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THE AGRICULTURAL PLANNING PROJECT IN INDONESIA: AN EVALUATION

APAP STAFF PAPER NO. 20

By: Stephen J. Heinig

August 30, 1988

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FOREWORD

This publication is one of a series of staff papers that are part of the continuing effort of the Agricultural Policy Analysis Project (APAP), sponsored by the Office of Agriculture in AID's Bureau of Science and Technology, to disseminate the experience it has been accumulating in the area of agricultural policy analysis. Through interaction with policymakers, country analysts, and AID missions in Africa, Latin America and the Caribbean, the Near East, and Asia, APAP has identified and concentrated its technical resources on the following themes:

- Developing agendas for an informed mission-host country dialogue on economic policies constraining progress in agriculture.
- Defining food-aid strategies and programs that foster and support economic policy reform measures.
- Identifying input and output price reform programs that stimulate agricultural production and productivity.
- Fostering private sector participation in input supply and product marketing and redefining the role of parastatal institutions.
- Developing the indigenous capacity of host country institutions to provide the information needed to analyze, formulate, and implement policies conducive to agricultural development.

This case study is part of the comparative assessment of AID experience with policy projects, carried out by APAP to assess the experience of recent AID-sponsored agricultural policy projects. The assessment is intended to provide useful information and guidance for those designing, implementing, and evaluating agricultural policy projects, that is, projects that seek to increase host country capacity to carry out policy analysis, to expand the supply of policy analysis in the short-term, or to accelerate policy reform by providing better information on the costs and benefits of alternative agricultural policies.

The following case study considers a project designed to expand and disseminate the capacity for policy and economic analysis within agricultural agencies of the Government of Indonesia. USAID/Jakarta and the Government of Indonesia implemented the Agricultural Planning Project as part of a continuing effort to base agricultural planning and crop diversification upon empirical analysis. This review of the project focuses primarily upon

the institutional context for this capacity-building effort, and the managerial problems that beset the project.

This report is adapted primarily from a mid-term evaluation of the Agricultural Policy Project, performed in March and April, 1988, by Dr. Russell H. Brannon, of the University of Kentucky, Dr. Arthur L. Stoecker, of Oklahoma State University, Dr. A.T. Birowo and Ir. Sardjono Reksodimulyo, both of the Indonesian Ministry of Agriculture. The author acknowledges his dependence and gratitude for their work, and especially for Dr. Stoecker, who discussed with the author several issues pertinent to this report.

ACRONYMS, ABBREVIATIONS, AND INDONESIAN TERMS

AARD	-	Agency for Agricultural Research and Development
ADPA	-	Agricultural Development Planning and Administration Project
AP Project	-	Agricultural Planning Project
BAPPEDA	-	Badan Perencanaan Pembangunan Daerah - Provincial Planning Boards
BOP	-	Bureau of Planning
CADP	-	Center for Agricultural Data Processing
CAER	-	Center for Agricultural Economic Research
Deptan	-	Departemen Pertanian, or Ministry of Agriculture
DINAS	-	Government Service Unit, at Provincial or District Level
DirJens	-	Directorate General
KANWIL	-	Kantor Wilayah, Provincial Office (of the Ministry of Agriculture)
MOA	-	Ministry of Agriculture
NADB	-	National Agricultural Data Base
PATANAS	-	Panel Tani Nasional - National Farmer Household Survey
PSC	-	Project Steering Committee
REPELITA	-	Five Year Development Plan

THE AGRICULTURAL PLANNING PROJECT IN INDONESIA: AN EVALUATION

1.0 SUMMARY OF PROJECT AND LESSONS LEARNED

The Agricultural Planning (AP) project in Indonesia was designed and implemented to increase the institutional capacity for agricultural policy and planning analysis within the Indonesian Ministry of Agriculture (MOA) and to link that analysis with the planning and budgetary process. Signs of pervasive stagnation and inefficiency had beset Indonesia's agricultural sector in the early 1980s, at a time when productive and diversified agriculture was needed to reduce the nation's demand for food imports and ease the pressure for scarce foreign exchange. The AP project's designers believed that a major obstacle to revitalizing and diversifying the agricultural sector was Indonesia's process of centralized planning. The achievement of rice self-sufficiency and grain-price stabilization was the legacy of centralized planning in previous decades, but by the 1980s, MOA planning became increasingly bureaucratic and ineffective, chiefly characterized by its "top-down" administration, narrow, compartmentalized focus on single commodities, unresponsiveness to regional and village-level conditions, and its lack of current and accurate economic analysis.

