



## Indonesia

# 16 Agricultural Development Project (2)

A  
B  
C  
D

The project's objectives were to increase productivity and ease the transportation of agricultural produce by providing technical guidance and equipment for the cultivation of commercial crops to small-scale farmers, and thereby contribute to the poverty reduction by raising the incomes of farmers.

**Loan Amount/Disbursed Amount:** 4,065 million yen/3,767 million yen

**Loan Agreement:** December 1995

**Terms and Conditions:** Interest rate, 2.5%; Repayment period, 30 years (grace period, 10 years); General untied

**Final Disbursement Date:** October 2001

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

**Field Survey:** July 2003



## Evaluation Result

The cultivation support of cash crops (technical guidance and farm inputs provided to small-scale farmers in wild or remote areas) and the development of access roads in twenty-four provinces were implemented almost as planned. The project was basically completed on schedule, while actual project costs were lower than the planned due to the depreciation of the local currency. The area under cultivation has reached 130,432 hectares (approximately twice the size of Tokyo's 23 wards), which is roughly 2.7 times the planned 48,600 hectares. When the evaluation was undertaken, per hectare yields (unit crops) in some areas had yet to reach planned levels because the project had only recently been completed. However, it is predicted that sufficient effects will be generated in a few years and that the production of cash crops will increase. The development of farm roads has improved access to agricultural areas and processing plants and reduced travel times, which has helped to prevent deterioration in the quality of oil palm crops. In addition, the project's consulting services included the dissemination of farming techniques and the training, which has helped to generate the aforementioned effects. In the beneficiary survey, respondents pointed to "more employment opportunities" and "higher incomes" and to "better access to health services",

thereby confirming that the project has contributed to improved living standards for farmers and to development in the regions. The cash crop plantations and farm roads developed through this project have been maintained by village communities, with technical assistance including planning and coordination provided by local governments. Therefore, there are no problems in the technical capacity, operation and maintenance system, or financial condition. To ensure the sustainability of project effects, it is desirable to create the system that accurately conveys the results from analysis of individual success stories and information on the markets for cash crops to farmers.

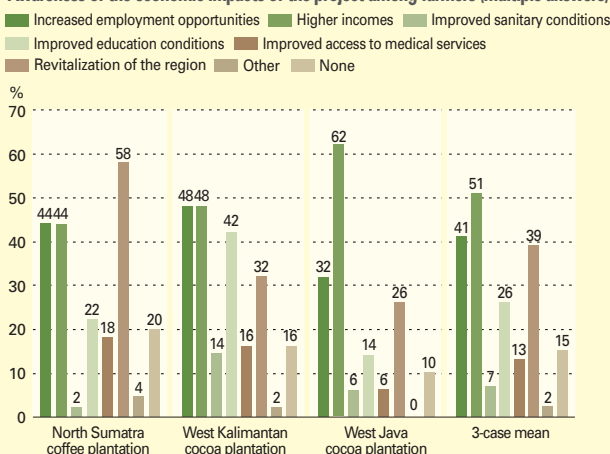
## Third-Party Evaluator's Opinion

Observing precisely on macro situation after the Asian economic crisis, the increasing price of agriculture product is because of the intensifying export and devaluation of rupiah (IDR). The program sustainability is so determined by the involvement of the stakeholders.

**Third-Party Evaluator:** Mr. Bambang Ismawan

Obtained a master's degree in agriculture economics from Gajah Mada University. Presently holds the post of President Director, Indonesia Society of Agriculture Economics (PERHEPI). Specializes in poverty and microfinance.

Awareness of the economic impacts of the project among farmers (multiple answers)



Sanggau cacao plantation and a farmer (West Kalimantan)



A total 1,065 hectares of cacao plantation: 865 hectares in 1996 and 200 hectares in 1997, has been developed via this project; individual farmers were given approximately one hectare of plantation land and supplied with a year's worth of fertilizers and pesticides, etc.