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Washington, D.C.

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Chronological file - 1986 (1)



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OPS
January 1, 1986

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OPERATIONS POLICY

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Assistant to the V.P.: P. Richardson

Economic Adviser: M. Selowsky

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INTERNATIONAL AGRICULTURAL RESEARCH 3/

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EDT	G. Psacharopoulos	A. Schwartz	P. Moock	P. Moock
PHN	N. Birdsall	N. Birdsall	S. Denning	S. Denning
TRP	E. Bennathan	G. Smith	--	--
WUD	D. de Ferranti	A. Walters	R. Satin	R. Satin

1/ Staff at Level N and Above and Level M Advisers and Unit Chiefs as of January 1, 1986.

2/ Seconded from the Senior Staff Resources Program.

3/ The CGIAR, chaired by Mr. Husain, is not a part of the Operations Policy Staff.

4/ Effective April 1, 1986.

5/ Effective February 3, 1986.

6/ Through February 28, 1986.

7/ Through February 3, 1986.

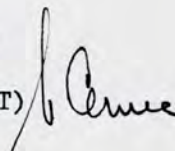
ROUTING SLIP		DATE:
NAME		ROOM NO.
Gloria Jarris		
APPROPRIATE DISPOSITION	NOTE AND RETURN	
APPROVAL	NOTE AND SEND ON	
CLEARANCE	PER OUR CONVERSATION	
COMMENT	PER YOUR REQUEST	
FOR ACTION	PREPARE REPLY	
<input checked="" type="checkbox"/> INFORMATION	RECOMMENDATION	
INITIAL	SIGNATURE	
NOTE AND FILE	URGENT	
REMARKS:		
<p>as promised. (right approach?)</p> <p><i>[Signature]</i></p>		
FROM:	ROOM NO.:	EXTENSION:
MICHAEL CERNEA	N1163	676-1774

OFFICE MEMORANDUM

DATE: January 15, 1986

TO: Ms. Chita Tanchoco, Mission Leader (AEPA4)

FROM: Michael M. Cernea, Sociology Adviser (AGRPT)



EXTENSION: 61774

SUBJECT: Papua New Guinea: South Simbu Rural Development Project
Project Brief - Comments on Issues
Pre-Appraisal Departure Meeting

1. I reviewed the revised Project Brief and your recent BTO, and I am aware of the long efforts that went into preparing this project. I would raise the following issues for your consideration and for discussion in the pre-departure appraisal meeting:

1. Timeliness of Appraisal
2. Institutional capacity for implementation
3. Technological package for coffee
4. Manpower availability
5. Project staffing

2. The most important question is whether or not now is the right moment to send out the Appraisal Mission, given that the Provincial Government of South Simbu is still suspended by the Central Government (GOPNG) since November 1984. I understand that the suspension may be lifted in March 1986, but this is contingent on certain conditions set by GOPNG. Among these conditions, the first is "the establishment of an effective system of budgeting, program planning, and financial controls in the provincial government" (PB, para 16). This condition is crucial for our project as well, since this planning and financial system should be the backbone of the project.

3. The mission itself would have to appraise the soundness and effectiveness of the planning/financial control system of the South Simbu province. But how can that be done if this system is not yet established and considered good enough by GOPNG? Subsequently, the project could not be approved anyway, I think, if the suspension is not lifted. Then why appraise it before we have a chance to assess what the Central Government actually puts in place in the province?

4. I presume that you have given a good deal of thought to this aspect, and I would suggest to re-discuss it with the Programs Division and in the review meeting, pondering the pros and cons.

5. The institutional capacity for project implementation has been, and continues to be (in the West Sepik and other PNG projects) a recurrent source of problems and delays. How is this project proposing to build up, and prevent overextending, the local institutional capability in South Simbu Province?

6. The project has multiple components which, albeit simple when taken piecemeal, are not easy to coordinate from an institutional view point. Are the lessons of prior multipurpose provincial projects in PNG confirming to us that this type of multipurpose project is desirable and feasible?

7. Staffing and manpower are related to the above. I suggest that the appraisal mission defines which specific staff positions are key in our view, without which the project could not proceed and should not be approved. Regarding manpower, are we satisfied that there is enough manpower available in these two remote districts to construct all the proposed buildings, aid centers, 48 km roads, etc? Are we taking into account in the project's timetable the lessons from the delays in the previous projects?

8. The production technology to be promoted by the project, for coffee and other crops, is not defined in the PB. Do we count on a better technology? Would the farmers go for the proposed fertilizers when marketing is limited?

9. Last, but not least, will the Institute for Social and Economic Research in Port Moresby be involved in the M&E studies, training activities, etc.? This is a good research and operational resource, of which we are making insufficient use.

10. I realize that full answers to some of the above questions could be found only in the field, during appraisal, but it is probably worth it to have a good discussion first in the predeparture meeting.

cc: Rajagopalan (PPD), Schuch, Pickering, Vyas, ~~Vesart~~, Coulter, Hayward, Tsakok (AGR), Davar, Krishna, Sinha (AEPA), Dutt, Calkins (AEAEP), East Asia files, OAR files.

MCernea:mh

ROUTING SLIP		DATE:
NAME		ROOM NO.
<i>Gloria</i>		
APPROPRIATE DISPOSITION		NOTE AND RETURN
<input type="checkbox"/> APPROVAL		NOTE AND SEND ON
<input checked="" type="checkbox"/> CLEARANCE		PER OUR CONVERSATION
<input type="checkbox"/> COMMENT		PER YOUR REQUEST
<input type="checkbox"/> FOR ACTION		PREPARE REPLY
<input type="checkbox"/> INFORMATION		RECOMMENDATION
<input type="checkbox"/> INITIAL		SIGNATURE
<input type="checkbox"/> NOTE AND FILE		URGENT
REMARKS:		
<i>Pls. focus on the ff. areas:</i> <ul style="list-style-type: none"><i>- implementing agencies</i><i>- categories which will use SOE</i><i>- notes (5) to (9)</i><i>- design of Form ICs especially as they conform to SAR ANNEX IV.</i>		
FROM:	ROOM NO.:	EXTENSION:
<i>Q</i>		

January 16, 1986

Mrs. Buly O. Surajaatmadja
Director of External Fund
Ministry of Finance
Jakarta, Indonesia

Re: Loan 2638 IND
Nusa Tenggara Agricultural Suport

Dear Mrs. Buly:

Now that the Loan Agreement (copy attached) for this project has been signed, we are writing to you concerning the procedures to be used to withdraw funds from the Loan Account.

We are enclosing a copy of our booklet entitled "Guidelines for Withdrawal of Proceeds of World Bank Loans and IDA Credits" and a set of our Procedures which should be used in accordance with the details given in the Annex to this letter.

Section 5.05 of the General Conditions Applicable to Loan and Guarantee Agreements requires that before withdrawals can commence, we must receive evidence of the authority of the person or persons designated to sign withdrawal applications under the Loan, together with an authenticated specimen signature of each person. To avoid possible delay in disbursement after the Loan becomes effective, it is requested that this evidence be furnished to the Bank as soon as possible.

Please pass on a copy of this letter to the implementing agencies, namely Bangda, Cipta Karya, Agency for Agricultural Research and Development, Directorate General of Estates, Directorate General of Livestock Services, Directorate General of Highways, and Planning Bureau in the Ministry of Agriculture.

Very truly yours,

Miguel B. Quintos
Asia Disbursement Division
Loan Department

To be cleared with and cc: Ms. G. Davis (E-624)
Mr. D. Mead (E-640)
Mr. B. Babson (A-632)
Mr. A. R. D. Richir, RSI, Jakarta

CC: Miss R. Egan (A-637)

File 2638-0- Loan Agreement

MBQuintos/yn (disb2577)

INSTRUCTIONS FOR WITHDRAWAL OF PROCEEDS
(ALSO SEE SCHEDULE I TO THE LOAN AGREEMENT)
Loan No.2638-0-IND

Annex
Page 1 of

Category No.	Category Description	% of Expenditure To Be Financed (1)	Disbursement Procedure (2)	Forms To Be Used							Notes
				I	1903	1A	1B	1C(N)	H.4	H.4A	
1	Civil Works	70%	I	X			X				(3)(5)(6)(7)(8)
			I	X				1C-1			(3)(5)(6)(7)(8)(9)
2	Equipment	100% of Foreign Expenditures	I	X		X					(3)(5)(6)(7)
			III		X						(5)(6)(7)
			VI					X	X		(4)(5)(6)(7)
		95% of Local (Ex-factory)	I	X			X				(3)(5)(6)(7)
			III		X						(5)(6)(7)
		70% of Local Expenditures Procured Locally	I	X			X				(3)(5)(6)(7)
3	Cattle	70%	I	X			X			(3)(7)	
4	Consultants' Services and Studies	100%	I	X		X					(3)(5)(6)(7)(8)
			III		X						(5)(6)(7)(8)

INSTRUCTIONS FOR WITHDRAWAL OF PROCEEDS
 (ALSO SEE SCHEDULE I TO THE LOAN AGREEMENT)
Loan No.2638-0-IND

Annex
Page of

Category No.	Category Description	% of Expenditure To Be Financed (1)	Disbursement Procedure (2)	Forms To Be Used						Notes	
				I	1903	1A	1B	1C(N)	H.4		H.4A
5	Technical Assistance (Part F)	100%	I	X		X					(3)
			I	X				1C-3			(3)(9)
			III		X						
6	Research Demonstration Activities & Training	70%	I	X			X				(3)(5)(6)(7)
			I	X				1C-1 1C-2			(3)(5)(6)(7)(9)
7	Services, Works and Equip. for Parts E.1 (a) and (b), E.2 (a) and (b) and E.3 (b)	70%	I	X			X				(3)(8)
			I	X				1C-1			(3)(8)(9)

Notes:

- (1) Withdrawal applications should be submitted in currency or currencies claimed by the contractor or the supplier. For payments in rupiahs, funds will be acquired from Bank of Indonesia with a currency or currencies available to the Bank at the time of the disbursement.
- (2) Procedure I - Application for Reimbursement
Procedure III - Application for Payment to be Made
Procedure VI - Application for Agreement to Reimburse
- (3) Applications for Reimbursement are to be submitted to the Ministry of Finance on a quarterly basis or when the expenditures total US\$100,000 or equivalent, whichever is sooner.
- (4) Procedure VI should not be used for contracts less than \$10,000 equivalent.
- (5) No withdrawal shall be made for expenditures in respect of categories (1)(a), (2)(a), (4)(a) and (6)(a) until an accountant with respect to Part A of the project shall have been employed in accordance with the provision of Schedule 4, Section II, of this Loan Agreement.
- (6) No withdrawals shall be made for expenditures in respect of Categories (1)(b), (2)(b), (4)(b) and (6)(b) until an accountant with respect to Part B of the Project shall have been employed in accordance with the provisions of Schedule 4, Section II. of the Loan Agreement.
- (7) No withdrawals shall be made for expenditures in respect of Categories (1)(c), (2)(c), (3), (4)(c) and (6)(c) until (i) an accountant with respect to Part C of the Project have been employed in accordance with the provisions of Schedule 4, Section II. of the Loan Agreement; and (ii) the Bank shall have received evidence in form and substance satisfactory to the Bank, of the execution and delivery of the financing arrangements entered into pursuant to the provision of Section 3.03(a)(i) and (a)(ii) of the Loan Agreement.
- (8) No withdrawals shall be made for expenditures in respect of Categories (1)(e), (4)(e), and (7) until three accountants with respect to Part E shall have been employed in accordance with the provisions of Schedule 4, Section II. of the Loan Agreement.
- (9) Form 1C(N) should be used for Categories 1(e), 5, 6(a), 6(b) and 7. Please refer to Annex IV of the Staff Appraisal Report dated November 1, 1985.

When Form 1C(N) is used to claim reimbursement for payments made, the implementing agency need not submit the supporting documents to the Bank. However, the implementing agency must adequately cross-reference the supporting documents to the application for inspection by Bank staff. Section 4.01 of the Loan Agreement covers the records to be maintained and the audits to be conducted for claims using Form 1C(N).

Date: _____

Loan 2638 IND

Application No. _____

STATEMENT OF EXPENDITURES
REPORTING PERIOD

Category No.* _____

FROM: _____ TO: _____

Category Description: _____

ITEM Col. 1	DOCUMENT REFERENCE Col. 2	DATE OF PAYMENT Col. 3	NATURE OF EXPENDITURE Col. 4	AMOUNT PAID Col. 5	% OF EXPENDITURE TO BE FINANCED Col. 6	AMOUNT REQUESTED (Col. 5 x Col. 6) Col. 7
TOTAL AMOUNT REQUESTED:						

*Use for Category (6)(a) and for Categories (1)(e) and (7) for activities costing not more than Rp.1 million.
 Column 2: Use invoice or bill to cross-reference this Statement of Expenditures with the documents evidencing payment which should be available with the implementing agency for inspection by Bank supervising mission.
 Column 4: For incremental staff, indicate "Project Staff Only".
 Column 6: Use percentage shown in Schedule I to the Loan Agreement.

ATTACH COPY OF THIS STATEMENT TO CORRESPONDING DOCUMENTS.

 Authorized Representative

FORM 1C-2

Date: _____

Loan 2638 IND

Application No. _____

STATEMENT OF EXPENDITURES
REPORTING PERIOD

Category No. (6)(b)

FROM: _____ TO: _____

Category Description: Demonstration Activities (Cotton Development)

ITEM Col. 1	DOCUMENT REFERENCE Col. 2	DATE OF PAYMENT Col.3	NATURE OF EXPENDITURE Col.4	AMOUNT PAID Col. 5	REMARKS Col. 6
TOTAL AMOUNT REQUESTED:					

Column 2: Use invoice or bill to cross-reference this Statement of Expenditures with the documents evidencing payment which should be available with the implementing agency for inspection by Bank supervising mission.

ATTACH COPY OF THIS STATEMENT TO CORRESPONDING DOCUMENTS.

Authorized Representative

FORM 1C-3

Date: _____

Loan 2638 IND

Application No. _____

STATEMENT OF EXPENDITURES
REPORTING PERIOD

Category No. 5

FROM: _____ TO: _____

Category Description: Training

ITEM Col. 1	DOCUMENT REFERENCE Col. 2	NO. OF PEOPLE TRAINED Col.3	TYPE OF TRAINING Col.4	AGREED UNIT COST Col. 5	AMOUNT REQUESTED (Col. 4 x Col. 5) Col. 6
TOTAL AMOUNT REQUESTED:					

Column 2: Use a document reference number to relate document with the Statement of Expenditure.

Column 5: Agreed unit cost per individual trained.

ATTACH COPY OF THIS STATEMENT TO CORRESPONDING DOCUMENTS.

Authorized Representative

OFFICE MEMORANDUM

DATE January 17, 1986

TO Distribution

FROM Loretta *LS* Schaeffer, AEN RCC

EXTENSION 76897

SUBJECT Grant Funding of British Consultants

GDavis

1. Mr. R. G. Toulmin of the British EDS office phoned today to say that Mr. Manning would be carrying my 1/16/86 memorandum on British consultant funding with him for talks with the British ODA on Monday, January 20. Mr. Manning would present for ODA consideration AEN requests regarding British funding of consultants for (1) a mission on higher education to Indonesia and (2) a supervision mission of the Felda Palm Oil Mills loan in Malaysia. He expected an early decision from ODA. *||*

2. Mr. Toulmin noted that the AEN third request (for funding of a British consultant to study export promotion measures in Malaysia) would have to be considered in the context of the FY86 fiscal year budget since funds for consultants must be disbursed before March 31, 1986 to be financed from the FY85 budget.

cc: Messrs. & Ms. Dutt, Nehru, Struben, Hamilton, Babson, Wadsworth, Roman, Colaco, Hasan, Burmester, Maas, Valdivieso, Hunting.

LSchaeffer:bp



Record Removal Notice



File Title Gloria Davis - Chronological file - 1986 -		Barcode No. 30084773		
Document Date 16 January, 1986	Document Type Memorandum			
Correspondents / Participants To: Mr. R. Manning, EDS From: L. Schaeffer, AEN Regional Cofinancing Coordinator				
Subject / Title Grant Funding of British Consultants to Accompany Bank Missions				
Exception(s)				
Additional Comments Declassification review of this record may be initiated upon request.		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"><tr><td>Withdrawn by Tonya Ceesay</td><td>Date 17-Feb-16</td></tr></table>	Withdrawn by Tonya Ceesay	Date 17-Feb-16
Withdrawn by Tonya Ceesay	Date 17-Feb-16			

OFFICE MEMORANDUM

Mr. ~~David~~
G. Davis

DATE January 21, 1986

TO Mr. G. Kaji

FROM O. Yenal ^{G.}

EXTENSION 72067

SUBJECT Comment on Financing Education in Developing Countries

1. This paper is based on the conventional wisdom regarding education as a productive investment and the free market economist's solution for financing and organizing education. These are, in summary:

- . Investment in education has high social returns.
- . Rate of return on primary education, on average, is higher than the rate of return on higher education.
- . Since investment in education also yields high private returns, most of the costs should be recovered from the recipients of education. Government should only come in when there is a market failure.
- . Ideal allocation of resources will be achieved if perceived future private benefits of education are matched by private investments with a perfect capital market providing the link between future benefits and present costs, while the governments finance the costs corresponding to social externalities.
- . There should also be flexibility in the supply of education services, with larger participation of private and community organizations.

2. This paradigm is useful, like many market system based theoretical constructs as a framework in which to analyze and evaluate real life situations. In its a priori logic, this paradigm has been fully worked out in literature all the way to the credit schemes to equate the discounted future benefits with present costs and Friedman's coupon scheme to allow market demand to determine the level and type of education supply. The challenge for the Bank is not to rework these postulates but to examine the validity, relevance and importance of the a priori arguments for the specific country situations and to design recommendations for specific countries. These efforts can benefit greatly from rigorous analysis of comparative experiences. But unfortunately the overview analysis of the paper is sloppy -- as shown below -- and what it puts forwards as a "new policy package" is presumptions and simplistic. It appears as if the paper was originally written with a focus on Africa and was expanded to cover the other LDCs as well without giving due considerations to the major structural and other characteristics of the more advanced LDCs.