The Agricultural Planning project was designed to increase the capacity for effective and timely economic analysis in existing offices of the MOA and to incorporate this capacity into the functioning of the Ministry's Bureau of Planning (BOP) as well as into the decisions of chief policymakers and planners for Indonesian agriculture. The project also was designed to disseminate the capacity for planning and analysis to the GOI's agricultural agencies in the provinces, and to make such agencies more effective in planning and addressing the needs of local agriculture.

The capacity building activities of the AP project included: (1) extensive training tailored to the needs of agency personnel, (2) the performance of policy studies by Indonesian personnel on issues of agricultural planning, and (3) assistance with data processing and management for use in economic analysis. Capacity building efforts were targeted at MOA offices at the national level and at the regional level within three "pilot" provinces.

A mid-term evaluation of the AP project determined that the components of the project have been well executed and are yielding beneficial results in the areas where they are applied. But the mid-term evaluation has not determined that the AP Project

will be very successful in institutionalizing the capacity to employ these new skills and techniques of policy analysis in the Ministry's planning and budgetary process. The project must overcome a substantial amount of inertia among the involved agencies.

The Bureau of Planning, in which much of the assistance is located, is fundamentally an administrative agency and not a research organization. Agencies which do have a research and analysis mandate do not have direct influence on the budgetary process within the MOA, and this lack of influence mitigates the effectiveness of their analysis. Communication among the agencies, and between local and national levels, has been weak. This has happened primarily because an inter-agency committee structure designed to direct the project has never been implemented, and the opportunity for a profound impact on overall MOA management was lost.

The project has accomplished far more success in the target provinces, where the capacity building activities of training, policy studies, and computerization have met well-motivated administrators and have established links between planning agencies. The project has not yet reached its scheduled date of completion, and its impacts are still difficult to gauge. To date, lessons learned have included:

- A very large administrative agency will not easily absorb a research and analysis capacity, or base its functioning on that analysis. The Bureau of Planning was essentially an administrative agency, and not a project or research oriented department.

- For large, multi-agency capacity building projects, management and coordinating committees must function properly if the project wants to enhance the interdependency of each agency on another. In the case of the AP project, the failure of the Project Steering Committee to meet weakened any link between improved policy analysis and decisionmaking agencies.

- If such management and coordinating committees do function properly, institutional planning capacity can be increased and utilized among several agencies which do not even share the same administrative authority, as in the case of the province, Bengkulu, where the Steering Committee did function. Evaluators noted an increased use of quantitative analysis in Bengkulu's project proposals, and better cooperation between the Kanwils and regional planning boards.

- Efforts to decentralize policy analysis and planning capacity can take advantage of changes in technology. Advances in microcomputers allowed the project to disseminate data processing and management capability in a way that could not have been envisioned at the time of the project paper.

- Program evaluators and other personnel in the MOA have considered the advantages of a free-standing policy analysis unit attached directly to the Secretariat or the Directorate General for Agriculture. A free-standing unit would be able to evade the bureaucratic inertia of line agencies.

2.0 PROJECT BACKGROUND

At the time of the Agricultural Planning Project (AP), agricultural planning in Indonesia was centralized within the Departemen Pertanian (Deptan), Indonesia's Ministry of Agriculture. Planning within the Deptan confined its activities to specific offices and specific commodities, such as developing a national plan for rice production. Other offices had responsibility for regulating prices or conducting research. No office effectively combined planning with research, analysis, and the budgetary process. Indonesia had achieved some great successes under its system. In the previous decades, rice production increased dramatically, and grain prices were stabilized nationally. However, at the time of the AP project paper, the nation still needed to import 100 million metric tons of grain per year. With the decline of the world price of oil and the onset of global recession, oil-exporting Indonesia struggled to secure the foreign exchange needed to purchase its food imports.

