and timely.

First, the Indonesian agricultural/rural sector situation is very similar to that existing in the developing countries in general. AID's new Agricultural Policy Paper, which is based on extensive research and review of past performance in developing countries, concludes very high priority should be given to improving planning and policy making capability. The rationale which led to the conclusions in the Agency paper applies to Indonesia.

Second, closely related to the above but more specific to Indonesia, several principles which are emerging from the recent knowledge explosion concerning agricultural development apply and indicate a project of this type can now succeed. For example, success for projects of this type has been found to hinge on whether the decision makers in the host government, (a) recognize the need for improved planning and policy, in contrast to merely more money (bigger agricultural budgets), and (b) have the will required to take the action necessary (including reorganization if it is needed) to deliver a coordinated program. The DOA's recent reorganizations and initiative in instituting improvements in the planning sector indicates recognition of the planning limitations and a willingness to correct them.

BAPPENAS and key DOA officials have recognized the need for the project and consequently requested assistance from AID. All USAID consultants, including the PP Design Team fielded in August 1977, have concluded the appropriate GOI officials are fully aware of the problems which the project addresses, and are dedicated to bringing about whatever changes are required to implement it. The current DOA organizational structure is admittedly not ideal, but it is adequate to begin the project.

As the project proceeds and personnel gain experience and additional trained personnel come on board, reorganization and revised modes of operation are achievable.

Third, the project is responsive to well identified and documented constraints. BAPPENAS and other aid donors as well as DOA officials, are aware of the DOA's inability to prepare a comprehensive strategy for the development of agriculture and to support it with economically viable projects. There are insufficient numbers of technically trained personnel, especially at the higher levels to accomplish the above task. The few trained planners in the DOA are hampered in their decision making and planning by an inadequate data computation, dissemination and storage/retrieval system. The project will provide training, technical assistance and commodities to relieve this double constraint. The Agricultural/Rural Sector Planning Specialist (Planning Specialist) will work in the BOP and provide advice and counsel on a continuing basis. He will play an important role in designing, and programming the training, that will be targeted to Indonesia's specific needs. The Specialist will help identify consultant requirements and insure their effective utilization. The modest data processing equipment and training component in the project will relieve the data constraint through allowing the timely and effective consolidation and analysis of existing data, which can then be utilized by key planners. A Data Processing and Computer Specialist will guarantee orderly installation of the equipment, adapt the training program to needs, and make sure effective use is made of the new data processing equipment.

2. DOA Capability and Need for Sector Analysis

The lack of an articulated, thorough, and internally consistent strategy for development of the agricultural/rural sector in Indonesia is, in substantial degree, the result of incapability to perform a sector analysis. The last attempt at a thorough sector study was made by IBRD (published in 4 volumes) in 1973. The AID study underpinning the FY 75 DAP was basically an attempt to update the IBRD work. The rate of change in rural Indonesia is accelerating, and it is risky to assume the IBRD study conclusions will be valid in anything more than the most general of terms for very long. It is illogical to attempt to fine tune an agricultural/rural sector development program, such as that which logically should be attempted in the Third Five Year Plan, on the basis of the sparse data available in a usable form. GOI desperately needs to increase its capacity for agricultural sector analysis.

The GOI's current capability for sector analysis is extremely limited. BAPPENAS uses an input/output model of the total economy, but there is no agricultural sector counterpart. There are four BAPPENAS personnel working on agriculture and they devote almost full time to project planning and evaluation, and coping with administrative problems. BAPPENAS has arranged for several sub sector studies, some using reasonably sophisticated economic tools such as linear programming.

The BOP is responsible for sector planning, and the need for increasing capability to analyse the agricultural/rural sector more adequately is well recognized and has been expressed elsewhere. At present BOP personnel have neither the time nor the capability to do the job.

The GOI has concluded it should not attempt to move directly to a totally, econometrically based sector analysis system in the next five years, but should build capacity to make the transition in the range of from 5 to 10 years. In the meantime GOI plans to proceed to improve internal capability to produce a thorough assessment of the agriculture sector which would improve the basis on which to make judgments on policy and program alternatives. The assessment system will be continuously improved by increasing the number of policy and planning conclusions based on thorough studies. Initially, effort would be directed to farm cost and return studies, farm management studies (some using small linear programming models), price studies, market analyses, impact (benefit/cost and social) analyses for alternative policies and programs, and regional planning models.

3. Staffing and Training

The DOA organizational structure is based upon a network extending from the village level, through provincial agencies to the centrally located Directorates General, the ARD and the AETE. In the Department there are 40,000 employees, of which some 1000 or about 2.5 percent are presently engaged

full time in planning and programming functions. The core group of approximately 800 who make up the professional planning staff are mainly trained in their technical disciplines. These are spread throughout the network with the bulk located in the provincial planning units. Only about 90 (11%) of these planners are economists and social scientists. To increase the numbers of economists and social scientists, this project will finance advanced degrees in economics and social sciences for 80 people on the professional staff. Estimates of the current staffing and staffing as expected at the termination of this project are shown below:

Professional* Planning Staff

<u>Organization</u>	<u>Total</u>	<u>Current</u>	<u>1982</u>
		<u>Economists & Soc. Scientists</u>	<u>Economists & Soc. Scientists</u>
National Level:			
Bureau of Planning	60	10	40
Prog. Directorates in 5 Directorates General & 2 Agencies	250	30	50
Provincial Level:			
Program Units (27 provinces)	<u>500</u>	<u>50</u>	<u>80</u>
Total	810	90	170

*Personnel holding degrees in specific agricultural disciplines as classified by the GOI personnel system (includes fisheries and forestry)

Within the Bureau of Planning some 10 individuals are classified as professional economists/social scientists, mostly with graduate degrees from U.S. and European institutions. However, while well trained and experienced, their number is too small to effectively do the job required. Few have training beyond the M.S. This project will strengthen that staff with 30 additional people -- mostly M.S. trained with a small number of exceptional individuals doing more advanced specialized studies. The staff situation is similar in the Directorates General.

At the provincial level, those with training come largely from Indonesian universities and seldom have gone beyond the B.S. level, except occasionally for department heads. One-third of the project participants will be assigned to these provincial planning units.

With respect to in-country agricultural staff training programs the Agency for Agricultural Education, Training and Extension (AETE), Bureau of Personnel Training has a central office staff of 22 in Jakarta that administer 33 Training Centers. The Training Center staffs total approximately 2,000 employees, of which approximately 400 are instructors. The majority of the 400 instructors of the Training Centers are college graduates. The National Extension Project - IBRD loan - provides for advanced degree training for the AETE staff in subject matter specialities.

Numerous programs are now offered at various institutions in Indonesia which with perhaps minor modification, would serve Project needs e.g.,

- (1) National Planning Program, College of Economics, University of Indonesia.
- (2) Agriculture Planning Course (Kursus Perencanaan Departemen Pertanian).
- (3) Agricultural Economics Workshop, Gajah Maja University Jogjakarta.
- (4) Agricultural Planning Workshop, Agricultural Institute, Bogor (IPB).

There is also a new sub-masters program in agricultural planning now proposed at the Bogor Agricultural Institute. The project planning workshops of the USDA and the World Bank are also possibilities for qualified candidates. The Planning Specialist will draw upon these resources in helping to develop the short-term training programs. He will also schedule the services of TDY technical consultants to evaluate potential programs and to assist in teaching as needed.

The DOA strongly promotes additional training for its personnel and makes every effort to assign promising people to the various training programs available. Some 2000 gradu-

ates of Junior high school are enrolled in the agricultural vocational school system of AETE each year. These people eventually move into the DOA network and augment that staff.

USAID participants from the agriculture sector average 65 per year. The project calls for only 20 participants per year for long term academic training and 60 per year for short term training. Taking into account that the majority of the training for the project is in-country, and USAID's excellent participant training record in Indonesia, it can be anticipated that the DOA's operations will not be greatly disrupted by the project's training program and participants will be available.

4. Appropriate Technology

The appropriate technology issue inherent in the project can be viewed from two perspectives: that of the (a) technology utilized in agricultural production and farm product processing/marketing, and (b) technology utilized within the project. Since the project emphasizes training in the socio-economic sciences, agricultural projects prepared by the DOA after the project is completed are expected to be more responsive to meeting basic human needs. The technologies the BOP will be recommending should be much better attuned to socio-economic conditions than at present.

The project includes loan funds for the purchase of electronic data processing equipment (EDP) which will increase the speed with which data is processed and make it more accessible, but not displace any current DOA employees. The DOA and USAID consultants considered a wide range of alternatives, and conclude EDP technical capabilities and computer hardware of the size and type proposed are essential for DOA to properly fulfill its assigned functions in GOI. There is neither staff available to perform needed manual data manipulation nor time available for all intermediate accumulations which are needed. In fact, even,

if the GOI could provide the hundreds of additional people, they could not process data effectively or fast enough to be of real utility to the planners. The benefits from timeliness outweigh the low skilled labor utilization potential if less sophisticated technology were employed.

The data requirements can be classified into three categories:

- (i) Agriculture sector (DOA) management information reporting (current statistics on production, input use, etc.).
- (ii) Administrative reporting and monitoring (project monitoring, payroll, etc.), and
- (iii) Applied and other research application.

The most suitable equipment to meet the needs in the three problem areas is a mini-computer with an initial 256K capacity, and upgrading potential for later applications. The 256K size is necessary for badly needed research applications. A computer currently in use at the University of Indonesia (Jakarta) is of the size and type needed. If DOA had similar equipment, the University could provide backup capabilities to the DOA, and introductory EDP training for the DOA could be provided by the University Computer Science Center staff. In addition, to assist in the economic analysis of data, this prototype can accept current third party software for data base management and statistical/scientific applications, both of which complement the soft-ware included in the project configuration.

The EDP technology proposed is well adapted to the management type requirements of data category #1 and #2, and can also service the applied research needs of DOA.

Current staff levels at the DOA will not be affected by the introduction of the EDP system proposed. Approximately fifteen staff will be trained in computer analysis techniques. If the DOA is given the authority to class the positions as "open", it should have no difficulty retaining the personnel to be trained. Open positions allow for promotion equity for select technical disciplines with administration positions.

The EDP technology proposed is well understood in Indonesia. Indonesian businesses and other GOI Departments use it. University level Indonesian agriculturalists and economists are currently engaged in using EDP technology on a small scale for their research. Due to the limited size of most facilities, much needed analysis has not been attempted although the technical expertise is available to perform the analysis. The proposed equipment is designed to allow researchers to immediately perform medium scale statistical and modelling analysis, but with the capability of eventual expansion to large-scale analysis. The technical expertise at the University of Indonesia (Jakarta) and at the Agriculture Institute Bogor, will be available to the DOA.

In Jakarta there are many accounting machine supply companies to supply computer tapes, disks, printer ribbons, printer paper, punch cards, etc. Training in operation of the machine will be performed by the supplier. Routine maintenance is available and should be no problem.

USAID consultants and DOA explored the possibility of using other EDP equipment available in Jakarta and elsewhere. When the DOA needs were documented, no other facility could or would provide the services required.

5. Constraints

While every effort has been made to insure project success and conditions warrant proceeding with the project, some potential problems have been identified and consideration given to their influence on probability for project success. In addition to the organizational factors discussed in the Social Soundness Analysis, one factor has been identified:

BOP and other DOA organizations do not anticipate excessive problems in retaining the personnel trained in the project. The DOA has already faced the problem and recommended that the relevant positions be classed as "open positions" which will remove the current salary constraints. The request is expected to be approved in late September or October, 1977. Also, the GOI requires two years service for each year of training.

6. Environmental Concerns

The Initial Environmental Examination included in the PRP dated May 6, 1977 included a recommendation for a negative determination; e.g. no environmental assessment should be needed. PD-16 states that an EA normally is not needed for training and educational activities. The only physical activity is the construction of the building to house the information center in urban Jakarta. Construction of such a modest structure in a large city is not expected to have any deleterious effect on the environment. AID/W in approving the PRP did not state that an EA would be required.

Concern for environmental matters as part of project design and implementation will be included in project training and technical assistance as appropriate.

7. Conclusions

The technical design of this project is reasonable and appropriate; the cost estimate (see financial analysis) is reasonably firm; and adequate planning has taken place for the authorization of the loan/grant. The problems are well documented and analyzed in this PP. The design of this project to help resolve these problems is based on the reports and assistance of several consultants (including four who actively participated in the writing of the PP) working with

the DOA and USAID. The several issues and concerns identified by AID/W in its approval of the PRP have been discussed and/or resolved at various places in the PP. (See Part III - Project Analysis, A. Technical Analysis, 1. Appropriateness of Project).

The project is technically, economically, socially and financially feasible. Therefore, Section 611(a) has been met and the required Section 611(e) certification is in Annex E.

B. Financial Analysis

The costs of this project were estimated as shown on the table "Summary Cost Estimate and Financial Plan" based on the following premises and information:

Technical Assistance - A foreign exchange cost of \$7,000 per month (including salaries, overhead, travel, allowances, etc.) is based on present experiences in Indonesia with an allowance made for the expected probable increase in costs to offset the recent U.S. income tax changes for personnel overseas. The local currency costs of approximately 12% of the total monthly costs represent local cash costs for support of the consultants (housing, in-country travel, etc.)

Training - The in-country training costs are based on current costs as provided by the GOI. The overseas training costs are based on current Mission costs for participants financed under the AID general participant training program.

Salaries and Allowances - This represents the regular salaries and allowances that the GOI would be paying to their employees during training.

Commodities - The commodity costs are based on current costs, FOB, as provided by suppliers now located in Jakarta. (See Annex B.10.) The equipment list was prepared by USAID consultants.

Building Construction - The costs are based on present costs and allowances for standard GOI building construction with allowance for special features needed for data processing.