3. If this paper will be issued without the minimum amount of extra work needed, I suggest that the conclusions be moderated to highlight the issues rather than coming out with categorical conclusions, and leaving the substantive analysis and recommendations to individual country studies. (For good examples see Drysdale's report on Finance of Higher Education in China and Baird's analysis of the misallocation of education expenditures in his report on Public Investments in Indonesia.) In particular, the generalizations regarding "underinvestment in education" and "overinvestment in higher education" should be left out because the empirical support provided in the paper is very weak. (see 4 below) The need to recover part of the costs from those who can afford and to provide either scholarships or credit facilities to those who cannot afford the costs of education are generally accepted propositions. The challenge is not so much to reinstate these directions, but to define the scope of feasibility of such schemes in various environments and deal with the implementation problems. For example, it is hard to imagine that, particularly the poor LDCs can have near perfect credit markets for financing students when these countries are far from having such smooth financial intermediation even in their commercial or industrial markets.

4. Is the paper right in arguing that there is "underinvestment in education" in the LDCs? What is the validity of the supporting evidence offered? Very little according to my reading:

"Growth of resources flowing to education has recently stagnated in most developing countries" (1.1)

- Should growth rate of education expenditures be rising? Why? In view of the subsequent discussion in the paper, is it right to talk of resources for all kinds of education as a single category?

" Compared with the previous five years, the average rate of growth of real public expenditure on education in developing countries declined between 1970 and 1980. Between 1975 and 1980, the most recent well documented period, this rate was lower than national income growth for over a third of a sample of fifty-five developing countries (see appendix table A1.1" (2.4)

- This inference is misleading. Table does not show the "decline between 1970 and 1980." Growth of expenditure on education during 1975-1980, according to Table A1.1, was faster than the national income growth in all regions except East Africa.

- Even leaving aside the data questions and the complications of converting figures to constant price series, should education expenditures rise faster than the growth of GNP? Until what level?

"Meantime the school-age population's growth was unabated, particularly in the poorest regions." (2.4)

- Not so, according to Table A1.1, except in West Africa and EMENA. The rate fell from 3.2% to 2.9% in East Africa, from 3.5% to 1.12 in East Asia and Pacific, from 3.3% to 2.7% in South Asia and from 3.1% to 1.9% in Latin America.

"With tight overall finances and lack of economic growth, intersectoral competition for resources tends to make education a 'victim of budget cut'." (2.5)

- To characterize the period from 1975 to 1985 as a period showing "lack of economic growth" is certainly wrong. Table A1.1 shows growth rates averaging 5.1% during 1975-80, exactly the same as between 1970-75 and 1965-70.

"As table 2.1 shows, the budget share of public education declined between 1970 and 1980 in most regions." (2.5)

- Table A1.3 shows that it declined in 35 countries and increased in 29 countries. Should it have risen? Impossible to generalize.

"In general, the returns to investment in education justify action to halt further declines in the share of GNP devoted to education" (2.8)

- There should be a carefully prepared table showing where and how education expenditures as a share of GNP has declined. On the basis of this, an analysis should be carried out on what this implies and whether any generalizations can be made.

Postulate 2: Too great a share of public resources goes to higher levels of education relative to lower ones.

- Is this a statement about all the LDCs or just Africa? The short section does not justify the broad generalization.

cc: Kirmani, Burmester, Drysdale, Baird

DEPARTEMEN TRANSMIGRASI
PROYEK KONSULTANSI MANAJEMEN & MONITORING TRANS IV/IBRD
PT. PLANARS & ENEX Inc. of New Zealand

PERKANTORAN FAKHRUDDIN, Jl. Fakhruddin Kav. 11-13 No.35, Jakarta Pusat, Phone 3806873, TELEX 48390 UNISA IA, CABLE PLANARS JAKARTA

22 JAN 1986

21 January 1986

Mr. Price

No. A-66/PE/I/86

DP to handle

Drs. Djoko Hartono
Sub Coordinator World Bank Project
Jl. H. Agus Salim 58
JAKARTA PUSAT

Dear Sir,

Re: Regional Development Expenditure allocated and spent on Transmigration by Province.

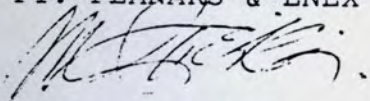
Enclosed please find statistical data for the years 1982/83, 1983/84, 1984/85, 1985/86, together with summaries for 1982/83, 1983/84, 1982/83, 1983/84, 1984/85 and 1982/83, and 1982/83, 1983/84, 1984/85, 1985/86. Requested by Ms. Gloria Davis in October last.

We were unable to locate the expenditures for years 1979/80, 80/81, 81/82.

The table includes the Total Funds Allocated. Total Expenditure (SPJ) and Carried Forward Funds (SIAP). We have included this information to show the actual amounts allocated because 1984/85, 85/86 years do not reflect the true amount of expenditure that will be incurred up to the end of the years.

We trust that this information will be of assistance to the World Bank.

Yours faithfully,
PT. PLANARS & ENEX CONSORTIUM 346


Michael Wuryadi
Office Manager

Cc: Mr. M. Zenick
World Bank RSI
Lippo Life Building
Jl. Rasuna Said
JAKARTA SELATAN

HR/ss

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1982/83

PROVINCES	TOTAL FUNDS ALLOCATED	% TOTAL FUNDS	% BY PROVINCE	TOTAL EXPENDITURE	% TOTAL FUNDS	% BY PROVINCE	CARRIED OVER FUNDS	% TOTAL FUNDS	% BY PROVINCE
INDONESIA									
Java	115,337,276,400	26.3%	26.3%	107,106,647,082	28.2%	28.2%	6,595,960,819	12.0%	12.0%
Sumatera	150,567,107,000	34.4%	34.4%	133,432,873,475	35.1%	35.1%	16,389,521,041	29.8%	29.8%
Kalimantan	100,026,687,000	22.8%	22.8%	91,598,231,441	21.5%	21.5%	18,059,407,557	32.8%	32.8%
Sulawesi	35,664,633,000	8.1%	8.1%	31,374,552,021	8.3%	8.3%	4,258,256,117	7.7%	7.7%
Eastern Provinces	36,284,738,500	8.3%	8.3%	26,346,394,585	6.9%	6.9%	9,767,066,525	17.7%	17.7%
TOTAL	437,880,441,900	100.0%	100.0%	379,858,698,604	100.0%	100.0%	55,070,212,059	100.0%	100.0%
JAVA									
Sek. Jen.	1,377,000,000	0.3%	1.2%	1,348,020,318	0.4%	1.3%	28,739,900	0.1%	0.4%
Ins. Jen.	0	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%
Dir. Jen. Rahbin	59,577,487,000	13.6%	51.7%	56,318,860,323	14.8%	52.6%	2,086,835,317	3.8%	31.6%
Dir Jen Pankim	32,577,717,400	7.4%	28.2%	31,440,952,695	8.3%	29.4%	1,071,026,359	1.9%	16.2%
D K I	1,159,983,000	0.3%	1.0%	933,924,609	0.2%	0.9%	221,084,920	0.4%	3.4%
JAKARTA	74,672,187,400	21.6%	82.1%	90,041,757,945	23.7%	84.1%	3,407,686,506	6.2%	51.7%
West Java	5,864,148,000	1.3%	5.1%	4,709,416,126	1.2%	4.4%	944,874,784	1.7%	14.3%
Central Java	6,475,174,000	1.5%	5.6%	5,658,507,567	1.5%	5.3%	755,208,260	1.4%	11.4%
Yogyakarta	1,200,830,000	0.3%	1.0%	1,127,075,054	0.3%	1.1%	56,516,069	0.1%	0.9%
East Java	7,104,937,000	1.6%	6.2%	5,569,890,390	1.5%	5.2%	1,431,675,200	2.6%	21.7%
TOTAL	115,337,276,400	26.3%	100.0%	107,106,647,082	28.2%	100.0%	6,595,960,819	12.0%	100.0%
SUMATERA									
Aceh	10,647,124,000	2.4%	7.1%	9,637,860,765	2.5%	7.2%	978,992,743	1.8%	6.0%
North Sumatera	8,753,494,000	2.0%	5.8%	4,861,798,310	1.3%	3.6%	3,735,462,395	6.8%	22.8%
West Sumatera	3,361,444,000	0.8%	2.2%	3,250,705,937	0.9%	2.4%	87,192,240	0.2%	0.5%
Riau	30,736,864,000	7.0%	20.4%	26,862,506,523	7.1%	20.1%	3,709,496,173	6.7%	22.6%
Jambi	12,134,350,000	2.8%	8.1%	11,045,539,867	2.9%	8.3%	990,758,460	1.8%	6.0%
South Sumatera	46,384,230,000	10.6%	30.8%	41,566,231,987	10.9%	31.2%	4,595,370,355	8.3%	28.0%
Lampung	23,502,081,000	5.4%	15.6%	22,022,754,847	5.8%	16.5%	1,455,210,402	2.6%	9.9%
Bengkulu	15,047,520,000	3.4%	10.0%	14,185,475,339	3.7%	10.6%	838,038,273	1.5%	5.1%
TOTAL	150,567,107,000	34.4%	100.0%	133,432,873,475	35.1%	100.0%	16,389,521,041	29.8%	100.0%
KALIMATAN									
West Kalimantan	39,358,940,000	9.0%	39.3%	33,182,538,500	8.7%	40.7%	6,020,104,158	10.9%	33.3%
Central Kalimantan	21,938,991,000	5.0%	21.9%	20,029,303,346	5.3%	24.5%	1,836,910,003	3.3%	10.3%
South Kalimantan	16,361,487,000	3.7%	16.4%	13,066,869,350	3.4%	16.0%	3,226,065,918	5.9%	17.9%
East Kalimantan	22,367,269,000	5.1%	22.4%	15,319,520,245	4.0%	18.8%	6,976,327,478	12.7%	38.6%
TOTAL	100,026,687,000	22.8%	100.0%	81,598,231,441	21.5%	100.0%	18,059,407,557	32.8%	100.0%
SULAWESI									
North Sulawesi	4,126,223,000	0.9%	11.6%	4,068,773,325	1.1%	13.0%	82,326,035	0.1%	1.9%
Central Sulawesi	15,070,393,000	3.4%	42.3%	13,756,879,950	3.6%	43.8%	1,284,908,930	2.3%	30.2%
South Sulawesi	3,837,318,000	0.9%	10.8%	2,966,662,124	0.8%	9.5%	856,758,051	1.6%	20.1%
South East Sulawesi	12,630,699,000	2.9%	35.4%	10,582,236,622	2.8%	33.7%	2,034,263,101	3.7%	47.8%
TOTAL	35,664,633,000	8.1%	100.0%	31,374,552,021	8.3%	100.0%	4,258,256,117	7.7%	100.0%
EASTERN PROVINCES									
Maluku	8,583,274,000	2.0%	23.7%	7,710,907,703	2.0%	29.3%	865,237,703	1.6%	8.9%
West Nusa Tenggara	2,457,340,000	0.6%	6.8%	1,964,543,464	0.5%	7.5%	401,528,377	0.7%	4.1%
Irian Jaya	22,718,974,000	5.2%	62.6%	15,045,515,345	4.0%	57.1%	7,620,327,984	13.8%	78.0%
Bali	1,284,409,000	0.3%	3.5%	692,758,781	0.2%	2.6%	582,437,000	1.1%	6.0%
East Timor	1,241,041,500	0.3%	3.4%	932,669,292	0.2%	3.5%	297,535,461	0.5%	3.0%
TOTAL	36,284,738,500	8.3%	100.0%	26,346,394,585	6.9%	100.0%	9,767,066,525	17.7%	100.0%

1983/84

PROVINCES	TOTAL FUNDS ALLOCATED	% TOTAL FUNDS	% BY PROVINCE	TOTAL EXPENDITURE FUNDS	% TOTAL FUNDS	% BY PROVINCE	CARRIED OVER FUNDS	% TOTAL FUNDS	% BY PROVINCE
INDONESIA									
Java	152,602,490,000	38.1%	38.1%	107,586,403,162	39.5%	39.5%	41,669,888,611	34.3%	34.3%
Sumatera	107,585,099,000	26.9%	26.9%	78,943,329,922	29.0%	29.0%	26,950,596,189	22.2%	22.2%
Kalimantan	60,053,003,000	15.0%	15.0%	37,836,445,218	13.9%	13.9%	21,485,551,574	17.7%	17.7%
Sulawesi	34,895,365,000	8.7%	8.7%	23,649,706,719	8.7%	8.7%	10,685,937,685	8.8%	8.8%
Eastern Provinces	44,906,989,000	11.2%	11.2%	24,046,811,367	8.8%	8.9%	20,571,711,185	17.0%	17.0%
TOTAL	400,042,746,000	100.0%	100.0%	272,062,696,388	100.0%	100.0%	121,363,685,244	100.0%	100.0%
JAVA									
Sek. Jen.	3,081,674,000	0.8%	2.0%	1,870,866,219	0.7%	1.7%	944,093,251	0.8%	2.3%
Ins. Jen.	0	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%
Dir. Jen. Rabbin	97,172,494,000	24.3%	63.7%	79,394,331,731	28.8%	72.9%	16,628,695,430	13.7%	39.8%
Dir. Jen. Pankin	36,864,016,000	9.2%	24.2%	16,827,993,498	6.2%	15.6%	19,702,962,902	16.2%	47.3%
D K I	810,366,000	0.2%	0.5%	482,557,071	0.2%	0.4%	323,610,294	0.3%	0.8%
JAKARTA	137,928,550,000	34.5%	90.4%	97,575,748,519	35.9%	90.7%	37,599,361,877	31.0%	90.2%
West Java	3,647,866,000	0.9%	2.4%	2,583,763,295	0.9%	2.4%	709,387,660	0.7%	2.2%
Central Java	4,950,430,000	1.2%	3.2%	4,074,658,536	1.5%	3.8%	709,191,121	0.6%	1.7%
Yogyakarta	870,720,000	0.2%	0.6%	604,251,811	0.2%	0.6%	114,190,530	0.1%	0.3%
East Java	5,204,924,000	1.3%	3.4%	2,747,981,001	1.0%	2.6%	2,337,757,423	1.9%	5.6%
TOTAL	152,602,490,000	38.1%	100.0%	107,586,403,162	39.5%	100.0%	41,669,888,611	34.3%	100.0%
SUMATERA									
Aceh	6,365,735,000	1.6%	5.9%	4,663,984,183	1.7%	5.9%	1,655,440,088	1.4%	6.1%
North Sumatera	9,301,174,000	2.3%	8.6%	4,674,094,681	1.7%	5.9%	4,551,737,904	3.8%	16.9%
West Sumatera	3,695,600,000	0.9%	3.4%	2,154,233,764	0.8%	2.7%	1,509,130,426	1.2%	5.6%
Riau	17,373,889,000	4.3%	16.1%	10,924,784,941	4.0%	13.8%	6,295,773,993	5.2%	23.4%
Jambi	10,450,658,000	2.6%	9.7%	7,916,609,886	2.9%	10.0%	2,455,826,148	2.0%	9.1%
South Sumatera	24,652,549,000	6.2%	22.9%	18,451,250,946	6.8%	23.4%	5,155,799,166	4.2%	19.1%
Lampung	30,411,022,000	7.6%	28.3%	26,634,953,661	9.8%	33.7%	3,553,671,022	2.9%	13.2%
Bengkulu	5,334,473,000	1.3%	5.0%	3,523,417,860	1.3%	4.5%	1,773,227,542	1.5%	6.6%
TOTAL	107,585,099,000	26.9%	100.0%	78,943,329,922	29.0%	100.0%	26,950,596,189	22.2%	100.0%
KALIMATAN									
West Kalimantan	25,103,424,000	6.3%	41.8%	16,467,325,335	6.1%	43.5%	9,184,066,414	6.7%	38.1%
Central Kalimantan	19,293,558,000	4.8%	32.1%	14,385,440,481	5.3%	38.0%	4,759,505,297	3.9%	22.1%
South Kalimantan	6,883,696,000	1.7%	11.5%	2,754,128,902	1.0%	7.3%	4,097,711,799	3.4%	19.1%
East Kalimantan	8,772,325,000	2.2%	14.6%	4,229,550,600	1.6%	11.2%	4,445,268,134	3.7%	20.7%
TOTAL	60,053,003,000	15.0%	100.0%	37,836,445,218	13.9%	100.0%	21,485,551,574	17.7%	100.0%
SULAWESI									
North Sulawesi	1,999,228,000	0.5%	5.7%	1,158,067,419	0.4%	4.9%	327,860,180	0.7%	7.7%
Central Sulawesi	16,807,434,000	4.2%	48.2%	11,535,169,172	4.2%	48.8%	4,777,526,387	3.9%	44.7%
South Sulawesi	4,290,332,000	1.1%	12.3%	2,062,370,085	0.8%	8.7%	2,211,993,291	1.8%	20.7%
South East Sulawesi	11,798,371,000	2.9%	33.8%	8,894,100,043	3.3%	37.6%	2,868,567,827	2.4%	26.8%
TOTAL	34,895,365,000	8.7%	100.0%	23,649,706,719	8.7%	100.0%	10,685,937,685	8.8%	100.0%
EASTERN PROVINCES									
Maluku	8,452,167,000	2.1%	18.8%	4,592,573,788	1.7%	19.1%	3,831,636,605	3.2%	18.6%
West Nusa Tenggara	854,178,000	0.2%	1.9%	464,595,850	0.2%	1.9%	369,207,210	0.3%	1.8%
Irian Jaya	32,711,500,000	8.2%	72.8%	17,773,255,675	6.5%	73.9%	14,843,055,184	12.2%	72.2%
Bali	1,078,671,000	0.3%	2.4%	568,644,519	0.2%	2.4%	481,412,720	0.4%	2.3%
East Timor	1,810,973,000	0.5%	4.0%	647,741,535	0.2%	2.7%	1,046,397,466	0.9%	5.1%
TOTAL	44,906,989,000	11.2%	100.0%	24,046,811,367	8.8%	100.0%	20,571,711,185	17.0%	100.0%

