



Federal Ministry  
for Economic Cooperation  
and Development

BMZ EVALUATION REPORTS 004

# Country Case Study – “Area Development Programme (ADP) West Pasaman, Indonesia”

Summary Ex-Post Evaluation – Sustainability of  
Regional Rural Development Programmes (RRD)





## Preface

This study was commissioned by the BMZ (Division for Evaluation of Development Cooperation). It is an independent evaluation that was **carried out by PPA Consultants in association with PT Profil Mitra Abadi, Djakarta, Indonesia in 2003/2004** (team leader Dimiyati Nangju). The views and opinions expressed in the report do not necessarily correspond to those of the BMZ. However, a comment by the BMZ can be found at the end of the summary.

The present document is **part of a series of four ex-post evaluations on Regional Rural Development Programmes in Indonesia, Sri Lanka, Tanzania and Zambia** which were implemented between the 1970s and the 1990s. The evaluation itself was carried out in 2003 and 2004 using specific questions and methods. One characteristic of the evaluation is that the BMZ commissioned professional local consultants, in order to obtain a

“local perspective”. Altogether the key objectives of the evaluation were:

- the widening and deepening of our understanding of the outcome and long-term impact of German cooperation projects and of the underlying conditions for success;
- the introduction of a different vantage point for the analysis of the outputs, outcome and impact of German cooperation projects by charging local research institutions and/or consultants with the actual evaluation work; and
- the further refinement of the ex-post evaluation methodology.

In addition to the four country case studies a synthesis report is available (see inner cover page for contact details).

*Division for Evaluation of Development Cooperation*

# Summary of Evaluation

**The views presented in this study are opinions held by the independent external experts.**

## I. The Project

The Area Development Program in West Pasaman (ADP) was identified in mid 1975, and implemented from 1980 to 1992 as a follow-up to the Agriculture Development Project ("Old" ADP). The project focused on the most backward and isolated area in West Sumatra, rather than on scattered areas in West Sumatra as in the case of the Old ADP, to ensure that the German assistance would achieve a significant impact within a relatively short period. The executing agency for ADP was the Directorate General for Regional Development under the Indonesian Ministry of Home Affairs which handed over the day-to-day responsibilities for project implementation and coordination to the Provincial Planning Agency (BAPPEDA Tingkat 1) based in Padang, the capital of West Sumatra, and later to the District Planning Agency (BAP-PEDA Tingkat 2) based in Lubuk Sikaping, the capital of Pasaman District.

The actual total cost of ADP was DM 70.8 million (equivalent to about US \$ 44.2 million). The project was financed by BMZ/GTZ through a grant of DM 57.1 million. The balance (DM 13.7 million) was financed by the Government of Indonesia (GOI). The total number of project beneficiaries in 1980 was estimated at about 200,000 persons or about 46,000 households. ADP was one of the first integrated area development projects in Indonesia. Its scope consisted of a large number of components, including project management and regional planning, intensification of rice and palawija (field crops) production, expansion of tree crops, livestock development, fishery development, agroforestry, small-scale industry development, rural banking, promotion of self-help initiatives, and women in development. Its objectives were to

- (a) improve the standard of living of rural and urban population;
- (b) reduce interregional disparities between West Pasaman and the rest of West Sumatra;
- (c) strengthen the planning and management capacity of the executing and implementing agencies of ADP;
- (d) activate the self-help capacities of the target groups; and
- (e) promote the participation of the private sector in the development process of West Pasaman.

Pusat Pengembangan Agrobisnis (PPA) Consultants in association with Profil Mitra Abadi Company carried out ex-post evaluation of ADP from 1 November 2003 to 29 February 2004. The main objective of the study was to evaluate the impact, relevance, and sustainability of the long-term development of ADP on target groups, institutions, the agriculture sector, and related sectors. The evaluation was undertaken by a team of ten consultants following the approach and methodology approved by BMZ.

## II. Major Findings

In analyzing this ex-post evaluation, the Team used three milestones:

- (a) the date of commencement of ADP in 1980;
- (b) the date of ADP completion in 1992; and
- (c) the date when the ex-post evaluation was undertaken (2003).