Summary Cost Estimate and Financial Plan
(thousands U.S. \$)

	AID				Total AID	GOI	Total All Costs
	Grant		Loan				
	FX	L/C	FX	L/C			
Technical Assistance	(910)				(910)	(210)	(1120)
Long Term (78 mos.)	546				546	78	624
Short Term (52 mos.)	364				364	52	416
Counterpart Salaries (33 yr)*						80	80
Training In Indonesia			(1220)		(1220)	(500)	(1720)
Long Term (50 Degrees)			500		500		500
Short Term (1200 mos.)			720		720		720
Salaries & Allowances*						500	500
Training Overseas			(1410)		(1410)	(510)	(1920)
Long Term (30 Degrees)			870		870	300	1170
Short Term (120 mos.)			540		540	10	550
Salaries & Allowances*						200	200
Commodities			(1025)		(1025)	(170)	(1195)
Data Processing Equip. (incl. training & maintenance)			995		995	150	1145
Vehicles			30		30	20	50
Building Construction						(850)	(850)
Operations & Maintenance (Bldgs., Equip. vehicles)						(650)	(650)
Totals	910		2435	1220	4565	2890	7455
Contingency (10%)	90		245	120	455	300	755
Inflation (30%)	300		620	360	1280	910	2190
Grand Total	1300		3300	1700	6300	4100	10400

* Existing DOA Costs

Disbursement Schedule*
(U.S. \$ 000)

<u>AID Loan</u>	<u>CY 78</u>	<u>CY 79</u>	<u>CY 80</u>	<u>CY 81</u>	<u>CY 82</u>	<u>Total</u>
Training in Indonesia						
Long Term	150	200	150	-	-	500
Short Term	90	180	180	180	90	720
Training Overseas						
Long Term	145	290	290	145	-	870
Short Term	126	144	144	126	-	540
Commodities						
Data Processing Equipment		995				995
Vehicles	30					30
Total Loan	<u>541</u>	<u>1,809</u>	<u>764</u>	<u>451</u>	<u>90</u>	<u>3,655</u>
<u>AID Grant</u>						
Technical Assistance	<u>84</u>	<u>280</u>	<u>238</u>	<u>154</u>	<u>154</u>	<u>910</u>
Total AID Loan & Grant	<u>635</u>	<u>2,089</u>	<u>1,002</u>	<u>605</u>	<u>244</u>	<u>4,575</u>
<u>GOI</u>						
Technical Assistance	13	40	23	22	22	130
Counterpart Salaries	16	16	16	16	16	80
Training-Indonesia Salaries	98	155	135	75	37	500
Training-Overseas-Costs	60	95	95	60	-	310
Training-Overseas-Salaries	39	61	61	39	-	200
Commodities	-	170	-	-	-	170
Building	400	450	-	-	-	850
Operations & Maintenance	-	50	200	200	200	650
Total GOI	<u>626</u>	<u>1,037</u>	<u>540</u>	<u>412</u>	<u>275</u>	<u>2,890</u>

* Contingency and inflation allowances not included.

Operations and Maintenance - These cost estimates were provided by DOA and represent the normal O&M during the implementation period.

Contingency - An allowance of 10% was included for contingencies.

Inflation - An allowance of 30% was included for inflation except that the allowance for data processing equipment was only 18% since this equipment should be ordered within the first year of the project so there won't be as much time for inflation to influence the costs.

C. Social Soundness Analysis

1. Sociocultural Feasibility: Organizational Framework

Given the background in the planning process described in this PP, there are a number of organizational factors which must be considered in determining the project's probability for success:

a. Although the Programming and Planning Units of the Directorates General (PPDG) and planning units of the DOA agencies have looked favorably on an expanded role for the BOP, BOP strategies, guidelines and recommendations to the DGs must take into account the project responsibilities of the DGs. Therefore it becomes extremely important that all of the DOA's, DGs and agencies, as well as BAPPENAS, are committed to the changed agricultural planning process and are well aware of the extent of the BOP's expanded responsibility and its relationship to their own planning and programming units. The GOI Project Manager should strive to ensure that these relationships are clear and that lines of communication remain open.

b. The Regional Offices will play an increasingly important role in articulating overall DOA agricultural strategy and recommendations to the Directorates General subject matter specialists (Dinas) and Provincial planning organization (BAPPEDA). In addition they will be a major source of feedback from the provincial to the national planning level. This will reduce misunderstandings which are bound to result when national agricultural strategies

are seemingly in conflict with provincial proposals. Cooperation and support by Directorates General (DGs) and their Dinas representatives will be necessary and can be anticipated since the R.O.'s have the backing of the Minister and Governors.

c. The BOP's ability to make intelligent planning decisions depends to a great extent on the quality of its data collection and analysis system. While a great deal of information is already available from the local level to go into this system there is some question as to its accuracy and completeness. As the BOP's analytical skills increase throughout the project period it may feel the need for improved methods of data collection and new types of information. The burden for collection of this information will fall on the local level extension workers and the Division of Data Collection and Processing staff. Their ability and willingness to meet BOP's data demands is a major factor to project success. Inter- and intra-departmental compartmentalization could prohibit field response to BOP requests. The DOA has recently agreed that the Division of Data Collection and Processing, would be the central data collection and analysis unit for the entire Department. This agreement legitimizes BOP's role and is expected to reduce the possibility of poor field response to data requests.

2. Spread Effects

Agricultural planning, when accompanied by careful implementation of planned programs and policies, will have an effect beyond that of increased agricultural production. Agricultural planning cannot take place in a vacuum --- it requires input from other sectors as well to provide for transport and marketing of agricultural products, rural infrastructure, and educational support. As agricultural planning becomes more sophisticated and far-sighted, increased communication and cooperation can be expected between the DOA and other departments. In addition, the data analysis and strategy-setting methods developed within the DOA may become a model for planning within other governmental departments, many of which have the same kinds of planning problems as the DOA.

Increased agricultural production and improved agricultural policies brought about by effective national planning will also affect Indonesia's import requirements, export capabilities, and foreign exchange situation. This will make available additional development resources. Most effective utilization of these resources will require sound inter-sectoral planning by BAPPENAS, to which BOP may be able to make significant input.

The Project Manager for the GOI will be Dr. Achmad J. Birowo, Chief of the Bureau of Planning, DOA. Dr. Birowo, a PhD agricultural economist, is also director of the Agro-Economic Survey and professor of economics at Agricultural Institute, Bogor. He is a capable, dynamic individual, highly respected both within the DOA and by BAPPENAS. His leadership of the BOP during this period of technical improvement and increased responsibility will be a very positive factor in creating an effective agricultural planning body. Significant changes in project leadership are not anticipated during the project period.

3. Social Consequences and Benefit Incidence

a. Beneficiaries at Purpose Level

Most importantly, the impact of improved agricultural programs and policies through effective planning will be felt by rural Indonesians who constitute two-thirds of the total population. The poor majority of farmers (nearly all are disadvantaged by almost any standard) and all people in the agriculture/rural sector are affected in many ways by the planning or lack of good planning in the DOA: the floor price of rice set by the planners in Jakarta affects every rice grower and every rice buyer; the policies and operations of the Bureau of Logistics in buying, storing, and distributing rice affects millions of consumers; the planning and constructing of irrigation systems affects everyone in the system area; the extension service reaches most of the farmers (although often in rather ineffective manner for a variety of reasons which a recent IBRD loan is helping to overcome); the distribution of farm inputs through the BIMAS program reaches millions of farmers although it is doing an inadequate job of reaching the poorest; the decisions

concerning priority problems for research attention affects many farmers directly or indirectly; the many programs involving agriculture credit, marketing, rural cooperatives, transmigration and rural development in one way or another affect the lives of all farmers. These are the beneficiaries of this project.

A critical element of this project is that the data collection and analysis system will be designed in such a way as to provide an ongoing flow of accurate information to policy makers on the numbers, location and socio-economic conditions of the various sub-groups of the rural poor, including women, and the effects of alternative agricultural programs on them. In this way the DOA will be able to develop for the first time the knowledge required to shape policies around specific needs and conditions.

An equally critical element which will affect the project's impact on the rural poor is that participant training in the DOA will emphasize the economic and social sciences: rural sociology, rural anthropology, development economics, social ecology, environmental concerns and communications skills among others. These skills are almost entirely absent from the DOA's planning process at this time, but they are vital in creating a sensitivity to the needs and problems of the rural poor and in designing programs which are eco-socio-culturally feasible.

Because the project contains these features, it is geared directly towards identifying accurately and improving the status of Indonesia's rural population.

b. Role of Women

In past experiences with participant training, it has been difficult to recruit women professionals for long term training, mainly because it usually requires leaving their families to study overseas. A greater degree of success in training women is expected here because 50 advanced degree students will be trained in-country. The Project Manager will encourage qualified women employees to take this opportunity for career improvement and will strive for a participation rate by women of at least 25 percent in project-training activities.

D. Economic Analysis

This project has three principle objectives that can be delineated for the purposes of economic analysis, i.e., manpower development, institutional development and the improvement of data processing, analysis, distribution and storage/retrieval. These objectives are being approached simultaneously within the framework of this project because these areas of weakness have been identified as the major bottlenecks that currently limit the effectiveness of the DOA, i.e., BOP in its role of planning (both macro and micro) advisor in matters of policy and administration. There is economic merit in approaching any of these objectives separately, but by pursuing the complementary objectives simultaneously, the benefits derived from this project will be greater than the sum of the benefits that could be attributed to each of the components if undertaken separately.

Another way of saying this is that if any one of the three major elements is not approached in this project, the benefits derived from the other two activities will be limited by the unaddressed bottleneck. The July 16, McMillan to Brooks memo "Assistance to Agriculture Planning" (Annex B.13) summarized the USAID consultancies by Bolton/Cooke, Strout, Van de Wetering, and McMillan plus Gray of the Ford Foundation. Each consultant, in his own terms, identifies these same constraints that need to be addressed in BOP.

The usual tools of economic analysis, economic cost benefit analysis and cost effectiveness techniques, do not lend themselves to a project like this, that primarily involves training and institutional development, therefore if the judgement of USAID staff and consultants is correct, and the identified prescriptive actions are appropriate, it will be demonstrated that the economic costs of the project are reasonable, even moderate, in relation to the sphere of institutional and economic activity involved and that the potential benefits are many times the economic investment.

The GOI is involved directly in planning and policy activities in the agriculture sector, and other sectors that affect the agriculture sector. These include controlling certain commodity prices (at farm gate and market place), controlling production, distribution, importing and pricing

of agriculture inputs (fertilizer, insecticides, seeds and credit), regulating exports, and undertaking transmigration activities to name a few. The agriculture sector provides employment for 69% of the population, generates 45% of GDP and accounts for 66% of all non-oil exports. Despite significant progress in the past decade, per capita caloric consumption is only slightly improved and Indonesia now imports 10% of its annual rice consumption (basic staple) and is currently ranked as the world's largest rice importer, despite the potential to be self sufficient in food production by increasing productivity and area cultivated. In addition, there is potential and perhaps a comparative advantage in cash export crops such as rubber, palm oil, cloves and many other commodities. There are many complex reasons for progress in agriculture falling short of expectations, but included in the problems frequently discussed are inappropriate macro and micro policies which reduce or restrict incentives and opportunities for production. The policies range from an overvalued international exchange rate combined with high import duties which have resulted in a deterioration in the rural-urban terms of trade, established prices for commodities and inputs that do not allow adequate incentives to farmers, and policies that limit and inappropriately price credit. Two factors severely restrict the ability of BOP and the DOA from successfully resolving or analyzing these policy issues and arriving at plans for the agriculture sector, a lack of adequate staff that is skilled in dealing with such complicated issues and inadequate and unreliable facilities for processing and analyzing data.

The importance of the agriculture sector and thus planning and policy decisions that affect this sector cannot be underestimated. In FY 78 the GOI has allocated \$926 million, 9% of the total GOI budget, and \$907 million, 17% of the development budget, to the agriculture and irrigation sectors. The total direct budget of the Department of Agriculture in FY 78 is \$160 million, \$132 million for development and \$28 million for routine expenditures. During the third five year planning period, the annual budget allocated to the DOA will double and for the five year planning period the total DOA budget will be over \$1,700 million, \$1,400 million for development and \$300 million for routine expenditures. (See Table for Repelita II-III Budgets.)

While the size of the DOA budget is important, the growth of the budget is even more indicative of the growing responsibilities and potential in the DOA. Between the beginning of Repelita II and the end of Repelita II the total DOA budget will increase by four times and the development budget will increase by 4.3 times in nominal terms. (About 60% of these amounts in real terms.) For the period of Repelita III (IFY 1980-1084) the current estimate is that the DOA annual budget will double in real terms. In relation to the growing budget of the DOA and the 40,000 plus staff currently employed, the proposed combined US/GOI 5-year investment of \$10.4 million (representing only 6% of the DOA budget) is small in relation to the burgeoning responsibility of the DOA and potential for effective development that rests therein.

Agriculture is still the mainstay of the Indonesian economy representing about 45% of the total annual value added in the country and employing 69% of the labor force. The agricultural sector has significant potential for domestic consumption (food and non-food), increasing job opportunities, import substitution primarily (food commodities) and for expanding exports of non-food commodities (agriculture accounts for 66% of non-oil exports.) The GOI, through the BOP (DOA) is trying to accelerate production and productivity in the agriculture sectors and provide advice on macro economic policy matters that directly affect agriculture. However, due to unreliable and inadequate data, inadequate institutional capacity and insufficient trained staff the Department of Agriculture is not able to completely fulfill the designated responsibilities.

Economic Rationale for Training and Education

The specific purpose for the training and education supported by this project is to improve not only individuals, but the capacity of the institution. The benefits that individual staff receive as a result of this project are intermediate benefits that are coincidental to the institutional development that is the intended purpose. The selection of staff members for training and the level of training they will receive will be based on the requirements and capabilities of the respective institutions.

DEPARTMENT OF AGRICULTURE BUDGET

(US \$ millions)

<u>IFY</u>	<u>REPELITA</u>	<u>TOTAL</u>	<u>DEVELOPMENT</u>	<u>ROUTINE</u>	
1975	II	47.39	37.34	10.05	
1976	II	88.77	70.25	18.52	
1977	II	131.57	110.37	21.20	
1978	II	159.59	131.74	27.85	
1979	II	<u>192.91</u>	<u>158.10</u>	<u>34.81</u>	P
REPELITA II sub-total		620.23	507.80	112.43	
1980	III	232.0	190.0	42.0	E
1981	III	278.0	228.0	50.0	E
1982	III	334.0	274.0	60.0	E
1983	III	401.0	329.0	72.0	E
1984	III	<u>481.0</u>	<u>395.0</u>	<u>86.0</u>	E
REPELITA III sub-total		1,726.0	1,416.0	310.0	

P - Projected

E - Estimated by DOA

Part IV. Implementation Arrangement

A. Analysis of the GOI's and AID's Administration Arrangements

1. GOI-Department (Ministry) of Agriculture (DOA)

a. Organization

Minister of Agriculture Decree Number 190/KPts/Org/5/1975, dated May 2, 1975 "Organization Structure and Job Description of the Department of Agriculture", places responsibility and provides the legal basis for the Bureau of Planning (BOP), the program directorates of the respective directorates general and other related units to carry-out planning, policy guidance and programming functions. The Decree makes the Bureau of Planning responsible for maintaining surveillance over the Department's organization and administrative procedures and recommending improvements. Similarly, the Decree places central responsibility for staff training of department personnel within the Agency for Agricultural Education, Training and Extension (AETE). This project is designed to operate within the framework of the decree. The project organizational arrangements are provided in Annexes B.3 and 4.