1982/83+1983/84

PROVINCES	TOTAL FUNDS ALLOTTED	% TOTAL FUNDS	% BY PROVINCE	TOTAL EXPENDITURE	% TOTAL FUNDS	% BY PROVINCE	CARRIED OVER	% TOTAL FUNDS	%
INDONESIA									
Java	267,939,766,400	32.0%	32.0%	214,693,050,244	32.9%	32.9%	48,265,949,430	27.4%	27.4%
Sumatera	258,152,206,000	30.8%	30.8%	212,376,203,397	32.6%	32.6%	43,340,117,230	24.6%	24.6%
Kalimantan	160,079,690,000	19.1%	19.1%	119,434,676,659	18.3%	18.3%	39,544,959,131	22.4%	22.4%
Sulawesi	70,559,998,000	8.4%	8.4%	55,024,258,740	8.4%	8.4%	14,944,193,802	8.5%	8.5%
Eastern Provinces	81,191,727,500	9.7%	9.7%	50,393,205,952	7.7%	7.7%	30,338,777,719	17.2%	17.2%
TOTAL	837,923,387,900	100.0%	100.0%	651,921,394,992	100.0%	100.0%	176,433,897,303	100.0%	100.0%
JAVA									
Sek. Jen.	4,458,674,000	0.5%	1.7%	3,218,886,537	0.5%	1.5%	972,833,151	0.6%	2.0%
Ins. Jen.	0	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%
Dir. Jen. Rahhin	156,745,921,000	18.7%	58.5%	134,713,192,054	20.7%	62.7%	18,715,530,747	10.4%	38.8%
Dir Jen Pankim	49,441,733,400	8.3%	25.9%	48,268,746,193	7.4%	22.5%	20,773,989,271	11.8%	43.0%
D K I	1,970,349,000	0.2%	0.7%	1,416,481,680	0.2%	0.7%	544,695,214	0.3%	1.1%
JAKARTA	232,620,737,400	27.8%	86.8%	187,617,506,464	28.8%	87.4%	41,007,048,383	23.2%	85.0%
West Java	9,512,014,000	1.1%	3.6%	7,293,179,421	1.1%	3.1%	1,854,263,444	1.1%	3.8%
Central Java	11,425,604,000	1.4%	4.3%	9,733,166,103	1.5%	4.5%	1,464,399,391	0.8%	3.0%
Yogyakarta	2,071,550,000	0.2%	0.8%	1,731,326,865	0.3%	0.8%	170,706,599	0.1%	0.4%
East Java	12,309,861,000	1.5%	4.6%	8,317,871,391	1.3%	3.9%	3,749,432,623	2.1%	7.8%
TOTAL	267,939,766,400	32.0%	100.0%	214,693,050,244	32.9%	100.0%	48,265,949,430	27.4%	100.0%
SUMATERA									
Aceh	17,012,859,000	2.0%	6.6%	14,301,844,948	2.2%	6.7%	2,634,432,831	1.5%	6.1%
North Sumatera	18,054,668,000	2.2%	7.0%	9,535,892,991	1.5%	4.5%	8,287,200,199	4.7%	19.1%
West Sumatera	7,057,044,000	0.8%	2.7%	5,404,939,701	0.8%	2.5%	1,596,322,466	0.9%	3.7%
Riau	48,110,753,000	5.7%	18.6%	37,787,291,464	5.8%	17.8%	10,004,270,166	5.7%	23.1%
Jambi	22,585,008,000	2.7%	8.7%	18,962,149,753	2.9%	8.9%	3,446,584,608	2.0%	9.0%
South Sumatera	71,034,778,000	8.5%	27.5%	60,017,482,833	9.2%	28.3%	9,751,159,521	5.5%	22.5%
Lampung	53,913,103,000	6.4%	20.9%	48,657,708,508	7.5%	22.9%	5,008,881,424	2.9%	11.6%
Bengkulu	20,391,993,000	2.4%	7.9%	17,708,893,199	2.7%	8.3%	2,611,265,815	1.5%	6.0%
TOTAL	258,152,206,000	30.8%	100.0%	212,376,203,397	32.6%	100.0%	43,340,117,230	24.6%	100.0%
KALIMANTAN									
West Kalimantan	64,462,364,000	7.7%	40.3%	49,649,863,835	7.6%	41.6%	14,204,170,572	8.1%	35.9%
Central Kalimantan	41,232,549,000	4.9%	25.8%	34,414,743,927	5.3%	28.8%	6,593,415,300	3.7%	16.7%
South Kalimantan	23,245,183,000	2.8%	14.5%	15,820,998,152	2.4%	13.2%	7,323,777,647	4.2%	18.5%
East Kalimantan	31,139,594,000	3.7%	19.3%	19,549,070,845	3.0%	16.4%	11,421,595,612	6.5%	28.9%
TOTAL	160,079,690,000	19.1%	100.0%	119,434,676,659	18.3%	100.0%	39,544,959,131	22.4%	100.0%
SULAWESI									
North Sulawesi	6,125,451,000	0.7%	8.7%	5,226,840,744	0.8%	9.5%	910,186,215	0.5%	6.1%
Central Sulawesi	31,877,827,000	3.8%	45.2%	25,292,049,122	3.9%	46.0%	6,062,435,317	3.4%	40.6%
South Sulawesi	8,127,650,000	1.0%	11.5%	5,029,032,209	0.8%	9.1%	3,068,711,342	1.7%	20.5%
South East Sulawesi	24,429,070,000	2.9%	34.6%	19,476,336,665	3.0%	35.4%	4,902,830,928	2.9%	32.8%
TOTAL	70,559,998,000	8.4%	100.0%	55,024,258,740	8.4%	100.0%	14,944,193,802	8.5%	100.0%
EASTERN PROVINCES									
Maluku	17,035,441,000	2.0%	21.0%	12,303,481,491	1.9%	24.4%	4,494,874,308	2.7%	13.5%
West Nusa Tenggara	3,311,318,000	0.4%	4.1%	2,429,139,314	0.4%	4.8%	770,735,587	0.4%	2.5%
Irian Jaya	55,430,474,000	6.6%	69.3%	32,818,771,020	5.0%	65.1%	22,463,383,168	12.7%	74.0%
Bali	2,362,280,000	0.3%	2.9%	1,261,403,300	0.2%	2.5%	1,063,849,720	0.6%	3.5%
East Timor	3,052,014,500	0.4%	3.8%	1,580,410,927	0.2%	3.1%	1,343,934,927	0.8%	4.4%
TOTAL	81,191,727,500	9.7%	100.0%	50,393,205,952	7.7%	100.0%	30,338,777,719	17.2%	100.0%

1984/85

PROVINCES	TOTAL FUNDS ALLOCATED	% TOTAL FUNDS	% BY PROVINCE	TOTAL EXPENDITURE	% TOTAL FUNDS	% BY PROVINCE	CARRIED OVER FUNDS	% TOTAL FUNDS	% BY PROVINCE
INDONESIA									
Java	132,698,622,000	32.2%	32.2%	42,008,510,256	34.1%	34.1%	71,586,588,592	49.2%	49.2%
Sumatera	107,774,299,000	26.2%	26.2%	20,928,445,655	17.0%	17.0%	26,950,596,189	18.5%	18.5%
Kalimantan	81,297,679,000	19.7%	19.7%	12,629,984,309	10.2%	10.2%	16,727,046,277	11.5%	11.5%
Sulawesi	28,259,198,000	6.9%	6.9%	23,649,706,719	19.2%	19.2%	10,685,937,685	7.3%	7.3%
Eastern Provinces	61,896,577,500	15.0%	15.0%	24,046,811,367	19.5%	19.5%	19,525,311,719	13.4%	13.4%
TOTAL	411,926,375,500	100.0%	100.0%	123,263,458,306	100.0%	100.0%	145,475,480,462	100.0%	100.0%
JAVA									
Sek. Jen.	9,498,605,000	2.3%	7.2%	3,616,625,594	2.9%	8.6%	3,673,205,899	2.5%	5.1%
Ins. Jen.	595,370,000	0.1%	0.4%	442,499,166	0.4%	1.1%	118,338,009	0.1%	0.2%
Dir. Jen. Rahbin	63,860,977,000	15.5%	48.1%	27,592,807,201	22.4%	65.7%	36,010,624,892	24.8%	50.3%
Dir Jen Pankim	34,013,946,000	8.3%	25.6%	6,362,688,353	5.2%	15.1%	26,975,175,245	18.5%	37.7%
D K I	1,203,403,000	0.3%	0.9%	395,151,102	0.3%	0.9%	738,717,822	0.5%	1.0%
JAKARTA	109,172,301,000	26.5%	82.3%	39,409,971,416	31.2%	91.4%	67,516,061,858	46.4%	94.3%
West Java	5,560,911,000	1.3%	4.2%	1,278,512,175	1.0%	3.0%	709,387,660	0.6%	1.3%
Central Java	7,811,701,000	1.9%	5.9%	1,314,273,330	1.1%	3.1%	709,171,121	0.5%	1.0%
Yogyakarta	936,945,000	0.2%	0.7%	291,816,645	0.2%	0.7%	114,190,530	0.1%	0.2%
East Java	9,216,864,000	2.2%	6.9%	723,936,690	0.6%	1.7%	2,337,757,423	1.6%	3.3%
TOTAL	132,698,622,000	32.2%	100.0%	42,008,510,256	34.1%	100.0%	71,586,588,592	49.2%	100.0%
SUMATERA									
Aceh	7,674,851,000	1.9%	7.1%	1,028,949,587	0.8%	4.9%	1,655,440,088	1.1%	6.1%
North Sumatera	4,229,686,000	1.0%	3.9%	328,964,004	0.3%	1.6%	4,551,737,204	3.1%	16.9%
West Sumatera	3,225,509,000	0.8%	3.0%	401,043,633	0.3%	1.9%	1,509,130,426	1.0%	5.6%
Riau	22,587,948,000	5.5%	21.0%	5,010,647,848	4.1%	23.9%	6,275,773,993	4.3%	23.4%
Jambi	16,742,479,000	4.1%	15.5%	2,190,313,227	1.8%	10.5%	2,455,824,148	1.7%	9.1%
South Sumatera	35,090,785,000	8.5%	32.4%	5,242,136,160	4.3%	25.0%	5,155,789,166	3.5%	19.1%
Lampung	11,517,532,000	2.8%	10.7%	5,879,866,094	4.8%	28.1%	3,553,671,022	2.4%	13.2%
Bengkulu	6,705,499,000	1.6%	6.2%	846,825,102	0.7%	4.0%	1,773,227,542	1.2%	6.6%
TOTAL	107,774,299,000	26.2%	100.0%	20,928,445,655	17.0%	100.0%	26,950,596,189	18.5%	100.0%
KALIMATAN									
West Kalimantan	25,526,171,000	6.2%	31.4%	2,886,058,660	2.3%	22.9%	8,184,066,414	5.6%	48.9%
Central Kalimantan	22,252,399,000	5.4%	27.4%	6,915,662,381	5.6%	54.8%	0.0%	0.0%	
South Kalimantan	11,199,435,000	2.7%	13.8%	1,427,310,917	1.2%	11.3%	4,077,711,729	2.8%	24.5%
East Kalimantan	22,319,674,000	5.4%	27.5%	1,400,952,351	1.1%	11.1%	4,345,268,134	3.1%	26.6%
TOTAL	81,297,679,000	19.7%	100.0%	12,629,984,309	10.2%	100.0%	16,727,046,277	11.5%	100.0%
SULAWESI									
North Sulawesi	3,747,785,000	0.9%	13.3%	1,158,067,419	0.9%	4.9%	827,860,180	0.6%	7.7%
Central Sulawesi	12,168,810,000	3.0%	43.1%	11,535,169,172	9.4%	48.8%	1,777,526,387	1.3%	44.7%
South Sulawesi	3,320,937,000	0.8%	11.8%	2,062,370,085	1.7%	8.7%	2,311,983,251	1.6%	20.7%
South East Sulawesi	9,021,766,000	2.2%	31.9%	8,894,100,043	7.2%	37.6%	2,868,567,927	2.0%	26.8%
TOTAL	28,259,198,000	6.9%	100.0%	23,649,706,719	19.2%	100.0%	10,685,937,685	7.3%	100.0%
EASTERN PROVINCES									
Maluku	10,624,971,000	2.6%	17.2%	4,592,573,788	3.7%	19.1%	3,931,636,605	2.6%	19.6%
West Nusa Tenggara	2,306,219,000	0.6%	3.7%	464,595,850	0.4%	1.9%	367,207,210	0.3%	1.9%
Irian Jaya	44,554,155,000	10.8%	72.0%	17,773,255,675	14.4%	73.9%	14,943,655,194	10.2%	76.0%
Bali	1,598,701,000	0.4%	2.6%	548,644,519	0.5%	2.4%	481,412,720	0.3%	2.5%
East Timor	2,812,531,500	0.7%	4.5%	647,741,535	0.5%	2.7%	0.0%	0.0%	
TOTAL	61,896,577,500	15.0%	100.0%	24,046,811,367	19.5%	100.0%	19,525,311,719	13.4%	100.0%

1982/1983 + 1983/84 + 1984/85

PROVINCES	TOTAL FUNDS ALLOCATED	% TOTAL FUNDS	%	TOTAL EXPENDITURE FUNDS	% TOTAL FUNDS	%	CARRIED OVER FUNDS	% TOTAL FUNDS	%	
INDONESIA										
Java	400,639,388,400	32.1%	32.1%	256,701,560,500	33.1%	33.1%	119,852,438,022	37.2%	37.2%	
Sumatera	241,377,369,000	19.3%	19.3%	132,064,660,968	17.0%	17.0%	56,272,005,408	17.5%	17.5%	
Kalimantan	241,377,369,000	19.3%	19.3%	132,064,660,968	17.0%	17.0%	56,272,005,408	17.5%	17.5%	
Sulawesi	98,819,196,000	7.9%	7.9%	78,673,965,459	10.1%	10.1%	25,630,131,487	8.0%	8.0%	
Eastern Provinces	143,088,305,000	11.4%	11.4%	74,440,017,319	9.6%	9.6%	49,864,089,427	15.5%	15.5%	
TOTAL	1,249,849,763,400	100.0%	100.0%	775,184,853,298	100.0%	100.0%	321,909,377,765	100.0%	100.0%	
JAVA										
Sek. Jen.	13,057,387,000	1.1%	3.5%	6,835,712,131	0.9%	2.7%	4,646,039,050	1.4%	3.9%	
Ins. Jen.	595,370,000	0.0%	0.1%	442,499,166	0.1%	0.2%	118,338,000	0.0%	0.1%	
Dir. Jen. Rabbih	220,610,858,000	17.7%	55.1%	162,305,999,255	20.9%	63.2%	54,726,155,639	17.0%	45.7%	
Dir. Jen. Pankim	103,455,689,400	8.3%	25.8%	54,631,634,546	7.0%	21.3%	47,749,164,516	14.8%	39.8%	
D K I	3,177,732,000	0.3%	0.8%	1,811,632,782	0.2%	0.7%	1,283,413,036	0.4%	1.1%	
JAKARTA	341,793,038,400	27.3%	85.3%	226,027,477,880	29.2%	88.1%	108,523,110,241	33.7%	90.5%	
West Java	15,072,925,000	1.2%	3.8%	8,571,691,596	1.1%	3.3%	2,763,650,194	0.8%	2.3%	
Central Java	19,237,305,000	1.5%	4.8%	11,047,439,433	1.4%	4.3%	2,173,590,502	0.7%	1.8%	
Yogyakarta	3,008,395,000	0.2%	0.8%	2,013,143,510	0.3%	0.8%	284,897,129	0.1%	0.2%	
East Java	21,524,725,000	1.7%	5.4%	9,041,808,081	1.2%	3.5%	6,107,190,046	1.9%	5.1%	
TOTAL	400,639,388,400	32.1%	100.0%	256,701,560,500	33.1%	100.0%	119,852,438,022	37.2%	100.0%	
SUMATERA										
Aceh	24,687,710,000	2.0%	6.7%	15,330,794,535	2.0%	6.6%	4,389,872,919	1.3%	6.1%	
North Sumatera	22,284,354,000	1.8%	6.1%	9,864,856,995	1.3%	4.2%	12,838,738,003	4.0%	18.3%	
West Sumatera	10,282,553,000	0.8%	2.8%	5,805,983,334	0.7%	2.5%	3,105,453,092	1.0%	4.4%	
Riau	70,698,701,000	5.7%	19.3%	42,797,939,312	5.5%	18.3%	15,300,044,197	5.1%	23.2%	
Jambi	39,327,487,000	3.1%	10.7%	21,152,462,980	2.7%	9.1%	5,902,410,756	1.8%	9.4%	
South Sumatera	106,127,573,000	8.5%	29.0%	65,259,618,993	8.4%	28.0%	14,906,948,697	4.6%	21.2%	
Lampung	65,430,635,000	5.2%	17.9%	54,337,574,602	7.0%	23.4%	8,562,552,446	2.7%	12.2%	
Bengkulu	27,087,492,000	2.2%	7.4%	18,555,418,301	2.4%	8.0%	4,384,493,357	1.4%	6.2%	
TOTAL	241,377,369,000	19.3%	100.0%	132,064,660,968	17.0%	100.0%	56,272,005,408	17.5%	100.0%	
KALIMATAN										
West Kalimantan	89,988,535,000	7.2%	19.3%	52,535,922,495	6.8%	17.0%	22,388,236,996	7.0%	17.5%	
Central Kalimantan	63,484,948,000	5.1%	26.3%	41,330,406,208	5.3%	31.3%	6,975,415,300	2.0%	11.7%	
South Kalimantan	34,444,618,000	2.8%	14.3%	17,248,309,069	2.2%	13.1%	11,421,489,376	3.5%	20.3%	
East Kalimantan	53,459,268,000	4.3%	22.1%	20,950,023,196	2.7%	15.9%	15,866,863,746	4.9%	28.2%	
TOTAL	241,377,369,000	19.3%	100.0%	132,064,660,968	17.0%	100.0%	56,272,005,408	17.5%	100.0%	
SULAWESI										
North Sulawesi	9,873,236,000	0.8%	10.0%	6,384,908,163	0.8%	8.1%	1,738,046,393	0.5%	6.8%	
Central Sulawesi	44,046,637,000	3.5%	44.6%	36,827,218,294	4.8%	46.8%	10,839,961,704	3.4%	42.3%	
South Sulawesi	11,448,487,000	0.9%	11.6%	7,091,402,294	0.9%	9.0%	5,280,724,633	1.6%	20.6%	
South East Sulawesi	33,450,834,000	2.7%	33.9%	28,370,436,708	3.7%	36.1%	7,771,398,755	2.4%	30.3%	
TOTAL	98,819,196,000	7.9%	100.0%	78,673,965,459	10.1%	100.0%	25,630,131,487	8.0%	100.0%	
EASTERN PROVINCES										
Maluku	27,660,412,000	2.2%	19.3%	16,896,055,279	2.2%	22.7%	8,528,510,913	2.6%	17.1%	
West Nusa Tenggara	5,617,737,000	0.4%	3.9%	2,893,735,164	0.4%	3.9%	1,139,942,797	0.4%	2.3%	
Irian Jaya	99,984,629,000	8.0%	69.9%	50,592,026,695	6.5%	68.0%	37,306,438,352	11.6%	74.8%	
Bali	3,960,231,000	0.3%	2.8%	1,830,047,817	0.2%	2.5%	1,545,262,440	0.5%	3.1%	
East Timor	5,864,546,000	0.5%	4.1%	2,228,152,362	0.3%	3.0%	1,343,934,927	0.4%	2.7%	
TOTAL	143,088,305,000	11.4%	100.0%	74,440,017,319	9.6%	100.0%	49,864,089,427	15.5%	100.0%	