At the same time, the country's own agricultural sector began stagnating. Marginal job creation in rice agriculture appeared to be decreasing; real wages in the formal rural sector had not grown in real terms for a decade; returns to agricultural labor appeared to decline. Consumer-oriented subsidies on food and other related agricultural items became increasingly expensive to the government while the environmental degradation of farm land increased. These difficulties seriously challenged the policymakers and planners within the Ministry of Agriculture.

The AP project was designed to enlarge the capacity for policy and planning analysis in the GOI, and to integrate this analysis with the actual planning process.

2.1 Institutional Structure for Agricultural Planning and Analysis

Before the AP project, the capacity for agricultural planning and analysis extended to several central offices. Within the Deptan, five Directorates General (DirJens) each governed specific commodity areas, such as food crops, estate crops, etc. All of the DirJens were responsible to the Secretariat General, and the Secretary General, in turn, was responsible to the Minister of Agriculture. Planning occurred within each DirJen, and within the Bureau of Planning (BOP), attached to the Secretary General's office. The BOP was very limited in its function; its staff of 140 primarily coordinated information coming from the agencies, and had no direct control over the DirJen's budgets. The two agencies that conducted policy relevant research and analysis were not directly connected to either the DirJens nor BOP. They were the Center for Agricultural Data Processing (CADP) and the Center for Agro-Economic Research (CAER).

In the provinces, agricultural guidance and authority was diffused through several agencies. The official representatives of the Ministry of Agriculture in the provinces were known by their Indonesian abbreviation, Kanwils, and they answered directly to Jakarta. Provincial Planning Boards, Bappedas, answered to the province governor, while the government service units, Dinas, of the Directorates General answered to both the governor and to the Deptan. The Dinas and Bappedas confined their responsibilities to increasing production of specific commodities, while the kanwils were generally responsible for the interests of the entire Deptan, and for distributing general social benefits of agriculture. The kanwils, like the BOP, had little direct influence over budgets.

3.0 PROJECT DESIGN

The project was designed to "develop an improved capacity within the MOA, including provincial offices and selected other organizations, to carry out agricultural policy and planning analysis, and to integrate this analysis with the formulation of agricultural policy, programs, and projects at both national and local levels." (The AP Project Paper.) In order to accomplish this, the project would provide training, computer, and technical assistance to the BOP, CAER, and CADP, as well as to the policymakers and planning personnel of three provinces.

The project design addressed weaknesses of the planning process attributed to centralized planning: specifically the unresponsiveness of bureaucratic administration to empirically based policy analysis, and to village-level experience and

requirements. The designers of the AP project utilized lessons and observations of the earlier Agricultural Development Planning Administration (ADPA) project, which provided training and technical assistance to BOP and established an electronic data processing facility at CADP. Outside evaluators determined that the ADPA project had not successfully synthesized these activities to increase the agricultural planning capacity of the whole Ministry of Agriculture. They recommended a broader, holistic approach to building capacity in more agencies and at the provincial level.[1]

The AP project design, therefore, proposed to extend its activities throughout the significant planning and research offices of the Deptan, and to the provinces as well. A project Steering Committee composed of high level functionnaires of the involved agencies, as well as AID and the Technical Assistance team, would coordinate project activities. Separate but similar steering committees were to manage these activities in the provinces.

The activities themselves were of three basic types:

- Training -- Including Masters level in-country and overseas education for select participants; 10 week-long short courses on Economics, Rural Development, and Public Management at Indonesian Universities; on-the-job training; and, for provincial personnel, planning and analysis practicums including lectures and field work.

- Special Policy Studies -- Reports commissioned by the project to study relevant policy and planning issues and to utilize personnel from the planning and research agencies, thus increasing both skills and the knowledge base for planning analysis.

- Data Processing and Management -- Primarily to assist the CADP in developing a national agricultural data base. Assistance was not meant to include very large hardware purchases.

The five-year project would receive $6 million in loans and $3 million in grants from USAID, and $3.9 million U.S. equivalent from the Government of Indonesia, making total funding equal to $12.9 million.

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[1]John A. Dixon and Martin Hanratty, Planning for Agricultural Development in Indonesia, 1982.

4.0 IMPLEMENTATION

The implementation of the AP project activities followed approximately the project design, with some major exceptions, such as data processing and management. However, the overall management structure and coordination of the project was not implemented successfully, and this has raised doubts as to whether the project "holistically" synthesized activities into an increased and sustainable institutional capacity for policy analysis. As an exception, a 1988 mid-term evaluation team found that project implementation in the provinces -- including management -- has been successful and highly encouraging.