Because the progress and achievements of ADP were inadequately monitored and evaluated by GTZ and the Executing Agency during its implementation, the evaluation team had to assess the performance of ADP on the basis of the available reports and documents, supplemented by interviews with various stakeholders (including project beneficiaries, government officials, German offi-

cials, non-government organizations, bankers, and businessmen), participatory work-shops involving some stakeholders, and a socioeconomic impact survey in the project area. Specific achievements of ADP may be summarized as follows:

1. The planning and management capacities of the government agencies at the provincial and district levels were greatly strengthened through domestic and overseas training of some 350 staff. However, this institutional development was not sustainable after the project completion in 1992 (particularly after the introduction of the decentralization laws in 1999) since most of the trained staff have been transferred, terminated or not given suitable positions to apply their knowledge and skills.
2. The Regional Development Plan prepared during the feasibility study in 1979 was revised, strengthened and elaborated in consultation with the stakeholders using a bottom-up approach during 1980-1992, but this bottom-up approach was discontinued after 1992 due to the lack of budget and interest among the district officials.
3. The production of rice and palawija increased remarkably during 1980-1992. Although this improvement persisted up to 2003, their rates of growth have slowed down during the past decade.
4. The area and production of tree crops, particularly oil palm and cocoa, increased significantly during 1980-1992 and this improvement continues at a rapid rate up to the present due to increased participation of the private sector in agriculture development.
5. Fish production showed a large increase during 1980-1992, but there-after it declined due to over-fishing, and destruction of mangrove and coral reefs.
6. The population of cattle and goats increased during 1980-1992 but this increase was not sustainable since by 2002 their population declined to the same level as in 1980. In contrast, poultry production showed remarkable growth from 1980 up to 2003 which fueled a large demand for maize as a poultry feed.
7. The number of shifting cultivators in West Pasaman decreased significantly during the past two decades due to successful conversion of alang-alang (*Imperata cylindrica*)-infested land into productive land, and replacement of low yielding upland rice with profitable tree crops.
8. A rural finance model was successfully developed in West Pasaman through strengthening of the Regional Development Bank (BPD). This model has been replicated to other parts of West Sumatra.
9. Self-help initiatives failed to be developed sustainably in West Pasaman, except in oil palm area in Ophir, as shown by the poor performance of the cooperatives, farmers' groups, and water users associations (P3As) after project completion.
10. The number of small-scale industries or cottage industries increased consistently from 925 units in 1980 to 2,998 units in 2002 despite heavy competition from products imported from outside West Pasaman.
11. Status of women in West Pasaman has been greatly improved through training for income generating activities, strengthening the participation of women in the development process, and improvement of domestic water supply, health and education facilities, and family planning.

On the basis of the above assessment, the evaluation team undertook ex-post evaluation of ADP in terms of its relevance, efficiency, effectiveness, impacts, and sustainability. The results of the evaluation show that:

- ADP is relevant to BMZ's development policies, and GOI's policies and strategies prevailing in the 1980s. It is also relevant to meet the needs of the poor men and women in West Pasaman.
- ADP is rated partially effective since it has achieved only three of its five objectives, which are:
  - (a) improvement of the standard of living of the West Pasaman population;
  - (b) reduction in disparities between West Pasaman and the other districts in West Pasaman; and
  - (c) intensification of the role of the private sector in the development process.
- ADP is rated as efficient since its economic internal rate of return is estimated at 12.2% based on a benefit stream of increased agricultural output alone and the full cost of ADP.
- ADP has made significant impacts in improving the incomes and standard of living of the target groups, the agriculture sector and related sectors, but its impacts on the executing agencies, self-help groups and cooperatives have been unsatisfactory.
- ADP is rated partially sustainable because while there are some positive factors, which have sustained its impacts up to now, there are also some negative factors which could undermine its sustainability in the future.
- Overall, ADP is rated successful with a rating of 8 out of 10 (10 being excellent, and 1 very poor).

### III. Recommendations

ADP was designed to promote economic growth and improve the living conditions of the poor on a sustainable basis. However, because the economic growth in West Pasaman has declined from 6.4% during 1983-1992 to 3.7% during 1992-2002, while about 14% of the people in West Pasaman still live below the poverty line, it is recommended that the new District Government of West Pasaman should prepare clear and sound strategy on how to further reduce poverty in the rural and urban areas by focusing on the following areas:

1. Primary forests should be protected from further damage and degradation through enactment of strict forest protection laws and regulations, careful monitoring and supervision of protected forests and reserve forests, and giving severe punishment to violators.
2. Irrigation schemes should be properly operated and maintained through the provision of adequate budget for operation and maintenance (O&M), definition of clear responsibilities between provincial and district governments on O&M of irrigation schemes, collection of irrigation service fees from water users, and strengthening of water users associations (P3As).
3. Agricultural extension service should be strengthened through increasing the number of extension staff (PPL) to achieve one PPL per village, provision of adequate budget to conduct training and on-farm demonstrations, and developing strong linkage between extension and research institutions in the public and private sectors.
4. Marine resources should be protected from further damage and degradation through careful monitoring and supervision of

mangroves and coral reefs, enactment of strict marine resources protection laws and regulations, and giving severe punishment to violators.