1985/1986

PROVINCES	TOTAL FUNDS ALLOCATED	% TOTAL FUNDS	%	TOTAL EXPENDITURE FUNDS	% TOTAL FUNDS	%	CARRIED OVER FUNDS	% TOTAL FUNDS	%
INDONESIA									
Java	153,255,523,000	29.4%	29.4%	298,111,635	4.5%	4.5%	151,845,920,500	35.1%	35.1%
Sumatera	143,463,174,000	27.5%	27.5%	346,548,781	5.2%	5.2%	99,803,795,500	23.1%	23.1%
Kalimantan	82,857,667,000	15.9%	15.9%	2,452,804,345	37.0%	37.0%	79,640,721,750	18.4%	18.4%
Sulawesi	96,362,067,000	18.5%	18.5%	3,097,504,269	46.7%	46.7%	55,427,695,672	12.8%	12.8%
Eastern Provinces	45,872,730,000	8.8%	8.8%	440,488,623	6.6%	6.6%	45,318,245,300	10.5%	10.5%
TOTAL	521,811,161,000	100.0%	100.0%	6,635,457,653	100.0%	100.0%	432,034,368,722	100.0%	100.0%
JAVA									
Sek. Jen.	11,028,161,000	2.1%	7.2%	104,243,508	1.6%	35.0%	10,340,349,250	2.4%	6.9%
Ins. Jen.	700,000,000	0.1%	0.5%	23,549,660	0.4%	7.9%	654,000,000	0.2%	0.4%
Dir. Jen. Rabbin	67,392,922,000	12.9%	41.0%	85,923,697	1.3%	28.8%	67,027,170,500	15.5%	41.1%
Dir Jen Pankim	53,870,572,000	10.3%	35.2%	14,963,845	0.2%	5.0%	53,812,927,000	12.5%	35.4%
D K I	1,123,871,000	0.2%	0.7%	28,749,905	0.4%	9.6%	1,065,237,500	0.2%	0.7%
JAKARTA	134,115,526,000	25.7%	87.5%	257,430,615	3.9%	86.4%	132,899,684,250	30.8%	87.5%
West Java	4,725,579,000	0.9%	3.1%	0	0.0%	0.0%	4,644,846,500	1.1%	3.1%
Central Java	6,591,079,000	1.3%	4.3%	0	0.0%	0.0%	6,591,079,000	1.5%	4.3%
Yogyakarta	1,174,800,000	0.2%	0.8%	25,736,435	0.4%	8.6%	1,125,560,000	0.3%	0.7%
East Java	6,648,539,000	1.3%	4.3%	14,944,585	0.2%	5.0%	6,534,750,750	1.5%	4.3%
TOTAL	153,255,523,000	29.4%	100.0%	298,111,635	4.5%	100.0%	151,845,920,500	35.1%	100.0%
SUMATERA									
Aceh	7,117,226,000	1.4%	5.0%	34,600,760	0.5%	10.0%	5,986,010,000	1.4%	7.0%
North Sumatera	9,096,051,000	1.7%	6.3%	24,190,675	0.4%	7.0%	9,060,789,500	2.1%	9.1%
West Sumatera	47,295,166,000	9.1%	33.0%	11,348,095	0.2%	3.3%	4,697,583,500	1.1%	4.7%
Riau	20,957,579,000	4.0%	14.6%	115,515,110	1.7%	33.3%	20,713,594,300	4.8%	20.8%
Jambi	11,574,655,000	2.2%	8.1%	5,809,525	0.1%	1.7%	11,463,635,000	2.7%	11.5%
South Sumatera	23,597,640,000	4.5%	16.4%	95,942,096	1.4%	27.7%	23,289,521,500	5.4%	23.3%
Lampung	17,131,802,000	3.3%	11.9%	54,843,945	0.8%	15.8%	16,921,661,700	3.9%	16.9%
Bengkulu	6,783,055,000	1.3%	4.7%	4,298,575	0.1%	1.2%	6,770,990,000	1.6%	6.8%
TOTAL	143,463,174,000	27.5%	100.0%	346,548,781	5.2%	100.0%	99,803,795,500	23.1%	100.0%
KALIMATAN									
West Kalimantan	24,488,505,000	4.7%	29.6%	7,176,320	0.1%	0.3%	24,153,619,500	5.6%	30.3%
Central Kalimantan	23,399,369,000	4.5%	28.2%	33,764,180	0.5%	1.4%	23,233,319,750	5.4%	29.2%
South Kalimantan	8,087,358,000	1.5%	9.8%	21,214,715	0.3%	0.9%	7,861,501,000	1.8%	9.9%
East Kalimantan	26,882,435,000	5.2%	32.4%	2,390,649,130	36.0%	97.5%	24,392,281,500	5.6%	30.6%
TOTAL	82,857,667,000	15.9%	100.0%	2,452,804,345	37.0%	100.0%	79,640,721,750	18.4%	100.0%
SULAWESI									
North Sulawesi	3,664,270,000	0.7%	3.8%	8,629,300	0.1%	0.3%	3,611,710,250	0.8%	6.5%
Central Sulawesi	11,474,265,000	2.2%	11.9%	1,144,219,655	17.2%	36.9%	10,193,836,000	2.4%	18.4%
South Sulawesi	3,827,363,000	0.7%	4.0%	199,280,138	3.0%	6.4%	36,096,168,000	8.4%	65.1%
South East Sulawesi	77,396,169,000	14.9%	80.3%	1,745,375,176	26.3%	56.3%	5,535,981,422	1.3%	10.0%
TOTAL	96,362,067,000	18.5%	100.0%	3,097,504,269	46.7%	100.0%	55,427,695,672	12.8%	100.0%
EASTERN PROVINCES									
Maluku	11,003,007,000	2.1%	24.0%	232,467,645	3.5%	52.8%	10,725,768,050	2.5%	23.7%
West Nusa Tenggara	1,737,348,000	0.3%	3.8%	2,274,880	.0%	0.5%	1,724,427,000	0.4%	3.8%
Irian Jaya	28,941,898,000	5.5%	63.1%	190,831,868	2.9%	43.3%	28,704,817,250	6.6%	63.3%
Bali	1,092,970,000	0.2%	2.4%	237,500	.0%	0.1%	1,097,885,000	0.3%	2.4%
East Timor	3,090,507,000	0.6%	6.7%	14,676,730	0.2%	3.3%	3,065,348,000	0.7%	6.8%
TOTAL	45,872,730,000	8.8%	100.0%	440,488,623	6.6%	100.0%	45,318,245,300	10.5%	100.0%

1982/83+1983/84+1984/85+1985/86

PROVINCES	TOTAL FUNDS ALLOCATED	% TOTAL FUNDS	%	TOTAL EXPENDITURE	% TOTAL FUNDS	%	CARRIED OVER	% TOTAL FUNDS	%
INDONESIA									
Java	553,993,911,400	31.3%	31.3%	256,999,672,135	32.9%	32.9%	271,698,358,522	36.0%	36.0%
Sumatera	509,389,679,000	28.8%	28.8%	233,651,197,833	29.9%	29.9%	170,094,498,919	22.6%	22.6%
Kalimantan	324,235,036,000	18.3%	18.3%	134,517,465,313	17.2%	17.2%	135,912,727,158	18.0%	18.0%
Sulawesi	195,181,263,000	11.0%	11.0%	81,771,469,728	10.5%	10.5%	91,057,827,157	10.8%	10.8%
Eastern Provinces	188,941,035,000	10.7%	10.7%	74,880,505,942	9.6%	9.6%	95,182,334,729	12.6%	12.6%
TOTAL	1,771,660,924,400	100.0%	100.0%	781,820,310,951	100.0%	100.0%	753,945,746,487	100.0%	100.0%
JAVA									
Bek. Jen.	24,985,520,000	1.4%	4.5%	6,939,955,639	0.9%	2.7%	14,986,388,300	2.0%	5.5%
Ins. Jen.	1,295,370,000	0.1%	0.2%	466,048,824	0.1%	0.2%	772,338,000	0.1%	0.3%
Dir. Jen. Rahhin	288,003,780,000	16.3%	52.0%	162,391,922,952	20.8%	63.2%	121,753,326,139	16.1%	44.8%
Dir Jen Pankim	157,326,271,400	8.9%	28.4%	54,646,578,391	7.0%	21.3%	101,562,091,516	13.5%	37.4%
D K I	4,297,623,000	0.2%	0.8%	1,840,382,687	0.2%	0.7%	2,348,650,536	0.3%	0.9%
JAKARTA	475,908,564,400	26.9%	85.9%	226,284,908,495	28.9%	88.0%	241,422,794,491	32.0%	89.9%
West Java	19,795,504,000	1.1%	5.6%	8,571,691,596	1.1%	3.3%	7,408,496,604	1.0%	2.7%
Central Java	25,828,384,000	1.5%	4.7%	11,047,439,433	1.4%	4.3%	8,764,667,502	1.2%	3.2%
Yogyakarta	4,183,195,000	0.2%	0.8%	2,038,879,945	0.3%	0.8%	1,410,457,129	0.2%	0.5%
East Java	28,175,264,000	1.6%	5.1%	9,056,752,666	1.2%	3.5%	12,691,940,794	1.7%	4.7%
TOTAL	553,993,911,400	31.3%	100.0%	256,999,672,135	32.9%	100.0%	271,698,358,522	36.0%	100.0%
SUMATERA									
Aceh	31,804,936,000	1.8%	4.2%	15,365,395,295	2.0%	6.6%	11,275,882,919	1.5%	6.4%
North Sumatera	31,380,405,000	1.8%	6.2%	9,889,047,670	1.3%	4.2%	21,879,727,503	2.9%	12.9%
West Sumatera	57,577,719,000	3.2%	11.3%	5,817,331,429	0.7%	2.5%	7,803,036,592	1.0%	4.6%
Riau	91,656,280,000	5.2%	18.0%	42,913,454,422	5.5%	18.4%	37,013,638,459	4.9%	21.8%
Jambi	50,902,142,000	2.9%	10.0%	21,158,272,505	2.7%	9.1%	17,366,945,756	2.3%	10.2%
South Sumatera	129,635,213,000	7.3%	25.4%	65,355,561,089	8.4%	28.0%	39,196,470,187	5.1%	22.5%
Lampung	82,562,437,000	4.7%	16.2%	54,592,418,547	7.0%	23.4%	25,384,214,146	3.4%	14.9%
Bengkulu	33,870,547,000	1.9%	6.6%	18,559,716,874	2.4%	7.9%	11,155,483,357	1.5%	6.6%
TOTAL	509,389,679,000	28.8%	100.0%	233,651,197,833	29.9%	100.0%	170,094,498,919	22.6%	100.0%
KALIMATAN									
West Kalimantan	114,477,040,000	6.5%	35.3%	52,543,098,815	6.7%	39.1%	46,541,856,486	6.2%	34.2%
Central Kalimantan	86,894,317,000	4.9%	26.8%	41,364,170,388	5.3%	30.8%	29,828,735,050	4.0%	21.9%
South Kalimantan	42,531,976,000	2.4%	13.1%	17,267,523,784	2.2%	12.8%	19,282,990,376	2.6%	14.2%
East Kalimantan	80,341,703,000	4.5%	24.8%	23,340,672,326	3.0%	17.4%	40,259,145,246	5.3%	29.6%
TOTAL	324,235,036,000	18.3%	100.0%	134,517,465,313	17.2%	100.0%	135,912,727,158	18.0%	100.0%
SULAWESI									
North Sulawesi	13,537,506,000	0.8%	6.9%	6,393,537,463	0.8%	7.8%	5,348,756,645	0.7%	6.6%
Central Sulawesi	55,520,702,000	3.1%	28.4%	37,971,437,949	4.9%	46.4%	21,023,797,704	2.8%	25.9%
South Sulawesi	15,275,850,000	0.9%	7.8%	7,290,682,432	0.9%	8.9%	41,376,892,633	5.5%	51.0%
South East Sulawesi	110,847,005,000	6.3%	56.8%	39,115,811,884	3.9%	36.8%	13,307,380,177	1.8%	16.4%
TOTAL	195,181,263,000	11.0%	100.0%	81,771,469,728	10.5%	100.0%	91,057,827,157	10.8%	100.0%
EASTERN PROVINCES									
Maluku	38,663,419,000	2.2%	20.5%	17,128,522,924	2.2%	22.9%	19,254,278,963	2.6%	20.2%
West Nusa Tenggara	7,355,085,000	0.4%	3.9%	2,896,010,044	0.4%	3.9%	3,844,348,797	0.5%	3.0%
Irian Jaya	128,926,527,000	7.3%	68.2%	50,782,858,563	6.5%	67.8%	66,011,255,608	8.9%	69.4%
Bali	5,060,851,000	0.3%	2.7%	1,830,285,319	0.2%	2.4%	2,643,147,440	0.4%	2.8%
East Timor	8,955,053,000	0.5%	4.7%	2,242,829,092	0.3%	3.0%	4,409,282,927	0.6%	4.6%
TOTAL	188,941,035,000	10.7%	100.0%	74,880,505,942	9.6%	100.0%	95,182,334,729	12.6%	100.0%

Princeton University

WOODROW WILSON SCHOOL
OF PUBLIC AND INTERNATIONAL AFFAIRS
OFFICE OF THE DEAN
PRINCETON, NEW JERSEY 08544
(609) 452-4800

January 22, 1986

Dr. Gloria Davis
World Bank
1818 H Street, N.W.
Washington, D.C. 20433

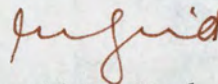
Dear Gloria:

I want to thank you for being willing to see me -- twice, as a matter of fact -- and for simplifying your wealth of knowledge about Indonesia so that I could gain from it.

I found our conversation useful and fascinating, and I think I captured your enthusiasm for Indonesia. I look forward to contacting the two people you suggested and developing a deeper understanding of Indonesia.

