



## Indonesia

# 11 Integrated Horticultural Development in Upland Areas Project

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This project was to improve horticultural productivity by extending support to small-scale farmers in non-irrigated areas of Indonesia in culturing and harvesting of horticultural produce (fruit trees) together with the development of agricultural infrastructure, and thereby contribute to the development of the horticultural sector and to improvements in on-farm income.

**Loan Amount/Disbursed Amount:** 7,769 million yen/4,612 million yen

**Loan Agreement:** December 1996

**Terms and Conditions:** Interest rate 2.7% (2.3% for consulting services);

Repayment period 30 years (grace period 10 years); General untied

**Final Disbursement Date:** December 2002

**Executing Agency:** Directorate General of Food Crops and Horticulture



**External Evaluator:** Takuya Okada (KRI International Corp.)

**Field Survey:** November 2004

## Evaluation Result

In this project, construction of infrastructure for the horticultural sector, supplies of saplings, and training for farmers and PR workers were conducted almost as planned. The project period was slightly longer than planned because adjustments based on the requests from the field were made to the specifications during the construction phase. However, the project cost was lower than planned.

The productivity of 8 horticultural crops covered by the project (mango, citrus, passion fruit, rambutan, banana, salak, durian and melindjo) is broadly in line with the age estimates for the respective areas. The harvested area totaled 20,230 ha (about one-third of the total area of the 23 Wards of Tokyo), accounting for approximately 4% of the total harvested area of the country.

Since the currency crisis, the horticultural sector has been growing at a faster rate than the total GDP growth accounted for agriculture, forestry and fishery. In the beneficiary survey, it was revealed that increase in the production of high value-added crops is beginning to bring impact on "increase in incomes of farmers covered by the project (approx. 46,000 households)".

Under the decentralization policy, responsibility for operation and maintenance transfered to the farmers' groups, and in terms of

technical capacity, they need to increase knowledge and skill levels of distribution. Local governments are to provide technical assistance and guidance to farmers' groups, and they have no problem with technical capacity and operation and maintenance system. The central government extends financial support, such as necessary repair, to the key crops (mango, citrus, banana and durian).

In order to give farmers an incentive to get involved in cultivation of horticultural crops, the central government is advised to enhance the cooperation of local governments in actively holding regular trade fairs or nationwide contests.

## Third-Party Evaluator's Opinion

In order to promote the cultivation of export-competitive fruits, efforts are needed for quality assurance, operation management and market development through the formation of farmers' group and strengthening cooperation with the private sector.

**Third-Party Evaluator:** Mr. Her Suselo (NGO)

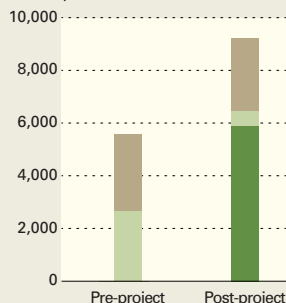
Obtained a bachelor's degree in general education from Indonesia University of Education. Presently holds the post of the representative of Yayasan Bangun Mitra Sejahti (BMS). Specializes in family planning and food program for children.

### Effect of the project: changes in income of farmers

#### Salak plantation in Magellan, Central Java

■ Net non-agricultural income  
■ Net income from other types of agriculture  
■ Net income from fruit trees

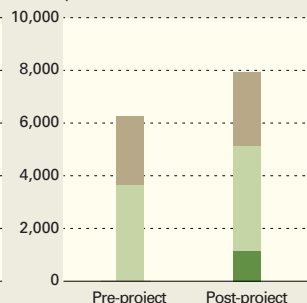
(1,000 Rp./Year/Household)



#### Rambutan plantation in Minahasa, North Sulawesi

■ Net non-agricultural income  
■ Net income from other types of agriculture  
■ Net income from fruit trees

(1,000 Rp./Year/Household)



Rambutan



Salak