5. Self-help initiatives of poor men and women should be strengthened through training on organization, management and administration, and promotion of self-help group model developed under Oil Palm Plantation Project in Ophir.
6. Planning and management capacity of the government institutions should be strengthened through recruitment of qualified personnel, appropriate placement of personnel in their jobs according to their educational and work experience, provision of skills and on-the-job training to upgrade their skills, and provision of an efficient evaluation system to reward excellence and remove deadwood.
7. The conflicts between farmers and private oil palm companies on land ownership and profit sharing should be addressed timely by ensuring that the concept of nucleus estate with farmer's participation (NESP) is strictly enforced by the companies.

#### IV. Conclusions

Overall, the performance of ADP is rated successful. This success was attributed to the following factors:

- (a) high level participation of the private sector in development process;
- (b) synergy between ADP and other projects (financed by BMZ and other funding agencies) implemented in West Pasaman;
- (c) good performance of the rural banking sector; and
- (d) highly diversified cropping systems.

The development impacts of ADP on West Pasaman have been significant and positive. These impacts have been sustainable up to 2003 but there are risks that the gains achieved so far will be lost if the Government does not address the negative factors which have affected ADP sustainability. West Pasaman was recently declared as a separate district from the Pasaman District as a reflection of the effective assistance of the Federal Republic of Germany, and successful regional development program initiated by the national and provincial government of West Sumatra in this area.

The implementation of ADP has provided useful lessons to GOI and BMZ. Some of the important lessons learned from ADP include the following:

1. Building facilities for the government agencies and target groups (beneficiaries) should be more thoroughly scrutinized for conditions of post-project viability and sustainability. The commitment to operate and financial capability to maintain facilities should be carefully investigated before considering development of new facilities.
2. Implementation of an integrated development project involving many components and agencies is difficult and complex, and will produce successful outcome only if there is a long-term commitment of the funding agency, and strong support from the national, provincial and district governments.
3. Donor investment in government capacities and institutional strengthening must take into consideration of limited budget and political will to support the activities after the close of foreign funding, frequent transfers of personnel leading to dilution of any core institutional building, and likelihood that any capacity or institutional building can be easily undone by political consideration, which is an inescapable part of government.

4. Project designers should look to develop those areas that will not be dependent on government for future direction and support for sustainability. The project demonstrated that those activities most closely tied to the markets (crops development, oil palm plantation in Ophir, and rural banking) were the ones that not only survived, but thrived.
5. The success of self-help groups in Ophir is attributed to the high value and profitability of their enterprise, strong economic incentives to work together, and transparent financial system. These factors did not exist in other self-help groups outside Ophir, and therefore they quickly became unsustainable after the withdrawal of foreign funding.
6. Better monitoring, evaluation and record keeping are required if projects are to be effectively assessed. Details on project performance need to be kept at several levels depending on the information needs of the users.
7. During phase-out period, there should be a proper turnover of project vehicles, equipment and buildings from the funding agency to its counterpart agency in the provincial or district government. This will enhance the sustainability of the equipment, vehicles and buildings provided during the project period as it will avoid conflict on their ownership.
8. Project completion reports (PCR) should be jointly prepared by GOI and the funding agency. It should be a thorough exercise that summarizes project input and outputs, evaluates performance, and economically models the outcome.
9. It is essential that after project completion, GOI provides adequate budget for operation of maintenance to ensure that the facilities which have provided under the project can be operated and maintained on a sustainable basis.

#### **Comment of BMZ**

This evaluation study provides extensive and deep in-sights into the impacts of regional rural development in West Pasaman. It has been conceptualised in a very thorough way, based on an impressive mix of data collection methods. The results can therefore be considered as valid. They are particularly interesting with regard to the improvement of self-help capacities, institutional capacity-building as well as measures of sustainable poverty alleviation. It is certainly worthwhile to read the full report.





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