With warmest appreciation,

Sincerely,



Ingrid W. Reed
Assistant Dean for Planning
and Administration

IWR:acv

PPF/ Credit/ Loan no. (ZINSPA)	Proj. iden. no.	Proj. officer, LOs & Lawyer responsible				Project	Pending effectiveness date (not yet effective)	US\$ million		Agreement date	Closing date (closing extended)	
		PO	HDO	RSI	LEG			Ln/Cr Amt.	Undis. 12/31/85			
PO700-IND		GH	-	MZ	DM	Manpower Planning & Vocational Trg.	-	0.38	0.30	12/05/83	03/31/86	
869-IND	080	SS	-	MZ	DM	Polytechnic	79	49.0	3.62	12/29/78	(06/30/85)	
946-IND	087	JPB	KG	MZ	DM	Yogyakarta Rural Development	80	12.0	5.49	08/13/79	03/31/87	
984-IND	092	GD	-	MZ	DM	Smhldr Rubber Dev. (Orig. \$45m; \$18m canc. 08/08/85)	80	27.0	6.00	04/03/80	03/31/86	
995-IND	089	PS	KG	MZ	KN	Fifteenth Irrig. (Orig. \$45m; \$7.4m canc. 03/06/85)	80	37.6	6.25	04/03/80	01/31/87**	
996-IND	093	KS	KG	MZ	DM	Sec. Nat. Agri. Ext. (Orig. \$42m; \$3m canc. 10/05/85)	80	39.0	19.02	04/03/80	03/31/87*	
1014-IND	094	-	KG	MZ	DM	Nat'l Agricultural Res. (Ln. 1840-IND)	80	30.0	0.92	05/16/80	06/30/90	
1513-IND	075	VT	MC	FF	DM	Seventh Power (Orig. \$109m; \$15m canc. 11/30/80)	78	94.0	15.59	02/03/78	(09/30/85**)	
1578-IND	068	EK	KG	MZ	KN	Tenth Irr. (Orig. \$140m; \$31m canc. 07/11/85)	78	109.0	27.44	06/06/78	12/31/86**	
1604-IND	071	-	-	MZ	DM	NES II (Orig. \$65m; \$14.5m canc. 08/08/85)	78	50.5	11.18	07/12/78	12/31/86**	
1645-IND	077	EK	KG	MZ	KN	Twelfth Irr. (Orig. \$77m; \$8.7m canc. 08/07/85)	79	68.2	8.12	12/29/78	03/31/86**	
1653-IND	084	JB	BB	FF	KN	Third Urban Development	79	54.0	10.10	01/31/79	12/31/86**	
1692-IND	081	YJ	-	MZ	DM	Second Agricultural Training	79	42.0	6.27	05/07/79	(06/30/85)	
1696-IND	083	SS	BB	CD	DM	Fifth Hwy. (Orig. \$130m; \$6.8m canc. 06/30/81)	79	123.2	7.60	06/01/79	(12/31/85*)	
1707-IND	076	JPB	-	MZ	DM	Transmigration II (Cr 919/\$67m; EEC 15/\$5.5 m)	79	90.0	76.80	06/01/79	03/31/86*	
1708-IND	082	VT	MC	FF	DM	Eighth Power	79	175.0	38.79	06/01/79	12/31/86**	
1709-IND	085	AM	BB	FF	KN	Water Supply II (Orig. \$36m; \$0.5m canc. 10/25/82)	79	35.5	6.28	06/01/79	12/31/86**	
1751-IND	091	-	-	MZ	DM	NES III (Orig. \$99m; \$7m canc. 08/08/85)	80	92.0	22.01	08/13/79	12/31/86	
1811-IND	088	EK	KG	MZ	KN	Fourteenth Irrigation	80	116.0	43.02	04/03/80	(01/31/86)	
1835-IND	090	-	-	MZ	DM	NES IV (Orig. \$42m; \$12m canc. 08/08/85)	80	30.0	16.43	05/16/80	12/31/86	
1840-IND	094	KS	KG	MZ	DM	Nat'l Agricultural Res. (Cr. 1014-IND)	80	35.0	35.00	05/16/80	06/30/90	
1872-IND	096	VT	MC	FF	DM	Ninth Power	80	253.0	66.70	06/13/80	09/30/86*	
1898-IND	098	-	-	MZ	DM	Smhldr. Cnut. Dev. (Orig. \$46m; \$21m canc. 08/08/85)	81	25.0	11.17	08/25/80	06/30/86	
1904-IND	101	CV	-	MZ	DM	University Development	81	45.0	31.65	11/13/80	12/31/86	
1950-IND	102	VT	MC	FF	DM	Tenth Power (Saguling)	81	250.0	11.82	03/06/81	06/30/87	
1950-1-IND	145	VT	MC	FF	DM	Supplemental Loan for the Tenth Power (1950-IND)	85	50.0	28.79	11/05/84	06/30/87	
1958-IND	097	EK	-	MZ	DM	Swamp Reclamation Project	81	22.0	12.13	03/30/81	12/31/86	
1972-IND	103	JB	BB	FF	KN	Fourth Urban Development	81	43.0	20.76	05/08/81	09/30/86	
2007-IND	099	-	-	MZ	DM	NES V (Orig. \$161m; \$27 m canc. 08/08/85)	81	134.0	82.16	06/26/81	06/30/88	
2011-IND	100	-	MC	CD	KN	Second Small Enterprise Development	81	106.0	5.15	06/26/81	(12/31/85*)	
2049-IND	114	SS	BB	CD	DM	Jakarta-Cikampek Highway	82	85.0	70.80	10/09/81	12/31/87	
2056-IND	112	VT	MC	FF	DM	Eleventh Power	82	170.0	45.03	11/16/81	06/30/86	
2066-IND	104	KS	KG	MZ	DM	Second Seeds	82	15.0	9.56	01/15/82	06/30/89	
2079-IND	110	-	MC	FF	DM	Bukit Asam Coal Mining Dev. & Trp.	82	185.0	71.59	01/22/82	09/30/87	
2083-IND	113	SS	BB	CD	DM	Rural Roads Dev. (Orig. \$100m; \$15m canc. 03/28/85)	82	85.0	36.53	01/22/82	12/31/86	
2101-IND	109	AA	-	MZ	DM	Sec. Teacher Trg. (Orig. \$80m; \$0.40m canc. 12/13/85)	82	79.6	67.33	04/05/82	06/30/88	
2102-IND	108	BS	-	MZ	DM	Second Textbook	82	25.0	22.69	04/05/82	06/30/87	
2118-IND	106	EK	KG	MZ	KN	Sixteenth Irrigation	82	37.0	17.33	04/05/82	12/31/87	
2119-IND	105	EK	KG	MZ	KN	Seventeenth Irrigation (East Java Province)	82	70.0	38.80	04/05/82	03/31/88	
2120-IND	115	HP	BB	CD	DM	National Fertilizer Distribution	82	66.0	34.24	04/05/82	06/30/86	
2126-IND	107	-	-	MZ	DM	NES VI (Orig. \$68.1m; \$12.6m canc. 08/08/85)	82	55.5	45.01	04/23/82	06/30/88	
2153-IND	111	CW	MC	FF	DM	Coal Exploration Engineering	82	25.0	16.07	06/14/82	06/30/87	
2199-IND	122	-	MC	CD	KN	Central Java Pulp & Paper Engineering	83	5.5	4.03	11/18/82	09/30/86**	
2214-IND	124	VT	MC	FF	DM	Twelfth Power Project (Kamojang)	83	300.0	230.87	12/27/82	12/31/88	
2232-IND	118	GD	-	MZ	DM	NES VII (Orig. \$154.6m; \$15.7m canc. 08/08/85)	83	138.9	136.45	02/18/83	06/30/89	
2235-IND	123	AW	KG	MZ	KN	Provincial Health	83	27.0	24.64	02/18/83	06/30/88	
2236-IND	126	PS	BB	FF	KN	Jakarta Sewerage & Sanitation	83	22.4	19.96	02/18/83	03/31/88	
2248-IND	116	JPB	-	MZ	DM	Transmigration III	83	101.0	56.20	04/18/83	06/30/87	
2258-IND	120	GH	-	MZ	DM	Public Works Manpower Development	83	30.0	26.21	04/18/83	12/31/87	
2275-IND	127	AM	BB	FF	KN	East Java Water Supply	83	30.6	19.80	05/31/83	06/30/89	
2277-IND	119	-	MC	CD	KN	Fifth BAPINDO	83	208.9	139.88	05/31/83	06/30/88	
2288-IND	117	JPB	-	MZ	DM	Transmigration IV	83	63.5	60.16	05/31/83	12/31/87	
2290-IND	121	SS	-	MZ	DM	Second Polytechnic (Ed. XIII)	83	107.4	106.28	06/22/83	12/31/89	
2300-IND	125	VT	MC	FF	DM	Thirteenth Power (Cirata)	83	279.0	180.56	06/22/83	12/31/89	
2341-IND	133	YJ	-	MZ	DM	Third Agricultural Training (Ed. XV)	84	63.3	59.10	08/22/83	06/30/90	
2344-IND	130	-	-	MZ	DM	Nucleus Estate & Smallholder Sugar	84	79.2	49.28	09/14/83	06/30/89	
2355-IND	132	NC	-	MZ	DM	Second Nonformal Education (Ed. XIV)	84	43.0	37.23	12/16/83	09/30/90	
2375-IND	129	DG	KG	MZ	KN	Second Provincial Irrig. Development	84	89.0	66.53	01/30/84	12/31/87	
2404-IND	135	SS	BB	CD	DM	Highway Betterment	84	240.0	202.09	05/11/84	12/31/88	
2408-IND	136	JB	BB	FF	KN	Fifth Urban Development	84	39.3	37.24	06/20/84	12/31/90	
2430-IND	131	-	MC	CD	KN	Third Small Enterprise Development	84	204.65	113.84	06/20/84	03/31/88	
2431-IND	128	EK	-	MZ	DM	Second Swamp Reclamation	84	65.0	63.29	06/20/84	06/30/91	
2443-IND	134	VT	MC	FF	DM	Fourteenth Power	84	210.0	209.47	06/20/84	09/30/90	
2472-IND	141	JM	-	MZ	DM	Secondary Educ. & Management Training	85	78.0	73.61	11/05/84	09/30/88	
2474-IND	138	HE	KG	MZ	DM	Upland Agriculture & Conservation	85	11.3	11.27	11/26/84	09/30/92	
2494-IND	140	MEC	-	MZ	DM	Smallholder Rubber Development II	85	131.0	131.00	03/28/85	06/30/91	
2529-IND	143	AW	KG	MZ	KN	Fourth Population	85	46.0	46.00	06/18/85	03/31/91	
2542-IND	142	AW	KG	MZ	KN	Second Health (Manpower Development)	85	39.0	39.00	06/18/85	09/30/89	
2543-IND	139	DG	KG	MZ	KN	Kedung Ombo Multipurpose Dam & Irrig.	85	156.0	156.00	06/18/85	12/31/91	
2547-IND	151	VCD	-	MZ	DM	Second University Development	85	147.0	147.00	06/18/85	12/31/91	
2560-IND	147	PS	BB	FF	KN	West Tarum Canal Improvement	85	43.4	43.40	06/18/85	12/31/91	
2577-IND	146	HP	BB	CD	DM	National Ports Development	85	111.0	111.00	06/18/85	06/30/92	
2578-IND	137	JPB	-	MZ	DM	Transmigration V	(02/03/86)	85	160.0	160.00	06/18/85	12/31/90
2599-IND	153	VL	-	MZ	DM	Science and Technology Training	86	93.0	92.23	07/16/85	12/31/92	
2628-IND	200	HC	-	MZ	DM	Smallholder Cattle Development	(02/25/86)	86	32.0	32.00	11/27/85	03/31/92
2632-IND	166	AM	-	FF	KN	Second East Java Water Supply	(02/25/86)	86	43.0	43.00	11/27/85	09/30/92
2636-IND	155	AW	KG	MZ	KN	Second Nutrition and Community Health	86	33.4	33.40	12/19/85	12/31/91	
2638-IND	161	GD	-	MZ	DM	Nusa Tenggara Agricultural Support	86	33.0	33.00	12/19/85	10/31/92	

Abbey, Indonesia Programs

Abbreviations for names are: AAime; B Babson; JPBaudelaire; JBiderman; MECackler; MChoksi; NColletta; GDavis; CDelvoie; VCDemetriou; HEisa; FFord; HGarrison; KGoto; DGunaratnam; GHunting; YJones; EKramer; VLI; JMaas; RMcGough; DMead; AMemon; KNordlander; HPeters; BSearle; KSengupta; SSigfusson; PStott; PSun; SSung; VThakor; CValdivieso; CWardell; AWilliams; MZenick.

January 29, 1986

Gloria

I think we should give a photocopy to Messrs Kirmani and Dava

for information, but pls highlight the copies where needed to

help them focus.

Thanks

1/31

Indonesian Transmigration:

Status Report on Public Information Activities

Note to Ms. Davis.-

Gloria:

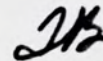
Currently the Public Affairs division of IPA is dealing with public criticism of Indonesian Transmigration in essentially three ways: (a) Responding to critical letters inspired largely by Survival International and other environmental agencies; (b) Assisting the Resident Mission in Jakarta with analysis of public perceptions and criticisms about the program in North America and Europe and offering advice about how the Indonesian government might react positively to these developments; (c) Working with the Bank's European office and the International Institute of Environment and Development (London) in preparing for a conference later this year in the UK at which issues of environment and development (including possibly Transmigration) will be discussed.

Letters: The analysis of the letter writing campaign provided by Mrs. Schwartz two months ago (copy of memo attached) is still largely valid. The letters tend to come in surges, usually after some instigation by a newsletter from Survival International or another agency. Originally, we decided, after consulting Mr. Stern's office, that critical letters of this kind should be handled by the relevant Executive Director's office. However, the volume became so great and involved so many disparate issues (Brazil Polonoroeste, Indian Narmada dam, social forestry, etc.) that it was subsequently decided that IPA should respond in a form letter, cleared of course with appropriate operational staff. We handle most of this in the Public Affairs division. We also monitor the incoming letters to try to gauge the relative importance of the author; if we ascertain that the writer is "influential" (e.g. member of a legislature, important journalist) we consult with the Executive Director's office before deciding who should respond and how.

Jakarta Resident Mission: For some time we have been urging that the Bank and Government consider a modest proactive, rather than just reactive, strategy on this and other environmental issues. I discussed this matter during my visit to Jakarta late last year (ref. back to office report and informal memo, copies attached). The resident mission has pursued this matter further with the authorities and Government is now considering inviting groups of influentials from Western Europe, North America and possibly Australia to visit Indonesia to discuss the transmigration program and see its results first time. PAD is assisting the resident mission in this regard.

IIED Environment Seminar: IIED is one of the most prestigious non-profit agencies in the environment/development field. It was organized originally by the late Barbara Ward; its directors include Robert McNamara, Maurice Strong and others. It enjoys great credibility among serious minded environmental agencies. Pursuing the objective of being modestly proactive, External Relations has contributed funds for an international conference to be held outside London in June, 1986. The objective would be to bring together representatives of key environmental agencies together with appropriate officials from developing countries and certain Bank staff to discuss environment/development problems for two to three days. PAD and the Bank's European office are working with IIED on this effort.

Throughout this work we have liaised closely with appropriate projects and programs staff in the region. It would be helpful if, in due course, we could collaborate on a simple fact sheet about Indonesian transmigration. This would help enormously in our public information work.



T. Blinkhorn

Attachments (3)

cc: Messrs. Sankaran, Rihane, Mrs. Schwartz, Mr. Costa-Reis
Mr. Gamarra (o/r)

OFFICE MEMORANDUM

DATE: November 8, 1985

TO: Mr. Thomas A. Blinkhorn, Chief, Public Affairs Division/IPA

FROM: Pushpa N. Schwartz, Public Affairs Division/IPA

EXTENSION: 73651 *Pushpa N. Schwartz*

SUBJECT: Letters received on Transmigration

In all about 130 letters were addressed to the Bank on the subject of transmigration. The largest number came from the U.K. (50), followed by the U.S. (25), France (19), and Australia (9), and Canada (5). A very small number came from Brazil (3), Germany (2), Italy (2), Japan (2), Zambia (2), and one each from Bangladesh, India, Philippines, Papua New Guinea, Belgium, Denmark, Ireland, Italy, Switzerland, and New Zealand.

The letters began arriving in April, shortly after Survival International in London issued its Urgent Action Bulletin in which it urged people to write to the World Bank (identified as the largest source of external financing) and to the other international agencies financing the transmigration program in Indonesia. The majority of letters arrived in April and May. A few arrived in June and July to protest the approval of the Fifth Transmigration Project by the Bank.

The language used in most of the letters closely follows that of the Survival International Bulletin. Most make the following points: (1) the transmigration program is leading to the alienation of tribal people from their traditional lands and to the destruction of their way of life; (2) it is being carried out against their best interests and will and many tribal people are being killed for defending their land against transmigration; (3) tribal peoples are being denied compensation for the land they are losing to the program; (4) the program is causing irreversible damage to the environment; (5) the program does not conform to the World Bank's own guidelines for the development of tribal peoples; and (6) the Bank is urged to withhold funding for the transmigration program until it conforms to its own guidelines for financing development projects in tribal areas and until such a time when the rights of the tribal peoples to their traditional land and to self-determination are guaranteed.

Most of the letters are written by private individuals. A few people mention that they are members of Survival International. A few are also written by persons who represent NGOs, environmental advocacy or religious groups: Friends of the Earth (U.K. & U.S.), National Resources Defense Council (U.S.), Rainforest Information Centre (Australia & Japan), National Indian Support Association (Brazil), Anthropological Association (Philippines), Minority Rights Group (NY, USA), United Nations Associations in the U.K., British Campaign for Political Prisoners and Human Rights (U.K.), Center for Scientific Investigation (Venezuela), Scottish Tree Trust (U.K.), Catholic Commission for Justice and Peace (Australia), Quaker Peace and Social Justice Committee (Australia), and National Commission for Justice and Peace (Bangladesh). Half a dozen individuals among the letter writers are professors or teachers (anthropology, medicine), researchers, and students.

The criticisms of transmigration (and of Bank's support for it) in the letters fall into the following categories: (1) human rights violation and denial of self-determination; (2) use of force against tribal people; (3) lack of compensation to people who are dispossessed of their lands and means of livelihood; (4) environmental consequences resulting from destruction of forests and inability of soils to support settlement. There are strong charges made that "invasion" by people of a different culture and religion will totally overwhelm and destroy the tribal peoples.

All of the above criticisms and charges are highly emotional topics and they evoke a great deal of sympathy from NGOs, liberal groups, and those concerned with the environment and human rights.

Attached are some recent articles on transmigration from influential news publications.

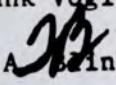
Attachments

PNS/vs

OFFICE MEMORANDUM

DATE: November 15, 1985

TO: Mr. Frank Vogl, Director, IPA

FROM: Thomas A.  Brinkhorn, Chief, PAD

SUBJECT: Back to Office Report

1. In accordance with terms of reference dated October 7, 1985 I visited (a) China in late October to assist with the official opening of the new resident mission, meet with foreign and Chinese Journalists in Beijing and help introduce the new China report to the media; (b) Indonesia, to discuss, with staff of the resident mission and relevant government officials, strategies for dealing with recent public attention in the United States and Western Europe on the transmigration program. A partial list of persons met is attached.

China

2. The China ceremonies -- PUB book fairs, press breakfast and other media briefings, official opening of the Beijing office followed by a large reception -- came off very well. Messrs. Stern and Karaosmanoglu seemed pleased with the events. The only glitch was the failure of the English versions of the new China report to arrive on time; for Mr. Stern's breakfast meeting with foreign correspondents on Friday, October 25, we had to run off copies of the summary chapter of the grey cover version of the report. Later that day when the final copies arrived we had them distributed by special messenger.

3. Foreign press. Some 95 foreign correspondents are based in Beijing, the majority from United States newspapers or television networks. I spent considerable time during my brief visit meeting with them as well as with Chinese journalists. My impressions are as follows:

- a) The community of foreign correspondents is very insular. The vast majority live in a compound near the center of the city and have their offices there. They are generally disappointed with the quantity and quality of Chinese information services and therefore cultivate the various embassies and engage in a considerable amount of informal information exchange and gossiping.
- b) Generally, foreign correspondents say they have difficulty in getting their editors back home interested in China stories; consequently, placement of stories is less prominent than the authors would wish. The head of the Associated Press bureau, Jeff Bradely, who has been in China for years, said the one story that had more impact than perhaps anything else he has written was on the banning of dogs from the streets of Beijing.