BOP is the primary executing agency for the project. The Director of BOP will be the Project Manager. A small project administrative support group will be organized within BOP to maintain essential project records, monitor project progress, and prepare the reports. The DOA's five Directorates General and the two Agency Heads will constitute an advisory body of the Project Manager to help assure Department-wide coordination of project activities.

For management purposes, the project will encompass two major sub-activities: training and data processing. The chief of AETE's Staff Development and Training unit will serve as Associate Project Manager for the training sub-activity. The Chief of BOP's Division of Data Collection and Processing will serve as Associate Project Manager for the data processing sub-activity.

b. Management Capability

BOP is well versed in the rules and procedures governing external assistance and the essentials of effective project management, including monitoring and evaluation, which is another of its central responsibilities within DOA.

USAID has considerable successful experience with the DOA on grant and loan projects, i.e. Assistance to Agriculture (Grant - 0189), Sederhara Irrigation (Loan-037), etc. The BOP assists USAID and the DOA agencies as a coordinating body in implementing these projects. The BOP manages and coordinates projects assisted by other donors too, including the Federal Republic of Germany, Japan, Republic of China, United Kingdom and the IBRD.

USAID is the only donor presently contributing in-depth assistance in planning, policy guidance and programming to the DOA on a department-wide basis. USAID and the DOA will exercise due caution to avoid any duplication of effort and encroachment on areas where other donors have activities. The need for coordination is recognized by DOA, BAPPENAS and all other aid donors, and in total should prove complementary to other donor programs.

BOP has excellent leadership at the top and no problems are envisioned; however, there is a derth of senior level personnel and the project must supplement what is available through technical assistance until personnel trained by the project return and move into senior level positions.

AETE is responsible for staff development and training of DOA personnel and will arrange for the in-country training, in agreement with the beneficiary organizations regarding course content, timing and other substantive details. The Staff Development and Training Unit has access to thirty-three training centers within DOA where short-term training can be conducted. Fourteen of these are under the direct control of AETE for training in subjects having department-wide application. The others are jointly administered by the AETE and the Directorates General and are used primarily for training of their own personnel and farmers in related technical subjects.

The AETE training bureau is experienced in scheduling and arranging training for DOA personnel which is provided by GOI

on a government-wide basis in such subjects as administration and internal government procedures. Documentation and guidance is also available based on the experiences of other GOI departments in organizing and conducting courses similar to those this project will provide.

Training for GOI departments other than agriculture has been conducted by universities. The same course outlines and subject matter, with minor tailoring, can be used for DOA personnel. The in-country institutions contacted by USAID consultants all expressed willingness to cooperate with DOA, and several indicated specific mutual benefits which can be derived, e.g., a strengthening of their own institutions as a by-product. (See memorandum from Dr. Clive Gray to Dr. A. T. Birowo, Director of the Planning Bureau, Department of Agriculture Planning Network.)

The Division of Data Collection and Processing is not yet adequately staffed and budgeted, nor not presently as well equipped to perform project functions. A principal objective of the project is to provide essential facilities, training and technical services to make it functional. However, top leadership for the unit is in place and ten staff members are training in statistics. Expatriate technical services are included to assist in prescribing details of a data processing and analysis system to meet DOA's requirements, and in its installation. In addition, personnel will be trained and assisted in its operation and maintenance. Thus, the in-country expertise, supplemented by planned assistance from the outside, should suffice in meeting the management requirements.

2. AID Administrative Arrangements

Implementation of this loan/grant will require the equivalent of the full-time services of a Project Officer during the first two years, to work closely with the DOA's Project Manager, and the two Associate Project Managers, and the contractor. For the remaining years less USAID Project Officer time should be needed.

Additional support will be provided as needed from other staff officers in USAID, e.g., legal assistance in negotiations of the loan agreements by the regional legal advisor; disbursement and contracting assistance by the Comptroller staff; en-

gineering assistance to evaluate building plans and construction. The Project Officer may have a background in agriculture, rural development, economics, education and training, or development generally.

B. Implementation Plan

The project implementation plan showing the time-phasing of key aspects of the program is contained in Annexes B.11 and B.12. Logistical support requirements from the host country, USAID/Indonesia, and the contractors involved are outlined below.

1. Technical Assistance

A Grant funded host country contract will be negotiated between the DOA and an American university, or consortium of universities, to provide two technical specialists, an Agricultural Sector Planning Specialist and a Data Processing and Computer Specialist, and up to 52 months of professional consulting service. This contract will also provide for the university or consortium to administer the long-term academic training component. Competitive procurement procedures will be followed as described in Handbook 11, Section IB3. If a consortium is awarded the contract, one university shall be designated "lead university" and be assigned responsibility for the technical aspects of the contract.*

The Planning Specialist should be available in-country within two months after the contract is signed, July 1978. The Specialist initially assigned will be expected to serve in-country for 24 months, and if project evaluations indicate the services continue to be needed, the Specialist's contract will be extended, or a replacement assigned. The Data Processing and Computer Specialist will be on duty six months prior to final installation of the data processing equipment (July, 1979).

Approximately ten months of the short term services are to be used in the preparation of the third five-year Plan.

2. Long-term Academic Training

Academic training will not be limited to one institution, but will involve several Indonesian, U.S. and third-country universities. Some eighty advanced degree programs,

*The grant will also finance travel to the U.S. for one or two DOA officials to interview the universities on the "short list".

i.e., masters and a few PhD for key personnel are called for. About fifteen participants will receive their training in the U.S., fifteen in third-country universities, and 50 in Indonesian institutions.

The advanced training will be in the fields of economics and related behavioral sciences, public administration, and management services.

The Specialist will assist in assessing training needs in terms of participant numbers and fields of specialization, time-phasing of the different elements of the overall training program, and the programs available at various universities and other training facilities. The Specialist will assist in developing a detailed Training Program and Implementation Plan (TPIP), prepared as soon as possible after arriving at Post. The training plan shall be used to rationally design each participant's training program and to schedule the departure of the first training participants in the fall of 1978. The plan should be a "living" document adjusted from time to time to reflect unforeseen events, but at all times consistent with the training needs of the DOA. The training plan will include the training programs for data processing participants as outlined below in Section 4. Data Processing Staff and Training.

Academic training in Indonesia will permit project participants to draw upon the special capabilities of several excellent local institutions viz., the University of Indonesia at Jakarta, Gajah Mada University, Jogjakarta, and the Agricultural Institute at Bogor (IPB). The programs at these three schools are each well established and participants will enroll as full time students in the normal way. As the demand arises, and as teaching resources permit, special courses and seminars will be offered in subject areas of particular interest to Project participants. The specific details shall be developed in the training plan.

Innovative approaches to training may be used. For example, if eight to ten of the participants in academic programs are in the United States at the same time, special training designed to fulfill specific project needs may be arranged during a summer or over holiday recesses. It is anticipated the special training would be provided on the contractor university campus, or if a consortium gets the contract, on the campus of the lead university.

The logistical support required of the U.S. institution or consortium includes: housing for participants that is adequate and that the usual university student health and medical care facilities will be provided as needed; careful evaluation of student training needs; assignment of participants to universities in the U.S. best qualified to serve the particular participants' needs; monitoring of each participant's progress through close collaboration with his academic advisor; prompt communication with the Project Manager regarding any problems which may arise, academic or otherwise, regarding an individual participant's performance or welfare.

Third-country academic training programs will be handled by the contractor, or if preferable, may be developed through cooperative arrangements between the DOA and the respective institution or institutions.

3. Short-term Training

The Project calls for training of 300 persons over the life of the project in applied areas of agricultural planning and development. It is anticipated that most of this training will occur in Indonesia; however selected candidates may be chosen to attend workshops, and seminars overseas. Detailed scheduling of this training will be developed in the training plan.

In order to meet project training objectives approximately 75 participants each year must receive training during 1979-82. Two major workshop sessions in each of these years will be scheduled with approximately 30 enrolled in each session. The programs at IPB or Gajah Mada, or both, supplemented with additional staff from other Indonesian institutions, would serve this need very well. Additional candidates may be scheduled for special overseas training as available.

AETE with the assistance of the Directorates General and Agencies will handle all administrative matters relating to in-country training sessions and programming of all short-term participants including drafting of selection criteria and identification of candidates. GOI will insure that each participant has adequate living allowances.

4. Data Processing Staff and its Training.

An adequate staff will be recruited and trained to operate the data processing center. Staff members will be se-

lected from current DOA employees having the necessary aptitude for the positions to be filled.

Four participants will depart for long-term advanced training abroad during August, 1978 so that they will be returning to the DOA as soon after installation of the data processing equipment as possible. Short courses in programming and systems analysis and design will be presented in-country during the six month period prior to installation of the data processing equipment.

Training seminars on data administration and EDP appreciation will be offered. Data administration will be presented to key personnel involved in the data processing activities of the DOA approximately six months prior to the installation of the data processing equipment. EDP appreciation will be given to high level management personnel to increase their awareness of the advantages and capabilities of electronic data processing. This seminar will be schedule shortly after the data information system is in operation.

5. Data Processing Equipment, Software, and Other Equipment

The procurement procedures of Handbook 11, Chapter 3 will be followed. Specifications for data processing equipment, software, and training will be prepared based on assistance from the technical advisor in Jakarta during August, 1977. Training in the operation and maintenance of the equipment will be supplied by the seller. Procurement will be limited to U.S. firms with offices located in Jakarta so that adequate servicing and maintenance is available. A number of Indonesians in the DOA have had some experience with electronic data processing equipment, and they have the experience and assistance of other government agencies and universities around Jakarta when needed. Other items of equipment will be procured under the procedures of Handbook 11, either directly or through the university contract.

6. Data Information Center

Following the standard procedures of the GOI in designing and constructing smaller civil works, the local public works office will assist in contracting for architectural services for the building design and later assist in the

bidding and awarding of the contract for construction. Since the building will not be large or complex, although special attention will be given to the requirements of data processing rooms, preliminary design work is not necessary at this time. The cost estimate is based on local costs per square meter for civil construction with due allowances made for special features such as double flooring and extra electricity and air conditioning requirements posed by electronic data processing equipment. Since the GOI will be financing all the costs of the building, USAID will not be involved in reviewing and approving designs, contract, etc. other than to ensure that design of data processing rooms are acceptable. Construction of houses for the Technical Specialist will follow the same procedures.

Project Implementation Schedule

Assuming the project will be authorized by September 15, the schedule for key implementation actions should be as follows:

Project authorized	September 15, 1977
Grant agreement signed	September 30, 1977
Loan agreement signed	December 15, 1977
Initial conditions precedent satisfied	March 15, 1978
- - - -	
RFP sent to selected univer.	November 1, 1977
University selected	February 1, 1977
Host country contract negotiated, signed	April 15, 1978
Chief of party arrives	May 15, 1978
First in-country training course starts	September 1, 1978
First students depart U.S. for long term training	September 1, 1978
First students enrolled Indonesian Univ. for grad. training	September 1, 1978
Contract awarded design data information building	April 1, 1978
Bidding for construction	August 1, 1978
Building completed	April 1, 1979
- - - -	

RFP released for data processing equipment	June 1, 1978
Bids opened	August 1, 1978
Equipment arrives	April 15, 1979
- - - -	
Project Completion Date	December 15, 1982

C. Evaluation Plan

1. Focus

Evaluation of this project will focus on the quality of the professional assistance provided; the quality of training provided, including an analysis of its relevance to the planning requirements of the DOA and the degree of retention and utilization of the planning principles, techniques and methods by the personnel trained; and ultimately the nature and quality of planning and programming resulting therefrom.

2. Methodology

The primary means of evaluation of this project will be a joint USAID-GOI Project Evaluation Summary (PES) to evaluate institutional development and improvement in the DOA's planning and programming capacity. Evaluation will utilize project and DOA records and involve analysis of policies, plans or programs developed by those DOA directorates, agencies and bureaus assisted by this project.

The PES provides adequate analytical framework for the project's evaluation; however, in the interest of insuring objectivity, the services of one grant funded consultant for one month will be obtained for the mid-term and final evaluations of the project. Questionnaires and interviews will be used during the mid-term and final evaluations.

The USAID Project Officer and the GOI Project Manager, in full cooperation with the contractor's chief-of-party, will conduct a field evaluation within a reasonable time after the implementation of a significant portion of the Project to determine the impact of those plans on the rural population. The field survey would validate whether the linkage this project assumes exists between the improved planning capacity at the central level and improved well being for the rural poor who are the intended ultimate targets of the project. The size and scope of the field survey needed cannot be determined with precision until the project has begun to yield results; therefore, the amount of consultants' time required for assistance in planning and implementing must remain flexible. Given AID's directions and

guidelines in programs reaching the rural disadvantaged, the field survey should be supported with grant funds.

3. Responsibilities

USAID and the Bureau of Planning within the DOA which is primarily responsible for evaluation will cooperate in preparing the PES on a yearly basis and managing any other types of evaluation decided upon for this project.

D. Conditions and Covenants

In addition to the standard conditions precedent (legal opinion and authorized representatives, the loan agreement shall contain the following conditions:

Condition Precedent prior to Commencement of First Training:

1. A contract signed for technical advisory services.
2. A Training Plan for all overseas and incountry training that includes, among other things, the student selection criteria, degrees expected for each discipline or subject, identification of the university or universities to be used for academic training, and estimated cost for each degree or training course.

Condition Precedent prior to Ordering of Commodities:

1. A contract signed for technical advisory services.
2. Evidence that the land for the Data Information Center has been obtained by the Department of Agriculture
3. Evidence that plans and specifications satisfactory to AID have been prepared for the Data Information Center, that financing is available for the construction of the Data Information Center, and that the building will be completed and ready for the installation of the data processing equipment prior to the arrival in Indonesia of the equipment.
4. A plan for improvement of data gathering and processing system.