The project began in April 1984, when grant/loan agreements were signed and some training activities began late in the year. The TA team, after a 20 month delay from negotiations, arrived in January 1986. The Project Steering Committee (PSC), chaired by the Secretary General of Agriculture, and consisting of the directors of BOP, CADP, and CAER, the AID Project Manager, and the Chief of Party of the TA team, was to coordinate activities. But the PSC never formally met. The mid-term evaluation team determined that the high-ranking Indonesian officials were too busy to attend. Decisions were made by informal communication among members, and coordinated by the TA Chief of Party (COP). Moreover, a Policy Analysis Working Group (PAWG), designed to coordinate and approve special policy studies, met at the start of the project but not thereafter, leaving this responsibility to the Chief of Party in consultation with the director of BOP and the AID-Project Manager. In one of the provinces, a Provincial Steering Committee did work effectively, since all of its members were released from their competing responsibilities by the Governor. In each of the target provinces, a Province Working Group was implemented, consisting of the head of the Kanwil, Personnel of the Dinas, and representatives of the Bappeda.

As a result of the failure of the Steering Committee to steer, responsibilities fell heavily upon the technical assistance team, whose COP had other responsibilities as Senior Analyst. The multiple responsibilities of the team, together with the absence of decision documents or other records from the non-functioning PSC, caused the project to fragment into its component activities. The training, policy studies, and data processing/management activities were all executed with positive results, but apparently were not integrated sufficiently to institutionalize the planning analysis process.

Training -- the project funded 43 participants in Master's degree programs in Indonesia (but not overseas) and 236 participants from BOP and other agencies for 10 week long short courses. On-the-job training involved even more personnel in several agencies. In the target provinces of Ujung Pandang, in South Sulawesi, Semarang in Central Java, and Bengkulu in Southern Samatra, planning practicums were attended by over 250 personnel from the kanwils and other planning agencies. The practicums were rated highly by the participants, and relied on participant input and suggestions for course planning and development.

Special Policy Studies -- the project funded a series of these studies on topics of information systems, the coming five-year development plan, research priorities, and policy models and tools. In implementation, the project failed to disseminate the news of the opportunity for such studies to potentially interested personnel and agencies outside of the Ministry of Agriculture. They remained too intramural an activity, even though they did perform a broad range of pertinent studies.

Data Processing and Management -- Initially, the project targeted most of this assistance at CADP and the National Agricultural Data Base (NADB). However, increasing financial pressure on the Deptan, changes in computer technology, and the sheer impracticality of the NADB for the CADP impelled the project to develop smaller, diversified data bases, using microcomputers, in the BOP, CAER, and the kanwils. The project purchased 59 microcomputers with related equipment and software for the project. The technical assistance team provided on-the-job training to planning personnel for using the machines.

5.0 IMPACTS

The mid-term evaluation of the AP project noted that, as of April 1988, the project had made some impacts on the planning process in Indonesia, but, in general, it was still too soon to know to what extent, if any, the project will affect this process. It is certainly true that the project's training activities extended to hundreds of participants, that much of the computer hardware had not yet arrived, and that many of the policy studies were not yet completed. The evaluation found no reason to believe that these activities would not be completed successfully. They did question whether the implementation of these activities was managed or coordinated in such a way as to have a broad and sustained impact on the Deptan's institutional capacity for planning and policy analysis.

5.1 Inter-Institutional Impacts

The project evaluators found that the potential for inter-institutional impacts of the project has been mitigated by poor communication between the participating agencies. The opportunities for special studies were not properly disseminated outside of the Deptan, nor was the opportunity for training effectively communicated within the Deptan. Further, agencies involved in data collection and processing still maintain a proprietary attitude toward that data. Had other participants in the Ministry's planning process been better informed about AP activities -- such as training and special studies -- they might have, according to the evaluators, participated more and enhanced the function of the BOP as coordinator for agricultural development policy within the Deptan at the central as well as regional level.

5.2 Decisionmaker Impacts

Decisionmaker impacts have also been negligible in the central agencies because there were never very strong links between key decisionmakers and the agencies to which the AP project targeted much of its support. Most of these decisionmakers would have participated in the Project Steering Committee, but since this committee never met, the project lost an opportunity for formal and persistent input into the decisionmaking process.