- c) Surprisingly, most foreign correspondents (with one or two exceptions) are not well informed about details of China's economic reforms and strategies. They also know very little about the Bank and its role in China's development. (The New York Times correspondent, who has been a journalist for many years, revealed an astonishing lack of knowledge about the Bank; among other things, he thought that the Soviet Union was a member).
- d) The above may explain why we had no difficulty, at virtually a moment's notice, in attracting foreign journalists to a breakfast briefing with Mr. Stern. They were grateful for the briefing and felt the new report would be very valuable as a background document. There was a widespread feeling, however, that the Bank's assessment of China's economic potential was overly optimistic. There is also considerable skepticism, among the journalists, about the reliability of Chinese statistics.
- e) Chinese journalism is flourishing. Since Deng's return to power in the late 1970's, several newspapers and magazines that had been closed during the Cultural Revolution have been reopened and hundreds of new publications have been founded. It is estimated that the number of television sets has increased from 15 million three years ago to about 70 million today. The quality of television programming is very good.
- f) Although Chinese newspapers and magazines carry stories about the "excess of capitalism" and instances of corruption in coastal cities, they all remain, as one close student of the Chinese press put it, "centrally coordinated instruments of persuasion." Among the more prominent periodicals or news services -- e.g., Xinhua, People's Daily, China Daily, etc. -- there is keen interest in the Bank; reporters covering economic news also seem to have a fairly good grasp of how the Bank works.
- g) We have, thanks largely to Mr. Sison's efforts, developed a good working relationship with Xinhua, which should be encouraged. On occasion, we should look for appropriate opportunities to invite Xinhua editors and other Chinese editors to come to Washington to learn more about the Bank.

4. IPA China Strategy. My view is that the modest, low-key approach we have been pursuing in China is correct and should continue to guide our work there. The resident mission will have its hands full with an increasing volume of operational work in the years immediately ahead and we should not overburden them with External Relations program requests. Nonetheless, I would recommend that the resident representative have an annual luncheon for the foreign and Chinese press (together or separately) and use the Annual Report or WDR as a "peg" for such an event.

5. The main focus for our work should be in the United States, Western Europe and to some extent Japan. A main objective should be to educate and inform selected media and other influentials (e.g., Asia Society; SID chapters) about the Bank's efforts in China. Again, this should be a relatively modest effort and at the convenience of regional managers or staff who can speak about China. Over the longer term, I think we might consider a special film or photo project in China focussing on poverty alleviation efforts with particular focus on Gansu province (one of the poorest), before and after Bank involvement. I intend to raise this with the region.

Indonesia

6. As you know, the transmigration program in Indonesia, and the Bank's role in assisting it, has been the target of growing criticism by environmental groups in the United States and Western Europe. It is one of five issues singled out for continuing scrutiny by such organizations as Survival International, Oxfam, the Green Party in Germany, the Ecologist magazine group, Environmental Defense Fund and others; the other issues are Brazil's Polonoroeste program, India social forestry, food crop versus cash crop strategies in Africa and large dam/irregation projects. Although transmigration has not received the attention in the United States that Brazil Polonoroeste has, the European office informs me that it is a hot issue in the United Kingdom, Netherlands and Germany. There is a danger that it could become more of an issue in the United States because of the importance of Indonesia.

7. To date, our strategy on these matters has been largely reactive. Working with our operational colleagues, we have prepared responses to countless letters and articles in more prominent newspapers and assisted with detailed briefings for Executive Directors, congressmen, parliamentarians and others. However, I have been increasingly concerned that the Bank is getting out too far in front publicly on these issues and that, among other consequences, we may be perceived as too defensive. Consequently, I have discussed informally with operational staff (particularly those working on Brazil and Indonesia) how we might:

- (a) involve governments more in the public defense of these programs; and
- (b) consider a more proactive posture on the issues by, for example, inspiring a special symposium, hosted by a respected, independent agency such as the International Institute for Environment and Development (IIED) in London, to which representatives of selected environmental agencies, governments and the Bank would be invited. The symposium would not be open to the press (although a special media briefing might be held at the conclusion) and it would afford an opportunity for a thorough and candid exchange of views.

8. In Jakarta I discussed these matters with Mr. Rao and members of his staff. A meeting was arranged subsequently with Minister of Transmigration Martono and the Assistant Minister for Foreign Affairs Soedjino. The minister was aware of the criticisms of the program and noted that Indonesia had taken some steps to counteract them; for example, last March government arranged a special information program and site visits for ambassadors from the major donors involved in the Inter-Governmental Group on Indonesia. The minister reacted positively to the ideas for a possible future symposium in Europe and for a more active government role in responding to serious criticisms in prominent journals. He said he would raise the matter with the President and other ministers and then let the Bank know their views. In the meantime, he asked whether it would be helpful if the President talked about transmigration in his address at the FAO annual meeting on November 14. We said it would. I have asked the FAO information office to fax us a copy of the speech.

9. On the matter of responding to letters, I intend to raise with the operational divisions ways in which this might best be handled. Also, we need to discuss in detail the pros and cons of a European symposium along the lines mentioned above. Mr. Carter (EUR) and I have had separate discussions in recent days with Brian Walker, head of IIED. He is prepared to move on the symposium idea if and when we decide. He proposed late next spring and suggested Maurice Strong as chairman. The estimated cost is \$30,000 to \$40,000 and the Bank would have to finance most of this.

10. The risks of such a venture, as I see them, are mainly that diehard environmentalists could obtain more detailed information on the issues to use against the Bank and government and thus politicize the matters even more. However, this risk can be mitigated to a large extent by choice of agenda and participants; IIED is prepared to work with us on this. The main advantages would include: (a) An opportunity for more serious individuals who support development and yet are concerned about environmental damage to learn much more about the issues, and, hopefully, to become persuaded that best efforts are being made to deal with the issues; (b) Evidence that the governments and the Bank are not stonewalling discussions of these complex matters but willing to discuss them candidly in the proper settings; this could have beneficial political impact in some donor countries.

11. I would be grateful for your views on these matters.

Attachment

cc: Messrs. Bart, Burki, Rao, Gue, Koch-Weser, Lim, Steel, Carter, Cullen, Koelle (o/r), Gonzalez-Cofino, Sankaran (o/r), Zenick
Mesdames Hamilton, G. Davis, M. Koch-Weser, PAD specialists.

TAB:sjs

Partial List of Persons Met

Hong Kong

- Anthony Rowley, Far Eastern Economic Review
- Robert Deifts, Far Eastern Economic Review
- Richard Nations, Far Eastern Economic Review

Beijing

- Ding Yangyan, Foreign Editor, Xinhua
- Zhu Zhongliang, Foreign Affairs Department, Xinhua
- Jin Liqun, deputy division chief, External Finance Department, Ministry of Finance
- Xu Xiaowei, Correspondent, World Economic Herald
- Huo Jianying, Vice Head of Photography, China Reconstructs Magazine
- Zhang Jinde, Staff Photographer, China Reconstructs
- Yang Wanchun, Editor in Chief, World Economic Department, Financial and Economic Publishing House
- Shen Suru, Vice Editor in Chief, China REconstructs
- Daniel Southerland, Washington Post
- John Burns, New York Times
- Jim Sterba, Wall Street Journal
- Mark Hopkins, Voice of America
- Mark O'Neill, Reuters
- Michele Houx, Agence France Presse
- Lawrence McDonald, AFP
- Jurgen Kahl, Deutsche Presse Agentur
- James Rusk, Toronto Globe and Mail
- Helene Chung, Australian Broadcasting Corporation
- Ann Scott, UPI
- Harua Ozaki, Nihon Keizi Shimbun
- Nancy Langston, The Economist
- Robert Thompson, Financial Times
- Wendy Lin, Newsweek
- Terje Svabo, Aftenposten (Norway)
- Hugh Davies, London Daily Telegraph
- Tom Ashbrook, Boston Globe

Jakarta

- Minister of Transmigration, Martono
- Assistant Minister of Transmigration for Foreign Affairs, Dr. Soedjino
- Saban Siagian, Editor, Jakarta Post
- Lincoln Kaye, Far Eastern Economic Review

November 20, 1985

Indonesia Transmigration - "A Grand Assize"

Mr. Rao, Mrs. Hamilton:

In the aftermath of our conversation yesterday, I want to pass along some thoughts for your consideration. These are based on the assumption that Indonesian authorities will be persuaded that they should invite a small group of prominent individuals sometime next year to have a thorough, first hand look at the transmigration program.

The reasons for undertaking such an event are as follows: (a) Transmigration is the target of growing criticism among environmental groups in several important industrial countries; (b) there is evidence that, however illfounded the attacks, these groups are beginning to "reach" certain political leaders and prominent citizens who traditionally have supported development (ref. Mrs. Thatcher's forthcoming meeting with the editor of the Ecologist magazine); (c) Indonesia needs the support of several donor nations and the World Bank to implement its transmigration program; (d) that support could, over time, be jeopardized if the criticism continues without any effort to counter or balance it.

If this statement of the problem is correct, it would seem sensible for the Indonesian authorities to consider a modest, long term information program that would aim to maintain and build support for transmigration. In this context, the proposed "grand assize" and last March's seminar for donor country ambassadors should be regarded as components of a continuing program. Other elements can easily be visualized: (a) separate seminar at the time of a future IGGI; (b) a professionally prepared color booklet in English about transmigration that could be passed out to journalists and others interested in the subject (Ministry of Transmigration officials say they have nothing like this at present); (c) a possible movie or audio visual presentation about transmigration.

Obviously, a longer term strategy will take time to consider. But in the meantime, the idea of inviting a small, prominent group of international citizens to Indonesia to look at transmigration (a grand assize) has considerable merit and is worth pursuing with the appropriate authorities in Jakarta. The aim would be to attract influentials who have had experience with, or a keen interest in, global development problems. They would be guests of the Indonesian government. Transmigration would be discussed and demonstrated to the fullest extent possible -- the problems as well as the successes. The visitors would be invited to exchange views and to give their assessments of the program. An underlying objective would be to achieve an international "multiplier" effect on

behalf of transmigration; that is to say, the visitors would come away with a conviction that transmigration, for all its difficulties and complexities, is a defensible undertaking. They would then carry this message in various international settings.

Given these objectives, the guests should be selected with certain criteria in mind: (a) Prominent individuals with no particular axe to grind; (b) strong backgrounds in development; (c) first rate communicators. I would suggest that four or five individuals be selected (one should be a good writer or journalist) and the types I have in mind are as follows:

- * Pranay Gupte, author and journalist, former New York Times correspondent
- * Maurice Strong, Canadian, former head of United Nations Environment Program
- * Julius Nyerere, former president of Tanzania
- * T. N. Khoshoo, former secretary of environment, India
- * S. Dillon Ripley, Smithsonian Institution, Washington
- * Paulo Nagueiro-Neto, Brazil Secretary of Environment
- * Helmut Schmidt, former West German Chancellor
- * Gustave Speth, former chairman of the US Council on Environmental Quality and currently President of World Resources Institute
- * Marc J. Dourojeanni, former Director General for Forestry and Wildlife, Peru.

There are many others that could be considered.

I would be grateful to learn, in due course, whether there is support for this idea in Indonesia. Also, if we can be of further assistance on any of these matters please let me know.


T. Blinkhorn

cc: Mr. Vogl (o/r), Mrs. Schwartz

January 29, 1986

Indonesian Transmigration:

Status Report on Public Information Activities

Note to Ms. Davis.-

Gloria:

Currently the Public Affairs division of IPA is dealing with public criticism of Indonesian Transmigration in essentially three ways: (a) Responding to critical letters inspired largely by Survival International and other environmental agencies; (b) Assisting the Resident Mission in Jakarta with analysis of public perceptions and criticisms about the program in North America and Europe and offering advice about how the Indonesian government might react positively to these developments; (c) Working with the Bank's European office and the International Institute of Environment and Development (London) in preparing for a conference later this year in the UK at which issues of environment and development (including possibly Transmigration) will be discussed.

Letters: The analysis of the letter writing campaign provided by Mrs. Schwartz two months ago (copy of memo attached) is still largely valid. The letters tend to come in surges, usually after some instigation by a newsletter from Survival International or another agency. Originally, we decided, after consulting Mr. Stern's office, that critical letters of this kind should be handled by the relevant Executive Director's office. However, the volume became so great and involved so many disparate issues (Brazil Polonoroeste, Indian Narmada dam, social forestry, etc.) that it was subsequently decided that IPA should respond in a form letter, cleared of course with appropriate operational staff. We handle most of this in the Public Affairs division. We also monitor the incoming letters to try to gauge the relative importance of the author; if we ascertain that the writer is "influential" (e.g. member of a legislature, important journalist) we consult with the Executive Director's office before deciding who should respond and how.

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Throughout this work we have liaised closely with appropriate projects and programs staff in the region. It would be helpful if, in due course, we could collaborate on a simple fact sheet about Indonesian transmigration. This would help enormously in our public information work.



T. Blinkhorn

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cc: Messrs. Sankaran, Rihane, Mrs. Schwartz, Mr. Costa-Reis
Mr. Gamarra (o/r)

THE WORLD BANK INTERNATIONAL FINANCE CORPORATION
OFFICE MEMORANDUM

DATE: November 8, 1985

TO: Mr. Thomas A. Blinkhorn, Chief, Public Affairs Division/IPA

FROM: Pushpa N. Schwartz, Public Affairs Division/IPA

EXTENSION: 73651 *Pushpa N. Schwartz*

SUBJECT: Letters received on Transmigration

In all about 130 letters were addressed to the Bank on the subject of transmigration. The largest number came from the U.K. (50), followed by the U.S. (25), France (19), and Australia (9), and Canada (5). A very small number came from Brazil (3), Germany (2), Italy (2), Japan (2), Zambia (2), and one each from Bangladesh, India, Philippines, Papua New Guinea, Belgium, Denmark, Ireland, Italy, Switzerland, and New Zealand.

The letters began arriving in April, shortly after Survival International in London issued its Urgent Action Bulletin in which it urged people to write to the World Bank (identified as the largest source of external financing) and to the other international agencies financing the transmigration program in Indonesia. The majority of letters arrived in April and May. A few arrived in June and July to protest the approval of the Fifth Transmigration Project by the Bank.

The language used in most of the letters closely follows that of the Survival International Bulletin. Most make the following points: (1) the transmigration program is leading to the alienation of tribal people from their traditional lands and to the destruction of their way of life; (2) it is being carried out against their best interests and will and many tribal people are being killed for defending their land against transmigration; (3) tribal peoples are being denied compensation for the land they are losing to the program; (4) the program is causing irreversible damage to the environment; (5) the program does not conform to the World Bank's own guidelines for the development of tribal peoples; and (6) the Bank is urged to withhold funding for the transmigration program until it conforms to its own guidelines for financing development projects in tribal areas and until such a time when the rights of the tribal peoples to their traditional land and to self-determination are guaranteed.

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Attached are some recent articles on transmigration from influential news publications.

Attachments

PNS/vs

OFFICE MEMORANDUM

DATE: November 15, 1985

TO: Mr. Frank Vogl, Director, IPA

FROM: Thomas A. Zinkhorn, Chief, PAD

SUBJECT: Back to Office Report

1. In accordance with terms of reference dated October 7, 1985 I visited (a) China in late October to assist with the official opening of the new resident mission, meet with foreign and Chinese Journalists in Beijing and help introduce the new China report to the media; (b) Indonesia, to discuss, with staff of the resident mission and relevant government officials, strategies for dealing with recent public attention in the United States and Western Europe on the transmigration program. A partial list of persons met is attached.

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2. The China ceremonies -- PUB book fairs, press breakfast and other media briefings, official opening of the Beijing office followed by a large reception -- came off very well. Messrs. Stern and Karaosmanoglu seemed pleased with the events. The only glitch was the failure of the English versions of the new China report to arrive on time; for Mr. Stern's breakfast meeting with foreign correspondents on Friday, October 25, we had to run off copies of the summary chapter of the grey cover version of the report. Later that day when the final copies arrived we had them distributed by special messenger.

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7. To date, our strategy on these matters has been largely reactive. Working with our operational colleagues, we have prepared responses to countless letters and articles in more prominent newspapers and assisted with detailed briefings for Executive Directors, congressmen, parliamentarians and others. However, I have been increasingly concerned that the Bank is getting out too far in front publicly on these issues and that, among other consequences, we may be perceived as too defensive. Consequently, I have discussed informally with operational staff (particularly those working on Brazil and Indonesia) how we might:

- (a) involve governments more in the public defense of these programs; and
- (b) consider a more proactive posture on the issues by, for example, inspiring a special symposium, hosted by a respected, independent agency such as the International Institute for Environment and Development (IIED) in London, to which representatives of selected environmental agencies, governments and the Bank would be invited. The symposium would not be open to the press (although a special media briefing might be held at the conclusion) and it would afford an opportunity for a thorough and candid exchange of views.

8. In Jakarta I discussed these matters with Mr. Rao and members of his staff. A meeting was arranged subsequently with Minister of Transmigration Martono and the Assistant Minister for Foreign Affairs Soedjino. The minister was aware of the criticisms of the program and noted that Indonesia had taken some steps to counteract them; for example, last March government arranged a special information program and site visits for ambassadors from the major donors involved in the Inter-Governmental Group on Indonesia. The minister reacted positively to the ideas for a possible future symposium in Europe and for a more active government role in responding to serious criticisms in prominent journals. He said he would raise the matter with the President and other ministers and then let the Bank know their views. In the meantime, he asked whether it would be helpful if the President talked about transmigration in his address at the FAO annual meeting on November 14. We said it would. I have asked the FAO information office to fax us a copy of the speech.

9. On the matter of responding to letters, I intend to raise with the operational divisions ways in which this might best be handled. Also, we need to discuss in detail the pros and cons of a European symposium along the lines mentioned above. Mr. Carter (EUR) and I have had separate discussions in recent days with Brian Walker, head of IIED. He is prepared to move on the symposium idea if and when we decide. He proposed late next spring and suggested Maurice Strong as chairman. The estimated cost is \$30,000 to \$40,000 and the Bank would have to finance most of this.

10. The risks of such a venture, as I see them, are mainly that diehard environmentalists could obtain more detailed information on the issues to use against the Bank and government and thus politicize the matters even more. However, this risk can be mitigated to a large extent by choice of agenda and participants; IIED is prepared to work with us on this. The main advantages would include: (a) An opportunity for more serious individuals who support development and yet are concerned about environmental damage to learn much more about the issues, and, hopefully, to become persuaded that best efforts are being made to deal with the issues; (b) Evidence that the governments and the Bank are not stonewalling discussions of these complex matters but willing to discuss them candidly in the proper settings; this could have beneficial political impact in some donor countries.