AGRICULTURAL DEVELOPMENT PLANNING AND ADMINISTRATION PROJECT

List of Annexes

- A. AID/W Cable-Approval of PRP
- B. Technical Details:
 - 1. Planning and Programming Network Schematic.
 - 2. Organizational Chart of the Bureau of Planning.
 - 3. Secretary General's letter Number 747/B/1977, dated 25 July 1977, concerning the data management and training implementation.
 - 4. Project Management Schematic.
 - 5. Agricultural Data Flow-Current Situation.
 - 6. Agricultural Data Flow-Long-Term Goal.
 - 7. Administration Procedures of Selection and Financing of Trainees.
 - 8. Planning Cycle - National Five Year Development Plan.
 - 9. Planning and Budgeting Cycle - Agriculture.
 - 10. Data Processing Equipment List and Cost Estimates.
 - 11. Training Schedule and Cost Estimates.
 - 12. Consultant Schedule and Cost Estimates.
 - 13. Excerpts from July 16, McMillan to Brooks memo "Assistance to Agriculture Planning".
 - 14. Excerpts from Agriculture Planning in Indonesia, by Drs. W. Bolton and F. T. Cooke Jr., June 1, 1975.
 - 15. Negative Determination - IEE
- C. Logical Framework Matrix.
- *D. Statutory Checklist.
- E. Section 611(e) Certification.
- F. GOI Loan Application.
- G. Draft Loan Authorization.

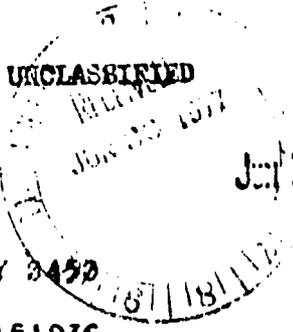
*Not included in printed PP. Copies are available in AID/W (General Counsel), ASIA/PD official files and USAID/Indonesia official files.

ANNEX A

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CONTROL NO.: 7081W
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INFO: AMB
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TAGS:

SUBJECT: AGRICULTURE DEVELOPMENT PLANNING AND
ADMINISTRATION PRP

REFS: (A) JAKARTA 8031, (B) STATE 136378

rtm

1. USAID HEREBY AUTHORIZED PROCEED WITH DEVELOPMENT OF SUBJECT PROJECT SUBSTANTIALLY AS OUTLINED IN PRP. THIS APPROVAL BASED ON (A) AID/W REVIEW OF 1973 IBRD AGRICULTURAL SECTOR SURVEY WHICH CONCLUDED THAT POLICY ISSUES AND PRODUCTION CONSTRAINTS DISCUSSED IN SURVEY HAVE NOT SIGNIFICANTLY CHANGED AND (B) PLANS TO UPDATE AND IMPROVE ON SURVEY AS OUTLINED REF. A.

2. AID/W REMAINS CONCERNED THAT SECTOR ANALYSIS BE VIEWED AS A CRITICAL PLANNING ELEMENT THAT ASSURES RELEVANCE OF OPERATIONAL PROGRAMS AND TARGETS TO PRIORITY NEEDS. IN THIS SENSE, SECTOR ANALYSIS IS CONTINUING ACTIVITY REQUIRING UPDATING AND REFINEMENT AS PART OF OVERALL PLANNING PROCESS. AGREE WITH PARA 2 REF. A THAT PP SHOULD DISCUSS RELATIONSHIP OF SUBJECT PROJECT TO EXISTING AND PLANNED SECTOR STUDIES. IN ADDITION, PP SHOULD DISCUSS ROLE OF SECTOR ANALYSIS WITHIN DOA, EXISTING CAPABILITIES OF DOA FOR SECTOR ANALYSIS AT

VARIOUS LEVELS OF SOPHISTICATION (E.G., PURELY DESCRIPTIVE AT ONE END OF SPECTRUM VS. UTILIZATION OF ECONOMETRIC MODELS AT OTHER), PLANS TO UPGRADE SECTOR STUDIES AND CAPABILITIES IN THIS AREA, AND NEED FOR OUTSIDE ASSISTANCE. DISCUSSION SHOULD PROVIDE UNDERSTANDING OF WAYS IN WHICH IBRD SECTOR SURVEY IS BEING USED. USAID IS REFERRED TO EARLIER AID EXPERIENCE WITH AGRICULTURE SECTOR ANALYSIS/PLANNING IN KOREA AND THAILAND WITH TECHNICAL SERVICES PROVIDED BY MICHIGAN STATE (MSU) AND IOWA STATE, RESPECTIVELY. (WE ARE POUCHING FYI COPY OF MSU STUDY IN KOREA.) FOLLOWING PARAGRAPHS IDENTIFY OTHER ISSUES TO BE ADDRESSED IN PP.

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3. CURRENT GOI APPROACH TO AGRICULTURAL PLANNING -- PP SHOULD IDENTIFY ALL AGENCIES AND LEVELS OF GOVERNMENT WITH RESPONSIBILITY FOR AGRICULTURAL SECTOR ACTIVITIES, PLANNING AND PROJECT DESIGN/EVALUATION ACTIVITIES OF EACH, AND WORKING RELATIONSHIPS THAT EXIST BETWEEN THEM. OF PARTICULAR IMPORTANCE ARE (A) RELATIONSHIP BETWEEN BAPPENAS AND DOA, (B) ROLE OF LOCAL LEVELS OF GOVERNMENT IN AGRICULTURAL PLANNING AND COORDINATION OF LOCAL PLANS AT NATIONAL LEVEL, (C) TRADE-OFFS BETWEEN CENTRALIZATION AND DECENTRALIZATION OF PLANNING AND IMPETUS IN EITHER DIRECTION INTENDED BY SUBJECT PROJECT, (D) RELATIONSHIP OF AGRICULTURAL PLANNING TO BROADER CONCEPT OF RURAL DEVELOPMENT PLANNING.

4. ORGANIZATIONAL SETTING WITHIN DOA: WE UNDERSTAND THAT CONSIDERABLE COMPARTMENTALIZATION EXISTS WITHIN DOA, WITH CONCOMITANT PROBLEMS OF COORDINATION AMONG VARIOUS DIRECTORATES. PP SHOULD ANALYSE CURRENT PLANNING SYSTEM OF DOA, RELATIVE ROLES AND RESPONSIBILITIES OF BUREAU OF PLANNING AND DIRECTORATES, EXTENT TO WHICH PROBLEMS OF AUTHORITY AND COORDINATION IMPEDE DEVELOPMENT OF RATIONAL, EFFECTIVE PLANNING PROCESS, AND MEANS OF ACHIEVING BETTER COORDINATION.

5. DATA BASE FOR AGRICULTURAL PLANNING: IBRD SECTOR SURVEY IDENTIFIED POOR QUALITY OF AGRICULTURAL STATISTICS AS SERIOUS HANDICAP TO SOUND ECONOMIC PLANNING, CONCERN ECHOED BY USAID IN REF. A. PP SHOULD INCLUDE GENERAL ASSESSMENT OF DATA QUANTITY AND QUALITY, EVALUATION OF PRESENT AGRICULTURAL DATA SYSTEM (INCLUDING RESEARCH PROGRAMS) IN LIGHT OF DATA REQUIREMENTS, AND EXTENT TO WHICH DATA SYSTEM IS APPROPRIATELY

SYNCHRONIZED WITH PLANNING NEEDS AND AIMED AT ESTABLISHED GOALS AND PRIORITIES. THIS ASSESSMENT SHOULD PERMIT A DETERMINATION CONCERNING THE MAGNITUDE OF WORK INVOLVED IN COMPILING INVENTORY OF EXISTING DATA AND EVALUATING ITS QUALITY, AND WHETHER A NEW DATA SYSTEM MIGHT BE REQUIRED. IN OUR VIEW, DATA BASE FOR AG. PLANNING SHOULD NOT BE RESTRICTED TO AG. STATISTICS, BUT SHOULD ALSO INCLUDE SELECTED SOCIO-CULTURAL DATA ON OTHER VARIABLES SUCH AS CROPPING SYSTEMS, PRODUCTION PRACTICES, CONSUMPTION PATTERNS. THIS INFORMATION IS ESSENTIAL TO MEET MANDATE CALLING FOR NEW CONCEPT OF PEOPLE ORIENTED PLANNING FROM BELOW AIMED AT IMPROVING STANDARD OF LIVING OF RURAL POOR.

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6. DATA PROCESSING EQUIPMENT-- POSSIBLE NEED FOR A COMPUTER IS ONE ASPECT OF OVERALL ASSESSMENT OF DATA SYSTEM DISCUSSED PARA 5 ABOVE, AND DECISION CONCERNING COMPUTER SHOULD BE BASED ON DOA CAPABILITY TO USE COMPUTER EFFECTIVELY, INCLUDING SUPPLY OF ACCURATE DATA. PP SHOULD ANALYZE MANNER IN WHICH DATA ARE PROCESSED, STORED, AND DELIVERED TO USERS AND EVALUATE RELATIVE COST-EFFECTIVENESS OF IMPROVING PRESENT MANUAL SYSTEM, USING AN EXISTING COMPUTER OUTSIDE DOA, OR INSTALLING SMALL COMPUTER IN DOA.

7. CURRENT STAFFING, RECRUITMENT AND TRAINING PROGRAMS WITHIN DOA: PP SHOULD ASSESS CURRENT PERSONNEL RESOURCES

OF DOA, INCLUDING ATTENTION TO QUANTITY AND QUALITY OF PERSONNEL, AREAS OF EXPERTISE AND PREVIOUS TRAINING/ EXPERIENCE AND AVAILABILITY FOR FURTHER TRAINING. ANALYSIS SHOULD ALSO ADDRESS EFFORTS OF DOA TO RECRUIT AND RETAIN HIGH-QUALITY STAFF AND WILLINGNESS OF DOA UNITS TO RELEASE PROMISING STAFF MEMBERS FROM WORK FOR SPECIAL TRAINING.

8. ORGANIZATIONAL DEVELOPMENT: PROPOSED TRAINING PROGRAM SHOULD BE OUTLINED IN SUFFICIENT DETAIL TO SHOW RELATIONSHIP TO EXISTING/RECOMMENDED STAFF POSITIONS, INCLUDING IDENTIFICATION OF NUMBERS OF PEOPLE NEEDED BY DIRECTORATE, DISCIPLINARY EMPHASIS OF TRAINING, AND TYPE OF TRAINING NEEDED (E. G., SHORT-TERM, CERTIFICATE, GRADUATE DEGREE). PP SHOULD PROVIDE SPECIFIC JUSTIFICATION FOR ANY PH. D. TRAINING PROPOSED, DEMONSTRATING WHY THIS LEVEL OF TRAINING CONSIDERED NECESSARY FOR ACHIEVEMENT OF PURPOSE.

9. BENEFICIARY LINKAGES: PP SHOULD DISCUSS HOW CURRENT PLANNING PROCESS TAKES SMALL FARMER NEEDS INTO CONSIDERATION AND HOW IMPROVED PLANNING, BY DESIGN, WILL PROVIDE INCREASED BENEFITS TO SMALL FARMERS. PARTICIPATION BY WOMEN, IN BOTH PLANNING PROCESS AND PROJECT-FINANCED TRAINING PROGRAM, SHOULD BE HIGHLIGHTED. THE CONTENT AND QUALITY OF TRAINING PROGRAMS NEEDS CAREFUL SCRUTINY TO ASSURE THAT TRAINEES DEVELOP TECHNICAL KNOWLEDGE AND CAPABILITY TO UNDERSTAND LOCAL MOTIVATION AND INVOLVE TARGET BENEFICIARIES IN PLANNING PROCESS. NEED FOR STAFF AND TRAINING IN SOCIAL ANALYSIS SHOULD BE CONSIDERED.

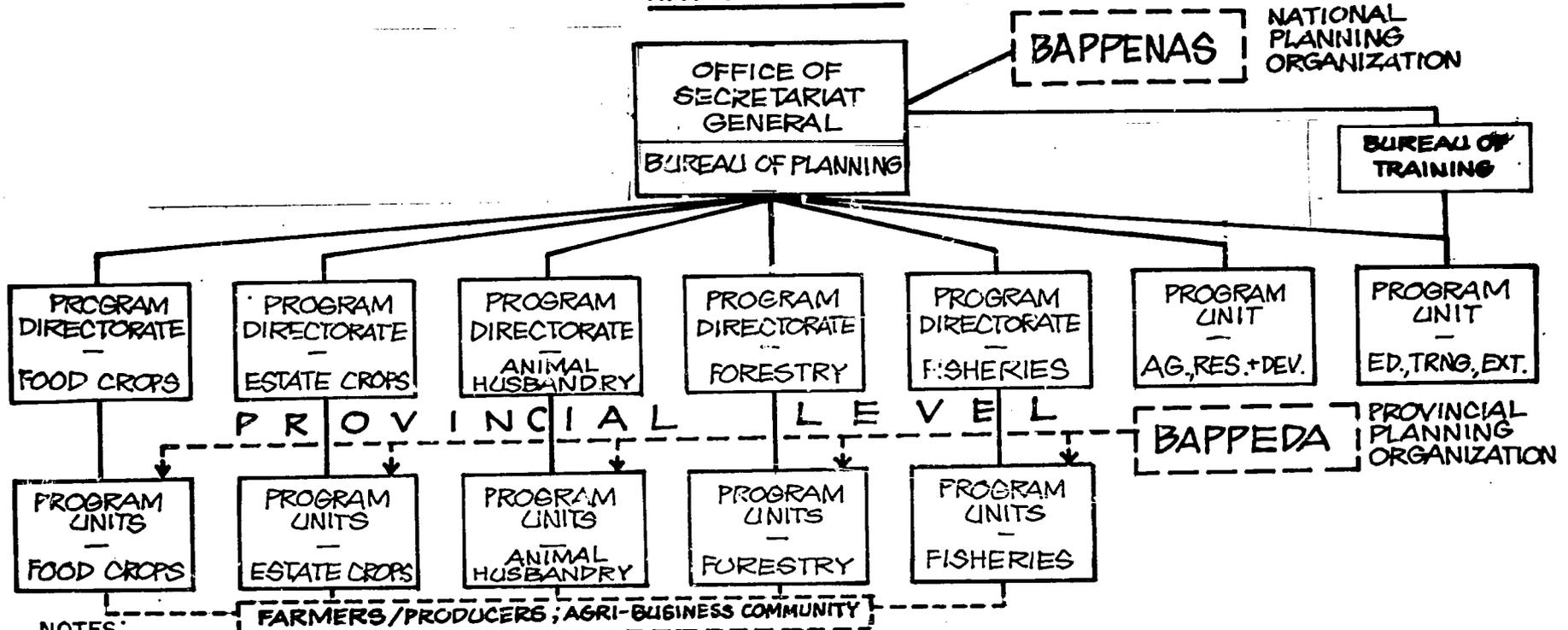
10. ASSISTANCE FOR PROJECT DESIGN: IN VIEW OF SIGNIFICANT PROBLEMS/ISSUES RAISED DURING PRP REVIEW, APAC BELIEVES PROJECT DESIGN TEAM SHOULD FOCUS MAJOR ATTENTION ON THESE ISSUES AND THEIR EFFECT ON PROJECT RATHER THAN BECOME PREOCCUPIED WITH PRE-IMPLEMENTATION TASKS SUCH AS CLASSIFYING AND CATALOGUING EXISTING DATA/DOCUMENTS. WE PROPOSE FOUR-PERSON TEAM, INCLUDING AGRICULTURAL ECONOMIST EXPERIENCED IN SECTOR ANALYSIS AND ORGANIZATION PLANNING SYSTEMS, AGRICULTURAL ECONOMIST WITH EXPERTISE IN PROJECT PLANNING/EVALUATION, DATA SYSTEMS EXPERT, AND SPECIALIST IN DATA PROCESSING SYSTEMS, INCLUDING COMPUTERS. THIS TEAM WOULD BE SUPPLEMENTED BY ASSISTANCE ON TRAINING PROGRAMS BEING WORKED OUT SEPARATELY BY USAID, TA/DA, AND USDA. PURPOSE OF TEAM WOULD BE TO ASSIST USAID/GOI WITH (A) COMPREHENSIVE PROJECT APPRAISAL WITH SPECIAL ATTENTION TO CURRENT PLANNING SYSTEM, ORGANIZATIONAL SETTING, AND TECHNICAL ISSUES THAT AFFECT PROJECT SUCCESS, AND (B) FINAL PROJECT DESIGN, INCLUDING WRITING PORTIONS OF PP. FINAL DESIGN DECISIONS STILL PREROGATIVE OF USAID AND GOI, BUT SHOULD TAKE INTO CONSIDERATION CONSULTANT RECOMMENDATIONS.