5.3 Capacity-Building Impacts

The project abandoned hopes of developing the Center for Agricultural Data Processing (CADP) sufficiently to organize the National Agricultural Database. CADP could never have developed the required capacity because the agricultural database was simply too large, and evaluators reported that CADP even had unused computer capacity at its main facility. The TA team instead developed a "vertical slice" approach, using smaller databases on microcomputers, with a tentative plan to link all of these networks later.

The project made its greatest strides in developing the institutional capacity of the province-level agencies. The mid-term evaluation team reported that coordination among these agencies (which all obey differing lines of authority) has much improved, and that project proposals developed by these agencies show increasing sophistication in their analyses.

6.0 LESSONS LEARNED

Consideration of the AP project at this point of its life yields several lessons for future capacity building projects and for project implementation.

6.1 Implementation Lessons Learned

- Steering Committees: For large, multi-agency capacity-building projects, management and Steering Committees must function properly if the project wants to enhance the interdependency between decisionmaking and economic analysis. In the case of the AP Project, the lead planning agency was to be linked with research and analysis agencies, and also linked with chief decisionmakers in the Agricultural Secretariat and the Directorates General. These links could only be established by the chiefs of these agencies meeting and coordinating the project, but this never formally happened, and so the project fragmented into a series of intramural and regional activities.

- Conflicting Demands for Time: The chief reason given for the failure of Project Steering Committees to meet was that its members were very senior functionnaires who were often too busy to attend. Future projects must be of significant import to successfully compete for the time of its governmental directors, and must succeed in making its importance well understood by the involved agencies. In one of the pilot provinces, members of the Province Steering Committee were released from other responsibilities by the Governor to attend PSC meetings.

- Promoting Project Opportunities: Coordinating committees are needed not only to establish links among involved agencies, but to efficiently disseminate news of project activities and opportunities. The inactivity of the Policy Analysis Working Group in overseeing special policy studies confined such studies to the direction of a small number of agencies;

although these studies were performed by a variety of investigators on a broad range of pertinent topics, the studies were not successful in utilizing or improving the capacities of other agencies.

- Province Steering Committees: If such management and coordinating committees do function properly, institutional planning capacity can be increased and utilized among several agencies which do not even share the same administrative authority, as in the case of the province, Bengkulu, where the Steering Committee did function. Evaluators noted an increased use of quantitative analysis in Bengkulu's project proposals, and better cooperation between the Kanwils and regional planning boards.

- Provincial Activities: The AP Project evaluators were markedly impressed by the success of project activities in the three pilot provinces. Although lines of authority are even more disjoint than at the national level, the project encountered well motivated and enthusiastic support from heads of the Kanwils and other agency heads and staffs. At the provincial level, the project could more comprehensively involve agricultural planning staffs, and more practicably address planning issues.

6.2 Capacity Building Lessons

- Institutional Inertia: Very large administrative agencies function more by routine than by reflection, and so will not easily absorb or utilize new research and analysis capacity. The Bureau of Planning was essentially an administrative agency, and not managed as a project or research oriented department.

- Institutional Constraints: There are inherent limits to expanding capacity. Project design called for enlarging the data processing capability for the Center for Agricultural Data Processing in order to develop a National Agricultural Database. But this database proved simply unworkable even with the powerful minicomputer provided by the earlier ADPA project. Project evaluators reported that rows of terminals at CADP headquarters remained unused.

- Appropriate High Technology: Efforts to decentralize and disseminate the capacity for policy analysis and planning can take advantage of new technology. Advances in microcomputers which occurred after the AP project was designed allowed for the TA team to disseminate data processing and management capabilities to the provinces and within the Center for Agro Economic Research. The "vertical slice" approach developed by the team seems more appropriate to the needs and abilities of the agencies than the centralized, minicomputer-based approach of the AP project's original design.

- An Independent Policy Analysis Unit: Program evaluators and other personnel in the Deptan have considered the advantages of a free-standing policy analysis unit attached directly to a chief decisionmaking office, such as the Secretariat of Directorate General for Agriculture. A free-standing policy analysis unit would be able to evade the bureaucratic inertia common to line agencies.