11. I would be grateful for your views on these matters.

Attachment

cc: Messrs. Bart, Burki, Rao, Gue, Koch-Weser, Lim, Steel, Carter, Cullen, Koelle (o/r), Gonzalez-Cofino, Sankaran (o/r), Zenick
Mesdames Hamilton, G. Davis, M. Koch-Weser, PAD specialists.

TAB:sjs

Partial List of Persons Met

Hong Kong

- Anthony Rowley, Far Eastern Economic Review
- Robert Deifts, Far Eastern Economic Review
- Richard Nations, Far Eastern Economic Review

Beijing

- Ding Yangyan, Foreign Editor, Xinhua
- Zhu Zhongliang, Foreign Affairs Department, Xinhua
- Jin Liqun, deputy division chief, External Finance Department, Ministry of Finance
- Xu Xiaowei, Correspondent, World Economic Herald
- Huo Jianying, Vice Head of Photography, China Reconstructs Magazine
- Zhang Jinde, Staff Photographer, China Reconstructs
- Yang Wanchun, Editor in Chief, World Economic Department, Financial and Economic Publishing House
- Shen Suru, Vice Editor in Chief, China REconstructs
- Daniel Southerland, Washington Post
- John Burns, New York Times
- Jim Sterba, Wall Street Journal
- Mark Hopkins, Voice of America
- Mark O'Neill, Reuters
- Michele Houx, Agence France Presse
- Lawrence McDonald, AFP
- Jurgen Kahl, Deutsche Presse Agentur
- James Rusk, Toronto Globe and Mail
- Helene Chung, Australian Broadcasting Corporation
- Ann Scott, UPI
- Harua Ozaki, Nihon Keizi Shimbun
- Nancy Langston, The Economist
- Robert Thompson, Financial Times
- Wendy Lin, Newsweek
- Terje Svabo, Aftenposten (Norway)
- Hugh Davies, London Daily Telegraph
- Tom Ashbrook, Boston Globe

Jakarta

- Minister of Transmigration, Martono
- Assistant Minister of Transmigration for Foreign Affairs, Dr. Soedjino
- Saban Siagian, Editor, Jakarta Post
- Lincoln Kaye, Far Eastern Economic Review

November 20, 1985

Indonesia Transmigration - "A Grand Assize"

Mr. Rao, Mrs. Hamilton:

In the aftermath of our conversation yesterday, I want to pass along some thoughts for your consideration. These are based on the assumption that Indonesian authorities will be persuaded that they should invite a small group of prominent individuals sometime next year to have a thorough, first hand look at the transmigration program.

The reasons for undertaking such an event are as follows: (a) Transmigration is the target of growing criticism among environmental groups in several important industrial countries; (b) there is evidence that, however illfounded the attacks, these groups are beginning to "reach" certain political leaders and prominent citizens who traditionally have supported development (ref. Mrs. Thatcher's forthcoming meeting with the editor of the Ecologist magazine); (c) Indonesia needs the support of several donor nations and the World Bank to implement its transmigration program; (d) that support could, over time, be jeopardized if the criticism continues without any effort to counter or balance it.

If this statement of the problem is correct, it would seem sensible for the Indonesian authorities to consider a modest, long term information program that would aim to maintain and build support for transmigration. In this context, the proposed "grand assize" and last March's seminar for donor country ambassadors should be regarded as components of a continuing program. Other elements can easily be visualized: (a) separate seminar at the time of a future IGGI; (b) a professionally prepared color booklet in English about transmigration that could be passed out to journalists and others interested in the subject (Ministry of Transmigration officials say they have nothing like this at present); (c) a possible movie or audio visual presentation about transmigration.

Obviously, a longer term strategy will take time to consider. But in the meantime, the idea of inviting a small, prominent group of international citizens to Indonesia to look at transmigration (a grand assize) has considerable merit and is worth pursuing with the appropriate authorities in Jakarta. The aim would be to attract influentials who have had experience with, or a keen interest in, global development problems. They would be guests of the Indonesian government. Transmigration would be discussed and demonstrated to the fullest extent possible -- the problems as well as the successes. The visitors would be invited to exchange views and to give their assessments of the program. An underlying objective would be to achieve an international "multiplier" effect on

behalf of transmigration; that is to say, the visitors would come away with a conviction that transmigration, for all its difficulties and complexities, is a defensible undertaking. They would then carry this message in various international settings.

Given these objectives, the guests should be selected with certain criteria in mind: (a) Prominent individuals with no particular axe to grind; (b) strong backgrounds in development; (c) first rate communicators. I would suggest that four or five individuals be selected (one should be a good writer or journalist) and the types I have in mind are as follows:

- * Pranay Gupte, author and journalist, former New York Times correspondent
- * Maurice Strong, Canadian, former head of United Nations Environment Program
- * Julius Nyere, former president of Tanzania
- * T. N. Khoshoo, former secretary of environment, India
- * S. Dillon Ripley, Smithsonian Institution, Washington
- * Paulo Nagueiro-Neto, Brazil Secretary of Environment
- * Helmut Schmidt, former West German Chancellor
- * Gustave Speth, former chairman of the US Council on Environmental Quality and currently President of World Resources Institute
- * Marc J. Dourojeanni, former Director General for Forestry and Wildlife, Peru.

There are many others that could be considered.

I would be grateful to learn, in due course, whether there is support for this idea in Indonesia. Also, if we can be of further assistance on any of these matters please let me know.


T. Blinkhorn

cc: Mr. Vogl (o/r), Mrs. Schwartz

To: Mary
From: Gloria
Subj: FY 84 Budget (After Babson)

1 OPP (Project Preparation) Total

Agriculture

2

SCDP II

T.C Processing

Fowling

Trans PMU/VI

General

Education

Higher Ed

3

Library Develop

Secondary Ed.

Accountancy

PHN

Provincial Health II

3

Health Sector / manpower

Population (whatever)

* Includes possible missions

July / Aug = Lector work

Miss Davis

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N W
Washington, D C 20433
U S A

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

January 30, 1986

Mr. Charles Secrett
Friends of the Earth Limited
377 City Road
London EC1V 1NA
England

Dear Mr. Secrett:

Your January 9 letter to Gloria Davis has been passed on to me for response because she and others working on Indonesian transmigration are extremely busy at present. We regret the delay in replying but I hope this letter and the accompanying material will be of help.

Enclosed please find a copy of President Suharto's budget speech and also a copy of Annex V, an attachment to our last Staff Appraisal Report on transmigration. This annex touches upon some issues which you have raised. Miss Davis has also prepared the following very brief answers to your questions:

Q1. Protected forests, National Parks and Wildlife Reserves are excluded from settlement in the site selection process for transmigration, and there are a number of cases where investigated sites have been rejected on environmental grounds. Spontaneous settlement, however, does jeopardize protected areas and associated problems can only be overcome by clear demarcation and protection of such areas and by the development of mechanisms for land purchase and land transfer which will permit migrants to acquire more suitable land.

Q2. No.

Q3. See above. The Buginese are not part of the transmigration program, but have settled in some reserves in tidally-influenced areas. The World Wildlife document cites cases of encroachment in protected areas in Irian Jaya, though again, not by sponsored migrants.

Q4. The terms-of-reference for site selection are about 200 pages long and cover information on soils, forests, land use, topography, indigenous populations, etc. They are not available for public distribution.

Q5. I have attached two tables on movement to date. Initial MOT projections for Repelita IV are no longer accurate due to budget cutbacks related to falling oil prices. We estimate that perhaps 25-50,000 families may be moved to Irian Jaya in Repelita IV.

Q6. We have forwarded the first Transmigration Sector Review which is our only public document at the moment.

Q7. Statement attached.

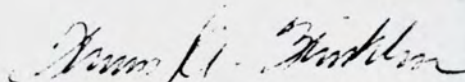
Q8-9 Critical watersheds in Java have priority for recruitment. In these areas population pressure is forcing poor people to cultivate on steep areas causing erosion, siltation of dams and reservoirs and downstream flooding. We do not have figures on those actually moved from these areas in the past but virtually all upper watersheds in Java are subject to such pressure.

Q10. The sector review team consisted of eight professionals including an environmentalist. The team spent one month in Indonesia in October. We hope the sector review will be reviewed with government later this year. In conjunction with the review an income survey has been undertaken on transmigrants in upland and tidal areas.

Q11. We are not aware of any settlement plans for burned areas in Kalimantan, and proposals along these lines appear to have been rejected by the Ministry of Forestry.

We are sorry not to have more time to answer your questions more fully but please feel free to contact Miss Davis directly if you have further questions.

Sincerely,



Thomas A. Blinkhorn
Chief, Public Affairs Division
Information & Public Affairs

TAB:md

Attachments

cc and cleared with: Miss Davis

cc: Messrs. Rao, Krishna, Vogl, Carter/Cullen (Paris), Rihane
Mesdames Hamilton, Schwartz



Friends of the Earth

Gloria Davis
The World Bank
1818 H Street NW
Washington DC 20433
USA

9 January 1986

Dear Gloria Davis,

I am writing to you on a matter of great urgency, at least for me! I have been commissioned to write an article of 3,000 words reviewing the environmental impact of the Indonesian Transmigration Programme to date. Unfortunately, I have been given an extremely short deadline, having to produce the first draft for review by the beginning of February. I am writing to you in the hope that you will be able to help answer some or all of the questions listed below, and to provide me with any documents that you feel would help me write the article. My concern is to be as thorough and objective as possible; thus, any information you can send me would be most gratefully appreciated. I know from the pressure of my own work that urgent requests like this are a great nuisance, but I do hope that you can help.

In general terms, I am particularly interested in looking at the environmental impact of both official and unofficial transmigrations that have occurred on islands like Kalimantan, Southern Sumatra, Sulawesi, or that have or are expected to occur on Irian-Jaya. I am most interested to receive information that would help to evaluate the impact on tropical moist forest zones, including primary forest, swamp or mangrove forest, or other tropical moist forest areas unspoilt prior to resettlements.

The following list of specific questions that I have in mind I do appreciate is a lengthy and detailed list. It may not be possible for you to answer, or provide information on, all of them. Any help that you can give would nevertheless be welcome.

- Q1. Are you aware of any particular protected zones on any of these islands that have been damaged or are potentially threatened by official transmigration settlements. This would include areas like National Parks, Biotic reserves, Protected Forests.
- Q2. Can you send me details, or general information, about tropical forest areas where official transmigrations have occurred, and the impact settlers have had on the forest.

continued/...

- Q3. Are you aware of any evidence that official transmigration settlements, sponsored by the Indonesian Government leads to spontaneous transmigration settlements that have had an adverse environmental impact on tropical moist forests. I understand, for instance, that the Briginese peoples on Sulawesi are resettling spontaneously in certain Title Areas such as Production Forest. Can you give me any information on this, or other such spontaneous movements into tropical forests.
- Q4. Can you send me details of the site selection procedures, and the guidelines for site selection for transmigration, prepared by either the World Bank and/or Indonesian Government.
- Q5. Can you send any statistical information, either prepared by the World Bank or the Indonesian Government, on transmigration levels to date, i.e. the numbers of families the Indonesian Government wish to move at each phase of previous transmigration programmes, as well as for the next stage into Irian-Jaya, as well as comparative figures for numbers actually moved.
- Q6. Are there any papers you can send me, or published material that analyse what has happened on sites that have previously been selected for transmigration settlements.
- Q7. I understand that the Indonesian Government issued a statement on Monday, 6 January 1986 announcing budget cuts as a result of declining oil revenues, with reference to cuts in Transmigration Programmes. Is a copy of this statement available?
- Q8. I understand that the Indonesian Government has targeted certain critical watershed areas on Java for resettlement. Can you send me information on which areas are so targeted, and when transmigration in these areas is likely to occur and at what level?
- Q9. I understand that there are certain ecologically sensitive areas on Java that are threatened by spontaneous resettlement, as a result of rapidly increasing population, if transmigration to the outer islands doesn't occur. Do you know which sites this might be? Or can you send me any papers that have been published relating to this aspect.
- Q10. Can you give me details of the World Bank Sector Review that is being carried out on transmigration since 1981, including details of budget, resource allocation, and completion date? Any papers relating to this Sector Review that are publicly available, I would be most grateful to receive.
- Q11. Are you aware of any policies, either relating to World Bank or Indonesian Forestry Department programmes, which plan for subsequent transmigration to occur in already degraded land e.g. those forest areas burnt by the recent fire in East Kalimantan or on along-alang grassland that has sprung up as a result of previous deforestation.

continued/3

As I have mentioned already, I do appreciate that to answer these questions in detail will require a great deal of work, and I know how busy you must be. If you are able to give me information, or to send me papers, articles, or reviews which may be of help I would be extremely pleased. As you are no doubt aware, the question of transmigration is becoming of political importance in the United Kingdom. There is always a danger that published materials looking at transmigration suffer from a lack of accurate information. I am most anxious that this article should not fail simply because documents were not available. If you would like to see a first draft of the article before it is finally completed, I would, of course, be most happy to send you one.

In anticipation, thank you very much indeed for your help.

Yours sincerely,

Charles Secrett

Charles Secrett

PS. We can pay up to US\$50 for publications received or photocopy costs. Should the total exceed this sum please confirm with me first.

ROUTING SLIP		DATE: 1/13/86
NAME		ROOM NO.
Gloria Davis		5624
APPROPRIATE DISPOSITION		NOTE AND RETURN
APPROVAL		NOTE AND SEND ON
✓ CLEARANCE <i>please</i>		PER OUR CONVERSATION
COMMENT		PER YOUR REQUEST
FOR ACTION		PREPARE REPLY
INFORMATION		RECOMMENDATION
INITIAL		SIGNATURE
NOTE AND FILE		URGENT
REMARKS:		
<p>Tom, you might also be interested in this, please return with Secrett's letter</p>		
FROM: BBabson	ROOM NO.: A632	EXTENSION: 75262

DRAFT-1/13/86

BBabson:mw

1, BB2

January , 1986

Mr. Charles Secrett
Rainforest Co-ordinator
Friends of the Earth Limited
377 City Road
London EC1V 1NA
United Kingdom

Dear Mr. Secrett:

I am writing to respond to your letter of December 16, 1985, to Mr. Hopper regarding the environmental effects of the Indonesian Transmigration program. The only World Bank document available for public release pertaining to this program is the 1982 Transmigration Sector Report, which I understand has been sent to you already by Ms. Gloria Davis. Unfortunately, that document is somewhat out-of-date and does not address fully your areas of interest. We would, however, be happy to help answer any specific questions you might have. Please feel free to contact either Ms. Davis or me anytime.

Sincerely,

Bradley O. Babson
Senior Loan Officer
Indonesia Division
Country Programs Department
East Asia and Pacific Regional Office

January 9, 1986

BB

Mr. Charles Secrett
Rainforest Co-ordinator
Friends of the Earth Limited,
377 City Road,
London EC1V 1NA
United Kingdom

Dear Mr. Secrett:

In the absence of Mr. Hopper, who will not return to Washington until February, I acknowledge receipt of your letter of 16 December. I have passed it on to Mr. Attila Karaosmanoglu, Vice President for the South East Asia and Pacific Region of the World Bank, who is responsible for all matters pertaining to Indonesia.

Yours sincerely,

Enrique Lerdau
Acting Vice President
South Asia Region

cc: ✓ Mr. Karaosmanoglu - with incoming.
Mr. Hopper, o/r

ELerdau:jd

OFFICIAL FILE COPY



Friends of the Earth

David Hopper
The World Bank
South-East Asia Division
1818 H Street NW
Washington DC 20433
USA

16 December 1985

Dear Mr Hopper,

I am writing to you with a request for information.

We are currently looking into the environmental effects of the Indonesian Transmigration Programme. I would be most grateful you are able to send us any information that the World Bank has carried out to measure the effects on wild species, forests or other habitats, and indigenous peoples that transmigration has. We would like to receive any documents, Environmental Impact Assessments, or publications that the Bank has produced for any of the stages of this project.

Thanks very much for considering this request. If it is necessary to make a charge, please could you let us know. If the total bill is under \$40, please invoice us directly. ?

Best wishes for the New Year.

Yours sincerely,

Charles Secrett

Charles Secrett
Rainforest Co-ordinator

P.S. I am sorry to make this an urgent request - but I do need the information as soon as possible! Thanks.

To Those Writing in Response to the Ecologist Magazine

Thank you for your expression of interest in the Indonesian Transmigration Program. We share the concerns of those who support sound economic, social and environmental policies and such concerns have shaped the Bank's participation in the transmigration effort. Both the Government of Indonesia and the Bank acknowledge shortcomings in the transmigration program, and welcome constructive suggestions but take exception to critics who have reduced a complex undertaking to simple dichotomies between right and wrong. Let me therefore provide some background information and address some of the questions of those of you who have written.

Why do the Government of Indonesia and the World Bank Support Transmigration?

There are 168 million people in Indonesia, the fifth most populous nation on earth. Over 100 million people are crowded onto Java, an island with 7% of the nation's land, and an estimated 40 million people live in households with annual incomes below US\$100/per capita/year (roughly the poverty level). On Java there are 11.5 million farm families on about 6 million ha of agricultural land, each household averaging 0.5 ha (1.25 acres), less than a subsistence size plot. Land distribution in Java is not a major problem, but difficulties arise from chronic shortage of land.

In spite of recent economic growth, Indonesia remains primarily an agrarian country and 80% of the population live in rural areas. Since land holdings are small, population pressures force poor families into upper watersheds to find land for subsistence agriculture; this cultivation on steep slopes causes erosion which jeopardizes the irrigation infrastructure

(reservoirs and canals) on which the major portion of Indonesia's agricultural production depends. Indonesia has one of the most successful voluntary family planning programs of any country at its level of development, but an additional ___ million people are added to the labor force each year.

To provide employment Indonesia is encouraging the development of small-scale enterprises, but the development of export industries has lagged due to import restrictions in developed countries, stiff competition from developing countries, and a complex regulatory environment. Indonesia has been fortunate in the past few years to have oil revenues which it has used for labor-intensive works programs in rural Java and elsewhere, but problems of employment generation are acute and are likely to increase if oil revenues decline. Under these circumstances, employment generation and poverty alleviation are key development objectives and the transmigration program is a part of objectives intended to wed the countries natural and human resources.