11. REQUEST EARLY USAID REACTION/CONCURRENCE TO PROJECT APPRAISAL STRATEGY OUTLINED IN PARA 10 ABOVE. WE HAVE ALREADY BEGUN IDENTIFYING TEAM MEMBERS AND BELIEVE WE CAN PLACE COMBINED AID/W-IQC TEAM IN INDONESIA NLT MID-JULY. CHRISTOPHER

DEPARTMENT OF AGRICULTURE

PLANNING AND PROGRAMMING NETWORK

NATIONAL LEVEL



NOTES:

1. LEGAL BASIS-- MINISTER OF AGRICULTURE'S DECREE NUMBER 190/Kpts/5/1975, dated May 2, 1975.
2. ESTIMATED NUMBER OF EMPLOYEES IN THE NETWORK-- NATIONAL LEVEL: 370 (300 with technical backgrounds, 70 clerical/administrative); provincial level (27 provinces): 630 (500 technical backgrounds, 130 clerical/administrative)
3. THROUGH APRIL 1977, CENTRALIZED "REGIONAL" OFFICES HAD BEEN FORMALLY INAUGURATED IN FOUR PROVINCES TO COORDINATE PLANNING/PROGRAMMING FOR THE DEPARTMENT OF AGRICULTURE AT THAT LEVEL. IN ADDITION, THE MINISTER HAD APPOINTED PERSONAL REPRESENTATIVES TO PERFORM SIMILAR ROLES IN THE OTHER PROVINCES, WITH PLANS FOR FORMAL INAUGURATIONS IN DUE COURSE.
4. BAPPEDA, THROUGH THE RESPECTIVE PROVINCIAL GOVERNORS AND THE MINISTRY OF INTERIOR, RELATES TO BAPPENAS. CONCURRENTLY, THE PROVINCIAL AGRICULTURAL UNITS MAINTAIN A CONTINUOUS DIRECT RELATIONSHIP ON ALL PROGRAM-RELATED MATTERS WITH THEIR RESPECTIVE SUBJECT-MATTER DIRECTORATES GENERAL AT THE NATIONAL LEVEL, AND THRU THEM WITH BUREAU OF PLANNING AND BAPPENAS.
5. PARTICIPATION BY FARMERS/PRODUCERS AND THE AGRI-BUSINESS COMMUNITY IN PLANNING IS MAINLY THROUGH THEIR DAILY CONTACTS WITH DOA PERSONNEL WHO SERVE AT DISTRICT, SUB-DISTRICT AND VILLAGE LEVELS.

Attachment to Annex B.1

The Planning/Programming Network

The Department of Agriculture's basic planning/programming network, which is schematically depicted in Annexes B.1 and B.9, includes:

1. Bureau of Planning, Office of the Secretariat General
2. Programming units in the Agency for Agricultural Research and Development and the Agency for Agricultural Education, Training and Extension
3. Directorates of Programming, within the five subject-matter Directorates General
4. Planning/Programming units of the 27 provincial offices of the respective subject-matter Directorates General

Bureau of Planning Organizational Structure

The Bureau of Planning (BOP) was created in 1968 by the consolidation of the Bureaus of Manpower, Planning and Foreign Affairs. The Bureau was organized into the Divisions of Planning and Formulation of Program Implementation, Monitoring, and Reporting, Organization and Method, International Cooperation, and Data Collecting and Processing. The 1975 reorganization, Ministerial Decree Number 190/Kpts/Org/5/1975, places responsibility and provides the legal basis for the BOP, the Programming and Planning units of the respective Directorates General (PPDG) and other related units to carry out their currently assumed planning and programming functions. The BOP has responsibility as well for maintaining surveillance over the Department's organization and administration procedures and recommending improvements.

Division of Data Collection and Processing (BOP)

The role of the Division of Data Collection and Processing is of paramount importance, since this organization has primary responsibility for the assembly and supply of data required by the Department of Agriculture to plan and execute its various functions. In this light, Data Collection and Processing Division is considered an integral part of the basic organizational network for planning and programming.

Directorates General and Agencies' Planning Units

The Bureau of Planning restricts itself to a coordinating and consolidating role as between the plans proposed by the five Directorates General and two Agencies. It does not routinely partake in the prior identification, formulation, supervision and evaluation of policies, plans, programs and projects of the Directorates General and Agencies, given the diverse nature of the principal activities of the Directorates General and Agencies and different main regional incidence (Java, outer islands), sectoral incidence (agriculture, fisheries), and size of operations (large estates, smallholders). Hence, the assignment of responsibilities in project planning and implementation typically is structured at the Directorate General and Agency level, with separate sub-directorates in charge of data collection and analysis, project identification and feasibility, formulation of plans, programs and projects, supervision of plans, programs and projects and the evaluation of these.

Provincial Planning Units

Planning at the provincial level is based on information from the bottom up, that is, from the farmers through field extension services to the chief of Dinas (subject-matter specialist) in the sub-district, the chief of Dinas in the district, and then through the chief of Dinas in the province.

BAPPEDA (Provincial planning organization) is responsible for planning in the province. There is no direct connection from BAPPEDA to BAPPENAS (National planning organization). BAPPEDA, through the provincial Governor, reports directly to the Minister of Internal Affairs in the central government. Dinas reports directly to the parent subject-matter Directorate General in Jakarta. BAPPEDA coordinates all the requests from the Dinas in the province.

If BAPPEDA approves, a recommendation will be given stating, which projects should be financed by the central government or by the provincial government, or both. Therefore, the provincial government has an important role in approving the plan and budget from the provincial government. BAPPEDA has no direct connection with the BOP or the Directorates General, with the exception of the annual meeting held by the Directorates General and the Chiefs of Dinas from the 27 provinces to discuss the planning cycle.

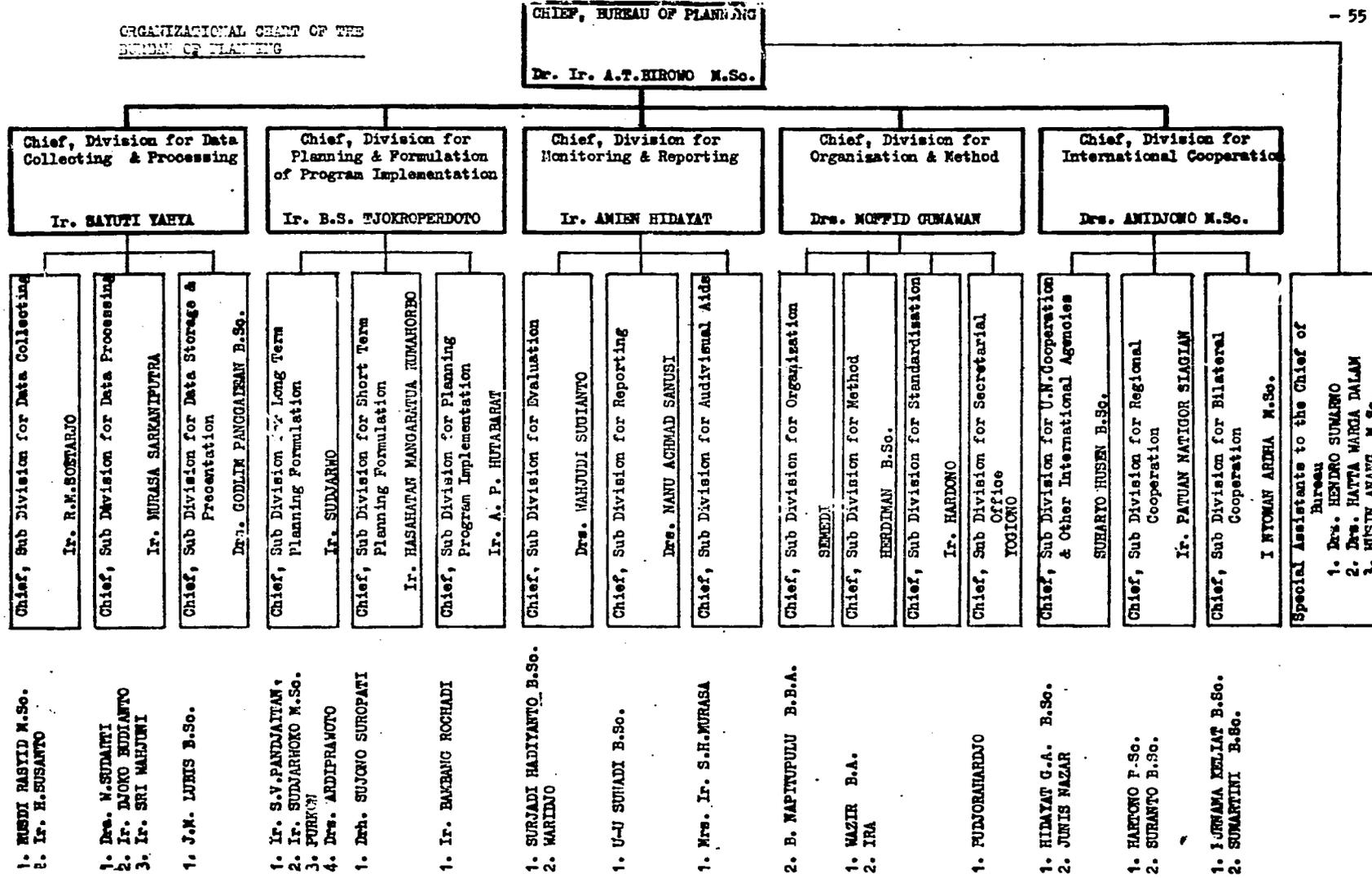
A functional planning and programming network for agriculture must also encompass the views and recommendations of farmers and their organizations, and the private business community, without whose participation and implementation actions the best of planning and programming will come to naught. The involvement of these groups in planning is mainly through daily contacts with DOA personnel who serve at district, sub-district and village levels.

Regional (Provincial) Offices

A recent innovation in the DOA network is the establishment of regional offices. These will be at the provincial level and have responsibility to ensure a concerted, integrated and coordinated development effort among the DOA provincial and lower-level organizations. The aim is to have programs, projects, and actions in the various agricultural disciplines which are complementary and, in addition, are coordinated with related efforts of other Ministries. The regional offices will coordinate the preparation of and approve proposed programs and budgets prior to their submission to DOA. The Regional Office Directors will serve as the Minister of Agriculture's personal representatives in the provinces. Through May 1977, four of these officers have been formally inaugurated with swearing-in ceremonies officiated by the Minister and the respective Governors. Others are scheduled for formal inaugurations in due course. In the meantime and as an interim measure, the Minister has officially designated the senior DOA official in each of the other provinces to serve as his personal representative on agricultural matters in general and to perform a coordinating function on behalf of DOA.

As the regional offices become functional, the objective is to establish a direct relationship between them and the Bureau of Planning on matters related to the formulation of programs and the conduct of monitoring and evaluation. The regional offices will also have a direct participatory relationship with the Provincial Planning Organizations (BAPPEDA). A common pattern already is for the senior agricultural representative to share the leadership role in BAPPEDA, e.g., as vice-chairman with the position of chairman filled by the deputy Governor or other senior official from that office.

ORGANIZATIONAL CHART OF THE
BUREAU OF PLANNING



REPUBLIC OF INDONESIA
DEPARTMENT OF AGRICULTURE

J A K A R T A

ANNEX B.3

0265



No. : 747/B/1977

Re : USAID Project Aid
Agricultural Development
Planning and Administration

Jakarta, July 25, 1977

USAID ROUTING		
TO	Act	Info
DIR		
D/D		
LA		
MGT		
PHO		
RO		
PH		
E&HR		
VHP		
P. T&E		
AGR	✓	
A/C		
JAO/ADM		
PER		
GSO		
M Pool		
MGT/C&H		

- To :
1. Head of Agricultural Research and Development Body.
 2. Head of Agricultural Education Training and Intensification Body.

J A K A R T A

As it is known that the USAID together with the Planning Bureau are at present working out Project Paper in the context of aid for Agricultural Development Planning and Administration.

On May 14, 1977 a discussion was held on the Draft Project Review Paper (PRP) and a conclusion could be taken that in principle the project could be accepted by all parties while completing and improving the Draft Project Review Paper.

The second meeting was held on May 27, 1977 and it was jointly agreed that 2 Discussion Papers needed to be make :

1. Discussion Paper on Data Processing System will be made by Dr Sanpe Tonapa from Research & Development (Litbang)

The Discussion Paper will describe the method of data collecting, to process the data and to use the data and the data is expected to be able to be used for the planning in general.

The two Discussion Papers will be discussed in detail in a meeting with all agencies in the circles of the Department of Agriculture.

In the second meeting the concept on organisation is also forwarded which will handle the project, where there are two sub projects, namely the one which handles the Data Processing and Training (see Draft I).

Draft II and III show the data flow at present and in future.

Your preparedness is very much appreciated to assign Dr Saupé Tonapa (Litbang) and Drh Chaidir Lenil (BPLPP) to enable them to make the Discussion Papers and at the same time give response to the three drafts (organogram) of the project.

It is worth noting that in the near future 2 experts from USAID will arrive : an expert on data processing and an expert on computer.

The two experts will help Litbang prepare the computer and another expert will help the BPLPP in the Training section.

Thanking you for your attention.

Secretary General,

signed,

P A N O E D J O E

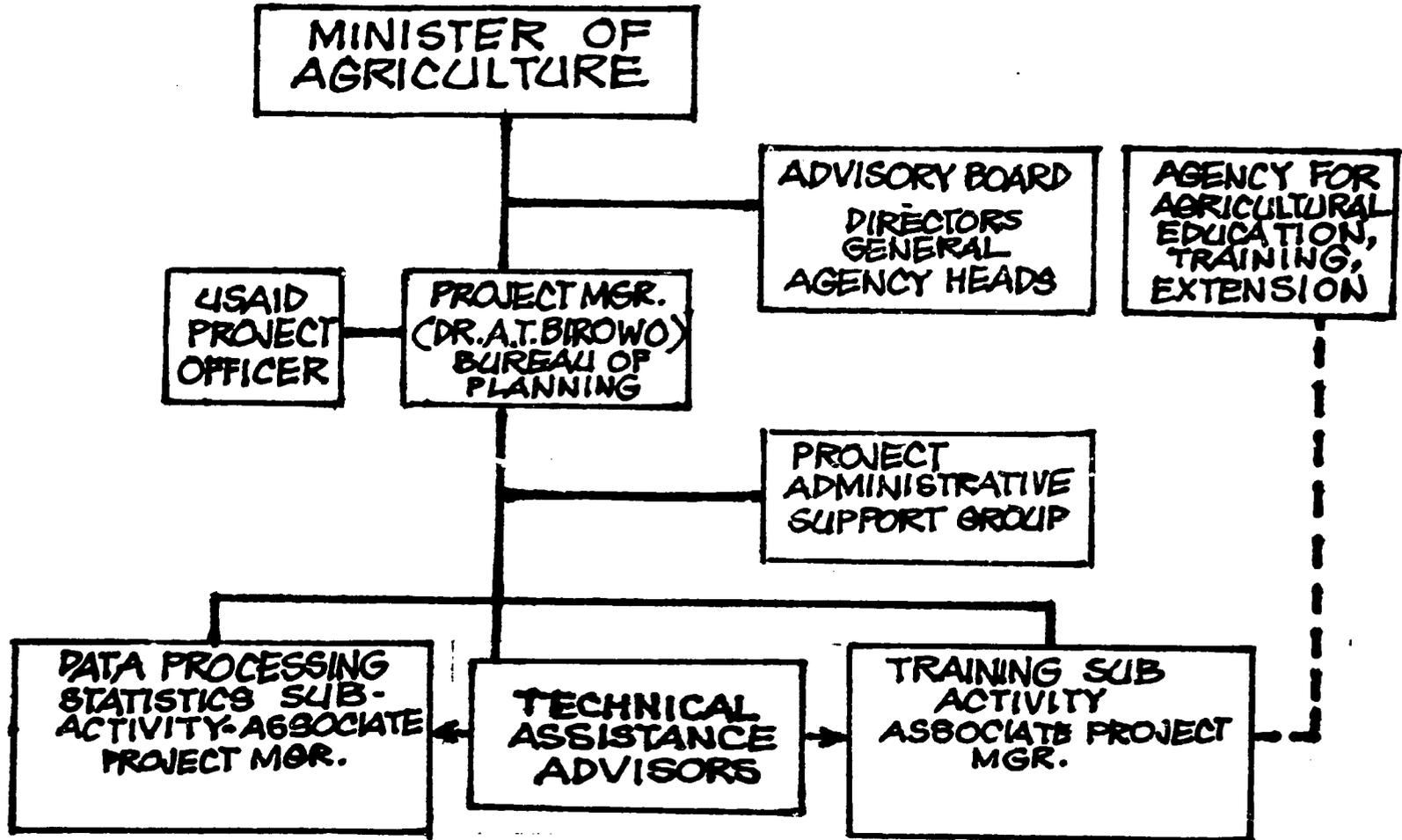
C.C. :

1. Minister of Agriculture.
(As a report).
 2. Head of Planning Bureau
Department of Agriculture.
-

AGRICULTURAL DEVELOPMENT PLANNING AND ADMINISTRATION PROJECT

ANNEX B.4

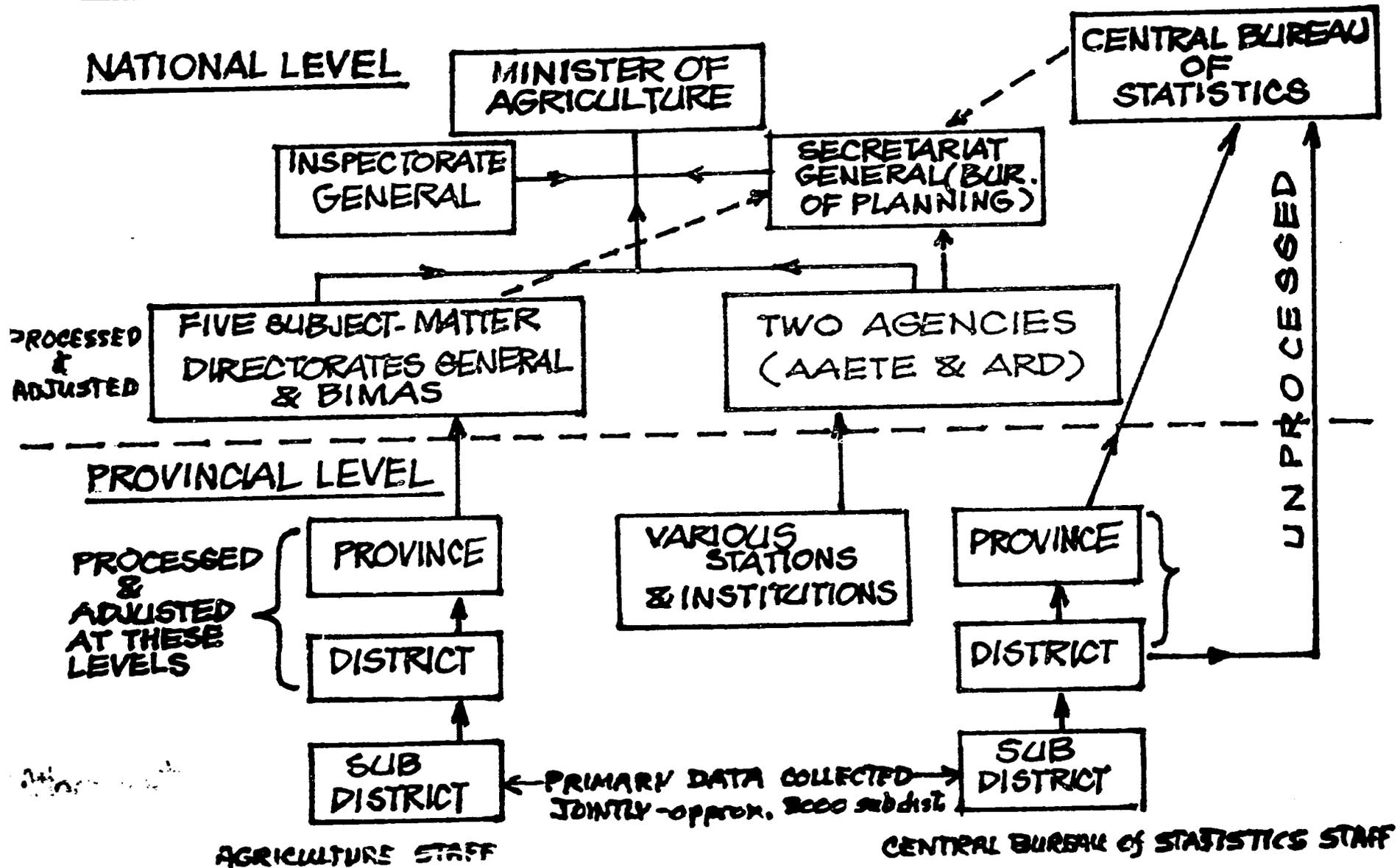
PROJECT MANAGEMENT



AGRICULTURAL DEVELOPMENT PLANNING AND ADMINISTRATION PROJECT

ANNEX B.5

AGRICULTURAL DATA FLOW - CURRENT SITUATION JUNE 1977

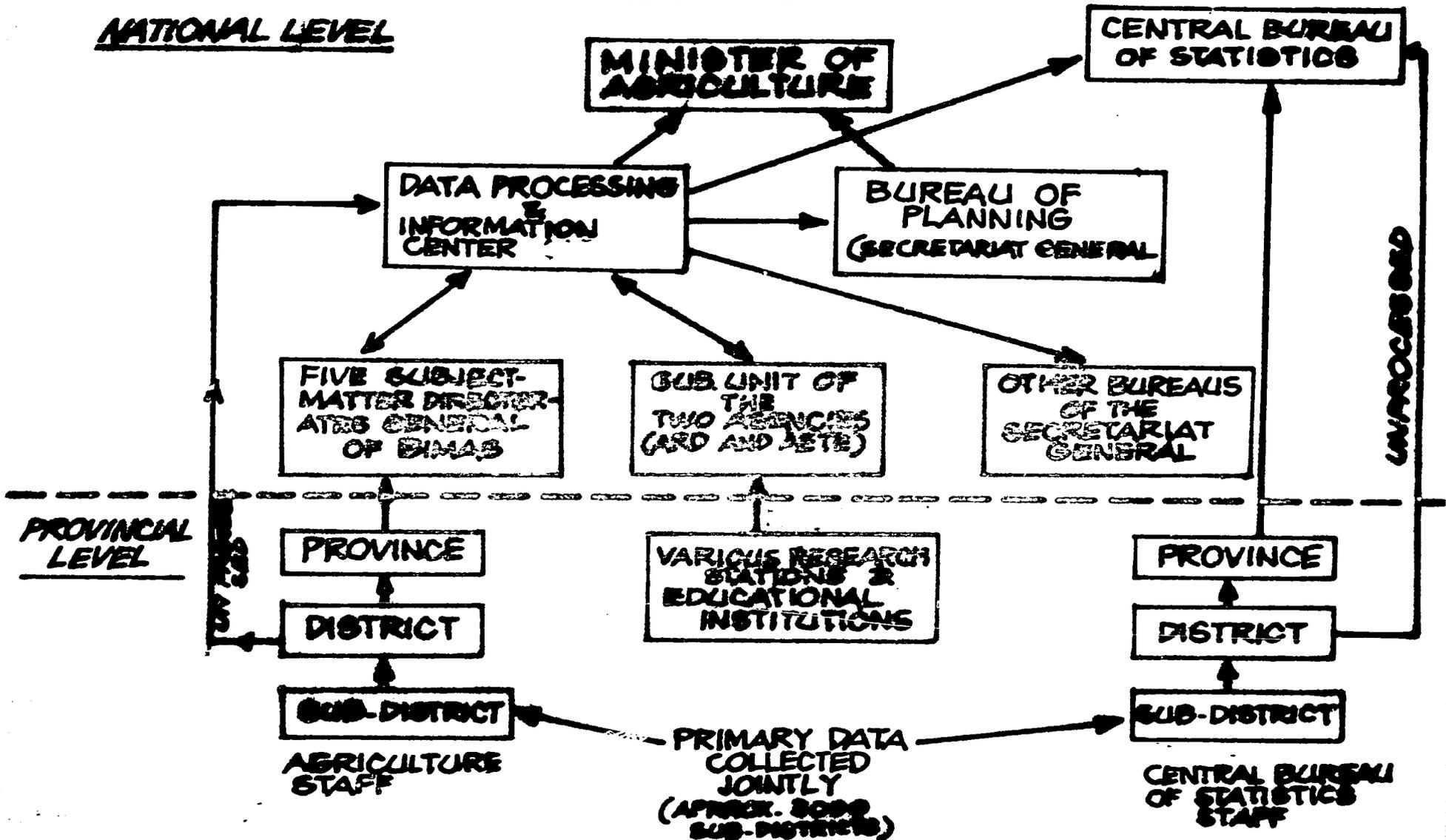


AGRICULTURAL DEVELOPMENT PLANNING AND ADMINISTRATION PROJECT

ANNEX B.6

AGRICULTURAL DATA FLOW - LONG-TERM GOAL

NATIONAL LEVEL

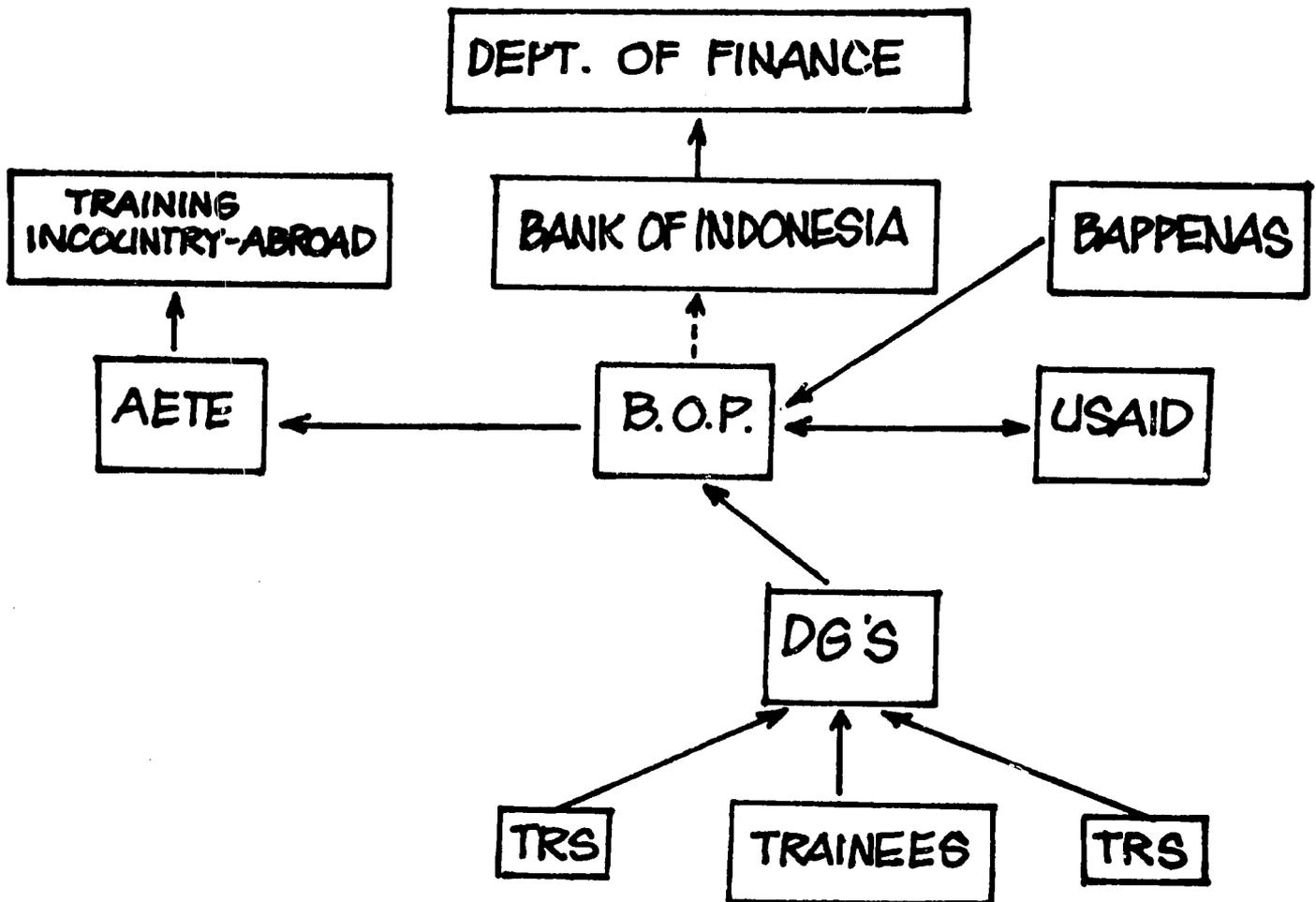


PHASE OUT COLLECTION OF DUPLICATE AGRICULTURAL DATA BY CENTRAL BUREAU OF STATISTICS AS DDA SYSTEM BECOMES ESTABLISHED

AGRICULTURAL DEVELOPMENT PLANNING AND ADMINISTRATION

ANNEX B.7

ADMINISTRATION PROCEDURE OF SELECTION AND FINANCING OF TRAINEES



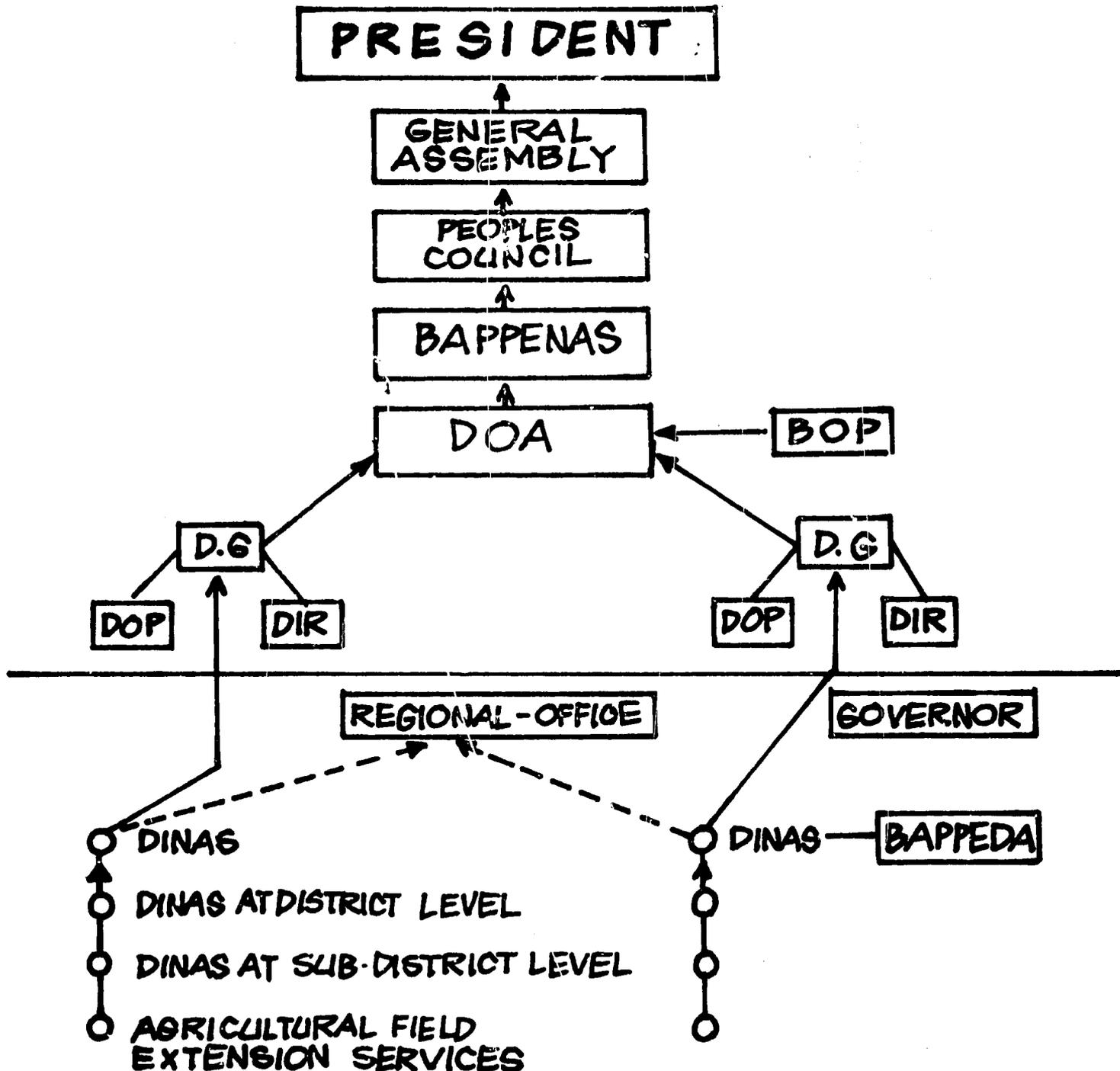
1. SELECTION OF TRAINEE BY D.G'S.
2. FINAL SELECTION BY B.O.P. & A.E.T.E.
3. ADMINISTRATION/PROCEDURE BY A.E.T.E.
4. FINANCIAL B.O.P. → BANK OF INDONESIA & DEPT. OF FINANCE

AGRICULTURAL DEVELOPMENT PLANNING AND ADMINISTRATION PROJECT

DEPARTMENT OF AGRICULTURE

ANNEX B.8

PLANNING CYCLE (5 YEARS DEV. PLAN REPELITA III)



Data Processing Equipment List and Cost Estimates

The items listed below are taken from a price list of DATA GENERAL equipment. Descriptions, names, and model designations are not intended to be restrictive. Equipment of an equal quality and performance level is acceptable.

1. ECLIPSE C/330 CPU Model 8598-K, with: US\$ 97,700
 - a. 128KB core memory with Error Recovery & Checking facilities;
 - b. 128KB MOS memory with ERCC,
 - c. Memory allocation and protection;
 - d. Extended arithmetic unit;
 - e. Commercial instruction set;
 - f. Programmable realtime clock;
 - g. Programmable interval timer;
 - h. Power fail & auto-restart;
 - i. Automatic program load;
 - j. Expansion chassis & power supply;
 - k. Operating System (dual-ground operations);
 - i) Mapped Realtime Disk Operating System (MRDOS),
 - ii) INFOS, which is actually MRDOS plus an extensive file-management system,
 - iii) Advanced Operating System (AOS),

1. Compilers;

- i) BASIC
- ii) FORTRAN IV and FORTRAN 5,
- iii) ANSI COBOL with extensive Online-Debugger,
- iv) ALGOL,
- v) RPG II,

m. Assemblers;

- i) Absolute Assembler,
- ii) Macro Assembler,

n. Utilities;

- i) Command Language Interpreter: interface between the operator and the Operating System,
- ii) Sort and Merge,
- iii) Text and Object Editors (also multiterminal editors),
- iv) Debuggers,
- v) Interactive Data Entry and Access software (IDEA) with up to 16 online terminals,
- vi) Relocatable and Absolute Loaders,
- vii) Other.

2. Three 96 MB disk drives Model 6060, with: 95,200

- a. Controller and cables;
- b. Four 96 MB disk packs.

3. One 60 char/sec terminal printer Model 6040, with: 4,100
 - a. 136 columns of 5 x 7 matrix;
 - b. Typewriter-style Keyboard;
 - c. Asynchronous controller assy;
 - d. 12 packs of spare ribbons.
4. One CRT console Model 6012, with: 4,100
 - a. 22 lines @ 80 characters display;
 - b. Asynchronous controller assy.
5. Two 436 lines/min lineprinter Model 4216, with: 54,100
 - a. 96 ASCII character set;
 - b. 6 part form capability;
 - c. 6 or 8 lines per vertical inch;
 - d. Vertical format control.
6. One 285 cards/min card reader Model 4016, with: 5,200
 - a. Controller;
 - b. I/O interface subassy.
7. Two 1600BPI magnetic-tape drives Model 4196A, with: 26,000
 - a. Controller;
 - b. Cabling.

8. Communications subsystem consisting of:	5,200
a. Communications chassis Model 4251;	
b. ALM-16 line multiplexor with two four-line RS232 interface modules.	
9. Eight VDU terminals Model 6012-2F with cables.	28,100
10. One two-bay cabinet with blowers and circuit breakers for 220V, 50Hz (Model 1012M-2).	
TOTAL EQUIPMENT	<u>US\$322,300</u>

NOTE: All prices are FOB USA as quoted by DATA GENERAL's regional distributor DATAPREP Ltd, which has subagencies accessible to Jakarta.

Hardware Maintenance

Maintenance expenditures are estimated at approximately 10% of the total FOB price per annum.

Three year maintenance expense @ US\$32,300 per annum.

TOTAL MAINTENANCE	<u>US\$ 96,900</u>
-------------------	--------------------

Keypunch Rental

Two machines for three years

US\$1,000 per machine per year

US\$ 6,000

Estimated Cost for Extra Power Facilities

- | | |
|---|--|
| 1. Diesel generating-set of 50 KVA, 230V,
3-phase with mechanical voltage regulation;
powerhouse with appropriate sound-damping;
electronic voltage regulators for 20 KVA
single-phase; extra power-switching and
network. | US\$ 41,100 |
| 2. Maintenance of generating-set

Three years at US\$1,400 per annum. |

<u>4,200</u>
<u>US\$ 45,300</u> |

Estimated Software Development Costs of A Data Information System.

- | | |
|--|----------|
| 1. Cost per Systems Analysis and Programming
manmonth including overhead. | US\$ 974 |
| 2. Computer operating-cost per hour, including
onetime purchase-cost of equipment and
facilities (w/40 months amortization),
maintenance and supplies; excluding
personnel's wages and overhead. | 125 |
| 3. Systems Analysis and Programming manmonths
per 1000 source instructions by language: | |
| a. COBOL | 2.68 |
| b. FORTRAN | 4.09 |
| 4. Computer hours per 1000 source instruction by language: | |
| a. COBOL | 7.17 |
| b. FORTRAN | 11.97 |

5. Production cost per 1000 source instructions, based on (1) through (4) by language:

a. COBOL	US\$3,507
b. FORTRAN	5,480

Note: The above costs reflect only the cost of developing working computer programs including Systems Analyses and Designs. Not included are costs of job execution such as data-control/entry production runs etc.

6. Estimated number of Lines of Source Instructions

	<u>Lines</u>
A. Departmental - Level Subsystem (including linkages to Sub-departments)	15,000
B. Directorate-General-Level Subsystems (Subdepartmental):	
1) BIMAS	10,000
2) Food Crops	10,000
3) Forestry	10,000
4) Animal Husbandry	10,000
5) Fisheries	10,000
6) Estate Crops	10,000
7) Project Monitoring	10,000
8) Other	<u>15,000</u>
TOTAL	<u>100,000</u>

7. Cost calculations

- A. Recommended programming languages: COBOL (80%)
FORTRAN (20%)
- B. Total cost (US \$)
- | | |
|--|----------------|
| a. ± 80,000 source instructions in COBOL | 280,600 |
| b. ± 20,000 source instructions in FORTRAN | <u>109,600</u> |
| TOTAL | <u>390,200</u> |

8. Estimated personnel requirements to develop software:

12 experienced SA & P personnel, with a 1:1.4 ratio
(5 Systems Analysts and 7 Programmers).

9. Estimated development time (with 12 SA & P personnel)
Approximately 24 to 26 months.

Note: Estimated manpower and equipment requirements were
obtained from:

Montgomery Phister, Jr., DATA PROCESSING TECHNOLOGY
AND ECONOMICS, The Santa Monica Publ. Co., Santa
Monica Cal., 1976.

Cost estimates were based on local wage rates and
equipment costs.

Third Party Software Costs

	US\$
1. Database Management System (onetime cost)	7,500
2. Statistical Package (license fee plus annual maintenance for three years)	<u>1,400</u>
TOTAL THIRD PARTY SOFTWARE	<u>8,900</u>

Training and Seminars

1. Advanced degree training abroad (4 students)	72,000
2. In country short courses	
a. Programming (11 students)	19,800
b. Systems Analysis and Design (3 students)	6,500
3. In-country seminars	
a. Administration of data (20 participants)	5,000
b. EDP appreciation (50 participants)	<u>22,500</u>
TOTAL TRAINING	<u>125,800</u>

Summary of Costs for Data Processing Center

A. Data processing equipment	322,300
B. Equipment Maintenance	96,900
C. Keypunch rental	6,000
D. Extra power facilities	45,300
E. Software development	390,200
F. Third party software	8,900
G. Training	<u>125,800</u>
TOTAL	<u>995,400</u>

TRAINING IMPLEMENTATION SCHEDULE AND COST ESTIMATES
INDONESIA

Calendar Year	LONG-TERM-ACADEMIC			SHORT-TERM-ACADEMIC			SUB-TOTALS		
	Number Participant	Months (Obligated)	Loan (\$000)	Number Participant	Months (Obligated)	\$ Cost	Number Participant	Months (Obligated)	Loan (\$000)
1978	15	432	150	30	150	90	45	582	240
1979	20	576	200	60	300	180	80	876	380
1980	15	432	150	60	300	180	75	732	330
1981	-	-	-	60	300	180	60	300	180
1982	-	-	-	30	150	90	30	150	90
Sub-Totals	50	1440	500	240	1200	720	290	2640	1220
					U.S.				
1978	5	144	145	7	14	63	12	158	208
1979	5	144	145	8	16	72	13	160	217
1980	5	144	145	8	16	72	13	160	217
1981	-	-	-	7	14	63	7	14	63
1982	-	-	-	-	-	-	-	-	-
Sub-Totals	15	432	435	30	60	270	45	492	705
					THIRD COUNTRY				
1978	-	-	-	7	14	63	7	14	63
1979	5	144	145	8	16	72	13	160	217
1980	5	144	145	8	16	72	13	160	217
1981	5	144	145	7	14	63	12	158	208
1982	-	-	-	-	-	-	-	-	-
Sub-Totals	15	432	435	30	60	270	45	492	705
Totals	80	2304	1370	300	1320	1260	380	3624	2630

UNITED STATES GOVERNMENT

Annex Number B.13

Memorandum

TO : David R. Brooks

DATE: 16 July, 1977

FROM : Wendell M. McMillan

SUBJECT: Assistance to Agricultural Planning*

This is in follow-up to your request relating to six documents dealing with agricultural planning in Indonesia. These include four reports prepared in connection with USAID consultancies by Bolton/Cooks, Strout, Van de Wetering and McMillan, as well as two memoranda prepared by Gray. The various topics dealt with in the documents are first examined as they relate to improvements in agricultural development planning. Each of the documents are then briefly summarized and implications of the findings and recommendations are noted with regard to the training and data management components of the Agricultural Development Planning and Administration (ADPA) project.

The documents deal with a number of the aspects which are involved in the process of agricultural development planning. These can be grouped under several headings, as follows:

A. Analytical frameworks. The need for, and design of, analytical frameworks for improved agricultural sector planning are dealt with in major sections of the reports by Bolton/Cooke and Van de Wetering. Bolton/Cooke emphasize the need for the Bureau of Planning to develop a single framework, or analytical system in order to better formulate overall development plans for the agricultural sector, and at the same time meet the need for guidance and coordination among sub-sectors and regions. The report also outlines the major characteristics of the analytical system. The Van de Wetering report contains the design of a quantitative framework for agricultural sector policy analysis for use in the formulation and implementation of agricultural development plans. Details are given on equations and other functional

*Note: USAID made minor deletions from McMillan's excellent original memorandum in the interest of brevity by deleting some details on planning methodology and strategies covered in the original documents.

relationships which are required for the design to be operational under Indonesian conditions. In addition, the marketing system research outlined in the report by McMillan would provide data inputs needed in these sector analysis frameworks.

B. Sector Strategies. Analysis of strategies for agricultural development in relation to national goals for employment and income distribution are given in the reports by Strout and Van de Wetering. Strout's analysis is in terms of world-wide estimating equations, and Van de Wetering's is in the context of a macro-economic model. One of the papers by Gray examines the impact of exchange rate policies and incentives for agricultural producers. The report by McMillan emphasizes the need for agricultural strategies to encourage development in the agricultural marketing systems.

C. Planning Organization. Nearly all of the reports deal with improvements needed in the organizational structure and procedures of agricultural planning. Bolton/Cooke emphasize the need for strengthening the central planning role of the Bureau of Planning, and outline functions and staffing requirements of units within the Bureau. Gray deals with the role of the Bureau of Planning in relation to BAPPENAS, and Van de Wetering examines the coordinating function of the Bureau of Planning as between the Programming Directorates of the Department of Agriculture, on the one hand, and BAPPENAS, on the other. This latter report also reviews the planning procedures being used in the preparation of the Third Plan. The report by McMillan deals with the establishment and functions of a marketing research organization within the Department of Agriculture to provide the in-depth studies and policy analysis needed for development of the agricultural marketing system.

Summaries of the six documents, and their training and data management implications are as follows.

Agricultural Planning in Indonesia, Bill Bolton and Fred T. Cooke, Jr., USAID/Indonesia, June 11, 1975

This report concludes that weaknesses in agricultural development planning can be traced to sector plans that lack the

specificity necessary to properly guide and coordinate development. At present, project planning is largely substituting for overall agricultural development planning, and relationships between sector planning and regional planning are not being explicitly considered.

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 for guidance and coordination, both in the sub-sectors and in the regions. Better overall planning would result in better project planning. The most effective agricultural development planning could be accomplished, for both the sector and regions, with the use of a single framework, or analytical system.

To provide for a strong central planning activity, it is recommended that the Bureau of Planning strengthen this function for the Department of Agriculture. Along with this central activity of planning for overall coordinated agricultural development throughout Indonesia. The Bureau of Planning's other activities, such as project evaluations and clearance, should also be strengthened..

Data management implications. The analytical system envisioned for this central planning activity in the Bureau of Planning involves a formidable task of assembling essential information. The framework would be large, and the highly specific data requirements would be on both a commodity basis and a regional basis. In view of the large volume of data involved in the analytical system, computational technique and computing equipment would be required to handle it efficiently and effectively.

Training implications. Upgrading of numbers and qualifications of professional staff will be needed over the longer term for the Bureau of Planning to carry out its central planning activities. Estimated training needs are shown in Table 1, Appendix B, of the report. The most critical training need for professional staff will be in the field of economics, with particular emphasis on micro-analysis, resource allocation, and quantitative optimizing techniques.

In addition, since personnel from the Bureau of Planning would not be able to personally develop all of the data needed for the analytical system, they will have to rely upon personnel in the various Directorates General, regional bodies and other agencies, such as the Agency for Research and Development. Relevant training would thus also be needed in these organizations if the data needs of overall development planning use are to be adequately met.

A suggested approach to the preparation of Repelita III, with specific reference to the agricultural sector, Clive Gray, March 5, 1977

This memorandum examines two alternative strategies for the posture of the Bureau of Planning vis-a-vis Bappenas in the early stages of Repelita III preparation.

The first, or "passive," strategy would be to accept the long-range macro-economic projections of the Minister of State for Research (Prof. Sumitro), extend these projections down to an individual commodity basis, and then estimate what programs, with what amounts of investment, will be needed to reach the targets.

The second or "shock" strategy vis-a-vis Bappenas proposes that the Bureau of Planning take the offensive by pointing out that the macro-economic policies being followed have led to only marginal, if any, achievement of social justice, income distribution and employment goals, that the agricultural sector has not been allowed to realize its potential contribution to the solution of these problems, that certain other sectors are playing an inadequate role in supplementing agriculture's contribution, and that changes should be made in these policies in Repelita III. To support this approach the Bureau of Planning should analyze the principal economic problems facing the agricultural sector and ask why rural incomes have not increased more rapidly in recent years. Special attention should be given to incentives in the form of increased real income that will encourage agricultural producers to increase their output of various commodities.

Training implications. The types of analyses suggested for evaluation of macro-economic policies affecting the agricultural sector require staff with a high level of professional

of professional training. Upgrading of staff in this regard could be provided by the training component of the Agricultural Development Planning and Administration Project.

Data management implications. The weaknesses of data underlying policy analysis are noted, and reference is made specifically to data on agricultural acreage and production, GDP and employment. Improved data management activities under the ADPA project could make a major contribution in improving this situation.

Staff Development for the Department of Agriculture Planning Network, Clive Gray, March 6, 1977

This memorandum recommends a strategy for staff training that emphasize the use of intensive 2-months planning courses. Besides providing useful knowledge and skills to the participants, an even more important purpose of such a course would be to serve as mechanism to spot promising individuals throughout the agricultural planning network and channel them into the pipeline or professional development. A course with a vigorous curriculum, serious instruction and grading would permit identification, by senior Bureau of Planning officials and foreign donors, of staff with potentials for further training at pre-M.S., M.S., or post M.S. levels.

The memorandum outlines in some detail, courses on transport planning that have been held successfully for several years in Indonesia. Adapted from the project evaluation courses run by the World Bank's Economic Development Institute, all sessions of the local courses were conducted in Indonesian, and overhalf were based on case studies and exercises calling for quantitative analysis and solution. Besides a 3 hour final examination, course participants were required to prepare short research papers. Following the course's completion recommendations were made as to which participants should be nominated for further training.

Training implications. Besides support needed to periodically conduct short courses an agricultural planning and project evaluation, assistance would also be needed to develop case

studies and other instructional materials adapted to Indonesian conditions, and to train the instructors needed to teach the courses.

By using this type of local short course to identify candidates for further training, funds would be used on candidates most likely to succeed at advanced training institutions, rather than on post-graduate degree training of untested personnel.

Agricultural Growth, Employment and Income Distribution: Dilemmas for Indonesia's Next Five Year Plan, Alan M. Strout, USAID/Indonesia, April 28, 1977

This report examines the effects of three alternative growth strategies on long term (1973-1985) projections of agricultural demand and supply trends, and the implications of these strategies for employment and income distribution.

Training and data management implications. The report notes that while the analysis appears to approximate average conditions in Indonesia, it contributes less to an understanding of the wide variations in crops yields among provinces. Additional data and analyses of other variables would be needed to provide further information on interprovincial differences. Upgrading of staff and improvement of data needed for such analyses could be provided under the Agricultural Development Planning and Administration project.

Indonesia's Third Five Year Agricultural Development Plan 1979/80-1983/84: Recommendation for Improved Plan Formulation and Implementation. H. van de Wetering, USAID/Indonesia, June 25, 1977.

The first major part of this report (Section 3) deals with the design of strategy for agricultural development during the Third Plan. It examines interrelationships among the sector objectives of increased agricultural production, income and employment within the context of a macro economic model. It concludes that the introduction of agricultural technologies is compatible, on a sector wide basis, with the achievement of each of the three objectives.

The above model is a computable macro economic exercise. But it ignores important micro relations, and does not deal with specific commodity, input and technology problems. A more comprehensive approach is given in the next section.

Section 4 contains the design of an agricultural sector policy analysis in support of the formulation and implementation of the Third Five Year Agricultural Development Plan. The design discusses the strategic variables which influence the consumption, production, distribution and growth of agricultural commodities and resources, in relation to the behavior of the rest of the economy and in relation to public sector policies as they affect both the agricultural and non-agricultural sectors of the economy.

Section 5 of the report deals with means for improving plan coordination procedures in the preparation of the agricultural section of the Third Plan. The Bureau of Planning is responsible for coordinating all planning activities within the Department of Agriculture, and the Bureau intends to move from a passive coordinating role to an active one. In this new role it will be in a position to give technical guidelines to Programming Directorates and it will fill a vacuum between planning at the national level (BAPPENAS) and that of planning the specific activities and projects of the Agencies within the Department of Agriculture.

Remaining sections of the report deal with the organizational structure of planning activities in Indonesia, the preparation of Repelita III, the annual operating plan, and project planning. The report also recommends action that can be taken by the Bureau of Planning in plan formulation in fiscal year 1977/78, as well as those that extend beyond 1977/78.

Data Management Implications. The quantitative framework proposed for agricultural sector policy analysis will not only require large volumes of data but also substantial amounts of computational work. The data management component of the ADPA project would provide an essential input for planning analyses of the type proposed here.

Training Implication. Highly trained professional staff will be required to develop and use this type of analytical framework, and this type of training could be provided by the ADPA project.

Marketing System Research for Agricultural Development Planning in Indonesia, Wendell M. McMillan, USAID/Indonesia, July 19, 1977

This report concludes that development trends that are now underway, and which are likely to intensify in the future, will require that increased prominence be given to the food marketing system in the agricultural development strategies of the Third Plan. Problems arising from inadequacies of the marketing system are increasingly reported, and expanding production, rising incomes and increasing urbanization will require attention to measures that will improve the efficiency and effectiveness of marketing performance.

Formulation of policies and programs which recognize and encourage a positive development role for marketing needs to be based on comprehensive and in-depth research and policy analysis, first, to provide a factual and detailed understanding of the organization and operations of the system, and equally important, to evaluate how well the system is performing, to identify priority problems and to analyze alternative solutions in relation to national growth, income and employment goals.

Data management implications. In-depth research studies on the agricultural marketing system will require the collection and analysis of large amounts quantitative data, for example, physical volumes, prices, costs, margins, etc. for various commodities at various stages in the marketing channels. Assistance in meeting these needs could be provided through the data management component of the ADPA project.

Training implications. Research on the structure and performance of the agricultural marketing system will require personnel trained in agricultural economics, marketing of various commodities, marketing research techniques, business management, food technology, etc. Upgrading of professional staff in these and related areas could be provided through the ADPA project.

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
A.1. <u>Program or Sector Goal:</u>	2. <u>Measures of Goal Achievement:</u>	3. <u>GOI/DOA reports and records</u>	4. <u>Assumptions for achieving goal targets:</u>
<p>The broader objective to which this project contributes: Increase agricultural production, rural income, and employment opportunities.</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>Repelita III reports Repelita IV planning</p>	<p>The GOI's commitment to National Planning will continue. The GOI will continue to regard improvement of the agricultural sector as a priority developmental goal.</p>

NARRATIVE SUMMARY

**OBJECTIVELY VERIFIABLE
INDICATOR**

**MEANS OF VERITIFICA-
TION**

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.

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. V. Love *AM*

SUBJECT: Indonesia: Agriculture Development Planning and Administration Project PRP

3 p.

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:

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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.)