What Impact has the Transmigration Program Had?

Transmigration is the largest voluntary, Government-sponsored resettlement program in the world. The program began in 1905. By 1980 about one million people had been resettled. In 1979 the program was greatly accelerated, and between 1979 and 1984 (the period covered by the third five-year plan), 366,000 families (1.5 million people) were settled on the sponsored transmigration program. An additional 170,000 families were identified which had moved spontaneously, although the number is believed to be much larger. The fact that this many people moved voluntarily to conditions involving the considerable hardship of pioneer life attests both to the

economic pressures on poor farmers in Java and to the opportunities they perceive in the outer islands. The safe and orderly way that most families have been settled is a commendable logistical achievement.

Sponsored transmigration during the third five-year plan period created an estimated 500,000-600,000 full-time jobs and employed at least an equal number in temporary jobs in site development. The program moved 1.5% of the population of Java, and absorbed about 15% of the incremental labor force. While virtually all migrants have raised were drawn from the lowest income groups in the sending areas, about 50% of migrants have incomes above the poverty line in receiving provinces. In a recent study of transmigration areas, about two-thirds of migrants said their incomes had improved, 17% said they were about the same, 16% said they were worse. Thus, while incomes are low, transmigration has been successful in generating employment, raising incomes, and providing opportunities for many settlers whose prospects would have been worse had they remained in overcrowded Java.

The problems encountered in program implementation should not be minimized. Government needs to improve settlement design and development, to introduce diversified farming systems and appropriate agricultural supporting services, and to overcome persisting problems in coordination and to improve monitoring and evaluation in this complex program. In addition, the movement of large numbers of spontaneous migrants, coupled with their difficulties in obtaining suitable land for settlement, has led to environmental problems in some provinces. Finally, there is concern about the impact of large-scale migration upon less-assimilated people in the outer islands. These issues are covered.

In recognition of these problems, and in response to land and financial constraints, the Indonesian Government has recently reduced new settlement targets to about one-third of former levels and placed a major emphasis on increasing settlement on tree crop schemes and on improving existing sites. These smallholder tree crop schemes generate net household incomes of about US\$1,500/year and are very attractive to both local people and transmigrants because of their financial return and the fact that smallholder become land owners, not laborers.

Bank Support for Transmigration

The Bank has made five loans for transmigration and two for swamp reclamation. At the outset of the third five-year plan, it was clear that some migrants were being settled on unsuitable soils and that encroachment was occurring on lands which should be reserved for watershed protection and for other conservation and production purposes. For this reason two Bank loans (Transmigration III and Transmigration V) have been made to improve methods of site selection and evaluation. Settlement planning, carried out by expatriate and domestic consultants, has improved settler welfare and promoted better land utilization. Bank commitments total about US\$500 million and disbursements in the third five-year plan were about US\$100 million, 5% of total programs costs.

What about the Criticism Levelled at the Program?

Criticism falls into three main categories:

- (1) the program is destructive to the environment;
- (2) the program has an adverse impact on local and/or less assimilated people;
- (3) agriculture practiced by the migrants cannot be sustained.

It is necessary to start with the last point, since permanent settlement provides a major part of the programs' rationale.

Sustainability - Although yields on transmigration sites are low, abandonment is infrequent. Migrants are given small plots (2.0-3.0 ha), which provide subsistence food production, and they supplement farm income with off-farm work. There are cases of poorly selected sites where all or part of the settlement has been deserted or migrants have been moved, perhaps 10% of families sell or give away their plots in the early settlement period. But, with few exceptions, the number of households is stable and sites increase in size. In fact, many older sites are now regional growth centers. This is true of most sites settled since 1950.

Environmental Considerations - Indonesia has 144 million of land classified for forest purposes and two-thirds of the country is under closed canopy forest. About three-quarters of the total forest area is classified as production or protection forest and cannot be used for settlement. During the third five-year plan about 100,000 ha/year, on average, were cleared for sponsored settlement and an equal area was

brought into production by spontaneous settlers. About one-half this area was forested. This suggests forest clearing of about 100,000 ha/year between 1979 and 1984. Sponsored ~~and spontaneous~~ settlement in the third five-year plan is estimated to have used ^{less than 1% of the} ~~about 5% of the~~ forest in Sumatra, ~~0.5% in~~ Kalimantan and ^{Sulawesi, and} a small fraction of a percent in Irian Jaya. Although these figures are small, Government and the Bank share the concerns of many environmentalists. In 1982 Indonesia adopted a National Conservation plan which is gradually being put into effect; settlement is banned in production and protection forest, and the total area to be maintained under forest cover has been fixed. Given the rapid pace of development and the high rate of spontaneous movement, however, it is important that areas indicated by the plan be agreed, demarcated, gazetted and protected and that boundaries of production and protection forests be respected. Constructive external support for these efforts is desirable.

Social Considerations - In general, past transmigration programs have brought enough benefits to the regions in terms of labor, public investment, infrastructure and services to receive a generally positive reception. No other large resettlement effort in modern times has been associated with less communal tension. This is due in part to the respect which Indonesians feel for transmigrants themselves. For this reason, the main social concern has centered on the fairness with which land is alienated. In the early years of the third five-year plan, rapid land clearing without adequate planning led to conflicts between transmigrant interests and those of the local people and those of the Directorate General of Forestry. As planning improved and the role of regional planning agencies in mediating land claims increased, these conflicts

declined.

Concern still exists that less-assimilated people who are unaware of their rights may be persuaded to relinquish land against their best interests. Under the Bank-assisted Transmigration V project, anthropologists/sociologists are included on all teams undertaking site selection and evaluation, and measures have been introduced to describe the local people, identify the land needed for them to pursue their traditional way of life and to determine their views on benefits and/or compensation, and to provide benefits including parallel development where they desire. Local-level mechanisms for discussion of land claims exist and are being improved.

Special concern exists about the impact of transmigration upon the local people of Irian Jaya, the dimensions of the problem are being seriously distorted by critics of the program. Only 20,000 families have been moved to Irian Jaya on the sponsored Transmigration program, and the Bank estimates that settlement in the current five-year plan will be about 25,000 families. There are no plans to move transmigrants to the densely settled highlands where majority of the Irianese people live.

In summary, forests are important, Indonesia's tribal people are important, and the 40 million poor people in Java are important too. All development entails trade-offs, and there are no unambiguous rights and wrongs. There are only opportunities for trying to maximize benefits while minimizing adverse results.

Mrs. Hamilton

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OFFICE MEMORANDUM

DECLASSIFIED

FEB 17 2016

WBG ARCHIVES

CONFIDENTIAL

DATE : February 14, 1986

TO: Files

FROM: David Williams

MC
GD
EG
JE

SUBJECT: Meeting with Minister J.B. Sumarlin

Messrs. Rao, Baird, Muchtarudin Siregar, Hinu and I met with Minister Sumarlin on Thursday, February 13.

The purpose of the meeting was to acquaint the Minister with progress on the work of analysing and modifying the Development Budget to respond to the relative shortage of local funds. Mr. Rao, at the invitation of the Minister, opened the meeting by commending the general approach being taken by the Government and by indicating that the work was progressing in a very satisfactory manner. He explained that the review of the allocations proposed by sector, in the sectors so far covered (Irrigation, Urban, Transport, Industry), appeared to be as thorough as possible given the time available and to result in a reasonable and appropriate set of priorities for projects. Mr. Baird then explained that, in this context, the Bank projects had been scrutinized against the initial Rupiah allocations to identify where restructuring, rephrasing, or marginal adjustments to cost-sharing could offer some relief of the constraints and perhaps rapid movement toward completion.

Following Mr. Baird's explanation of the detailed work being carried out by Line Agencies, BAPPENAS and Bank staff, the Minister was asked by Mr. Rao, whether he felt this effort was on the right track. The Minister endorsed the approach and expressed satisfaction with the intense effort being made by all. He went on to emphasize the urgency of the work. He pointed out that it was vital to deliver the DIP estimates, complete with Guidelines, to the project level very early in March and that we should be as thorough as possible in the next week or so in dealing with the sectoral and project allocations. He noted, however, that there would be time after that for a more thorough restructuring of projects leading to modification of the DIPs if necessary. Mr. Rao observed that we are very aware of the limitations in the present round and that one of the things not being done adequately, because it would consume more time, was the careful identification of lower - priority components in Bank projects. The Minister agreed on the desirability of this, but suggested that it was something that may have to be considered later. It was generally agreed that the work should continue after the DIPs were issued and that, for next year, a very "lean" concept for foreign-funded projects would be desirable.

The discussion then turned to the subject of identifying projects which might be quick-disbursing and therefore more immediately helpful to the Government. After briefly reviewing the benefits and costs to GOI of sector adjustment loans, time-slice lending and other potentially useful lending formats, Mr. Rao outlined three preliminary ideas already under consideration by Projects staff, these are: an O&M focused project in the Irrigation sector; a project using the idea of a Municipal Fund in the Urban sector; and the use of a program concept in Higher Education. Mr. Rao suggested that some or all of these ideas could become projects within the next twelve months, if all went well. The Minister expressed his interest in these ideas and hoped that we would ensure that work on rural roads was also expedited.

The Minister asked about progress on technical assistance for BAPPENAS. I explained the results of the recent meeting on this subject, pointing out that the consensus was that the work should begin by a careful assessment of previous efforts to build effective monitoring systems and the preparation of terms of reference for future work. The Minister agreed that, in view of the ineffectiveness of previous attempts to establish a monitoring system for procurement and project progress, we should begin modestly and do as much as possible of the work "in house", using consultants only for specific problem-solving. It was agreed that Mr. Almatsier, who would be responsible for the overall program would, with assistance from RSI, prepare terms of reference for the first stage by the middle of March. It was noted that the agreed approach would permit relatively easy coverage of the financing in an upcoming project, such as Highway Betterment. The Minister indicated that he looked forward to further discussion when initial terms of reference had been prepared. Finally, he noted that he regarded it as important that the eventual outcome of the work on monitoring should include the establishment of a small secretariat in BAPPENAS assisting Almatsier to administer the implementation of the system. The secretariat could include staff seconded from line agencies.

Several other matters were then discussed briefly as follows:

Disbursements for FY86 appear to be on track for a total of at least \$800m. on Bank projects.

The portfolio review of BAPINDO had led to a decision to "clean" the balance sheet, while this was commendable, there was a need to ensure that the Credit Committee of BAPINDO was given full authority to decide on future investments on their merits. Any rejected investments which were still regarded as desirable by GOI should be handled outside the balance sheet, through an agency, "no risk" approach. The Minister agreed and undertook to discuss this approach with BAPINDO management.

A brief discussion of procurement issues and the status of JV companies resulted in the Minister pointing out that any firm with majority private holdings (51% and up) was not subject to SEKNEG review of procurement.

In answer to a question, the Minister reaffirmed that the Cilacap pulp and paper project had been postponed indefinitely.

cc. and cleared with Mr. Rao

cc.: Messrs. Karaosmanoglu, Kaji, Kirmani, Davar, Yenai
Mrs. Hamilton

File: Confidential

DWilliams/DCRao/mi/0741W

F/0386/11

FACSIMILE TRANSMITTAL FORM

FACSIMILE MESSAGE
Please forward copy to the appropriate
Information Center as necessary

Date : February 27, 1986
Number of Pages : 2
From : RSI Jakarta (FOX) *RF*
To : World Bank, Washington (Gloria Davis, AEPA4)
Fax No. : F/0386
Subject :

Many thanks for your Valentine!! Some tone! Congratulations you sure seem to have rolled a lot under one cover. No wonder you're pooped. I have been (time permitting) working my way through the report and have asked Dennis and Colin to look also at the tree crops parts. Hopefully we will give you our joint suggestions early next week.

Concurrently with your exercise I am up to my armpits in budgets for tree crops. The one big omission, which I am working busily to correct is the absence of a budget for PMU assistance to existing transmigrants - Phase II. Have now got Muchtarudin, Sayuti Hasibuan, Soetoyo and Rachmat to see the folly of omission and hopefully adequate funds will be provided for a modest program. We intend to draw down all remaining SCDF I, SRDP I, and if W'ton is willing use some of the loan cancellations impending in Trans II. Since most of this years work will be for nurseries (using available parent material) the dollar requirements will not be too great for FY 86/87 - say \$5 million (this subject to substantial revision pending further review of absorptive capacity in PMUs). All to say, this element plus ongoing uncertainties in the approved programs for other tree crops, leaves me still unable to finalise your program in Trans Report. Will pursue as fast as possible, but probably no reasonable picture available until end next week.

For your info attached is the program for Trans I received yesterday from Bappenas. I think this is fairly concrete, the NES/PIR/PMU additional support for Phase II, however, remains the unknown.

Cornelia and Kramer may have some comments soon on Tidal discussion in your report.

Again congratulations to both you and Helen.

Regards,

Fox

Geoff

File: Trans. Sector Review
GBFox/mc

Sasaran Pencampatan dan Pembinaan tahun 1986/87

F1086/2

PROPINSI	Sponsored TU	PIR	TU + PIR	TS(PIR)*)	TOTAL	Pembinaan **)
1. DI Aceh	1.068	1.250	2.318	1.500	3.815	19.406
2. Sumatera Utara	750	-	750	-	750	11.038
3. Sumatera Barat	700	-	700	1.000	1.700	6.700
4. Riau	2.034	2.000	4.034	10.900	14.934	42.470
5. Jambi	2.709	1.000	3.709	4.000	7.709	46.720
6. Sumatera Selatan	2.968	500	3.468	7.000	10.468	108.244
7. Bengkulu	820	-	820	2.500	3.320	19.528
8. Lampung	700	-	700	-	700	57.747
9. Kalimantan Barat	1.850	500	2.350	4.500	6.850	35.848
10. Kalimantan Tengah	3.074	500	3.574	3.500	7.074	36.574
11. Kalimantan Selatan	700	1.500	2.200	6.000	8.200	26.697
12. Kalimantan Timur	1.500	1.250	2.750	2.564	5.314	17.803
13. Sulawesi Selatan	800	500	1.300	1.000	2.300	9.250
14. Sulawesi Tengah	1.286	250	1.536	1.500	3.036	25.958
15. Sulawesi Tenggara	915	-	915	-	915	26.381
16. Sulawesi Utara	790	-	790	-	790	6.290
17. Maluku	460	-	460	-	460	6.245
18. Timor Timur	-	-	-	-	-	825
19. Irian Jaya	2.330	750	3.080	1.000	4.080	24.210
20. NTB	-	-	-	-	-	1.913
	25.454	10.000	35.454	46.964	82.418	529.847

*) Transmigran Swakarsa diarahkan ke lokasi PIR dan hanya diberikan bantuan jadup beras untuk 2 bulan

**) Belum termasuk transmigran swakarsa PIR

114,000 gap seluas
hapt. & pener.

ROUTING SLIP		DATE: 3/19/86
NAME		ROOM NO.
Ms. Davis		
APPROPRIATE DISPOSITION	NOTE AND RETURN	
APPROVAL	NOTE AND SEND ON	
CLEARANCE	PER OUR CONVERSATION	
COMMENT	PER YOUR REQUEST	
FOR ACTION	PREPARE REPLY	
INFORMATION	RECOMMENDATION	
INITIAL	SIGNATURE	
NOTE AND FILE	URGENT	
REMARKS:		
FROM:	ROOM NO.:	EXTENSION:
K. G. B Krishna	E624	72145

Mrs. Davis

K.

March 11, 1986

Mr. C.I. Santosa
Secretary General
Department of Transmigration
Jl. H. Agus Salim 58
Jakarta

Dear Mr. Santosa:

Coordination of Project Implementation

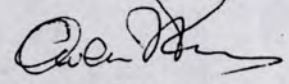
1. As you are aware, there have been serious problems in coordination of activities of the many Government agencies involved in implementation of settlement projects. This has been a general problem which has also affected World Bank-supported projects. Although each Bank settlement project has included requirements for an effective coordination structure, these requirements have not been satisfactorily met.

2. In view of the seriousness of the situation, the President issued a Decree No. 59/1984 on Coordination of Transmigration Implementation. In late 1985, the Minister of Transmigration issued a Decree (KEP 82/MEN/1985) to develop a basic organizational structure to implement the Presidential Decree. We consider that the structure proposed under the two decrees needs further development to ensure that the coordination objectives in the actual development-settlement phase are met; the attached paper addresses this requirement.

3. This matter is of some urgency, as one of the conditions for extension of the Transmigration II project (Loan 1707-IND) past March 31, 1986 is that GOI should demonstrate a mechanism to ensure more effective integration of the activities of agencies participating in implementation of settlement projects. In view of this, we would welcome discussion on the attached paper at your earliest convenience.

With kind regards,

Yours sincerely,

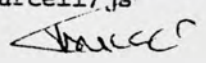


Owen T.W. Price
Chief, Agriculture Division
Resident Staff in Indonesia

cc. Mr. Djoko Hartono, DOT
Drs. Soegito Sastromidjojo, MOF
Ir. Haslim Hasbullah, Bappenas

cc. Messrs. Fox, Marsoedi, Zenick, K.G.V. Krishna

File: Trans General
DLPurcell/js



Coordination and Integration of
Participating Agencies in Transmigration Settlement

Summary

- (i) There have been serious problems of coordination amongst agencies 1/ implementing the transmigration program in the past, and this gave rise to the Presidential Decree No. 59/1984 on Coordination of Transmigration Implementation; this has, in turn, instigated an MOT Ministerial Decree to develop an organisational structure to enact it.
- (ii) This paper concentrates on the development of a coordination mechanism to enable effective implementation of the settlement phase of projects in accordance with the Presidential Decree.
- (iii) The basic concepts are:
 - (a) that the implementation coordination function must be developed at the field level and be strongly supported at the central level;
 - (b) that coordination authority must be established, and that this is provided through the President's delegation of coordination in transmigration programming to the Minister of MOT, and in program implementation to the Provincial Governors;
 - (c) that coordination committees and meetings will not be effective unless there is a working secretariat to prepare issues for consideration at coordination meetings and to follow-up on decisions and actions agreed at such meetings; and
 - (d) that the working secretariats must be given appropriate terms of reference and staff to carry out their function.
- (iv) A working secretariat is developed under the Secretary General's Office, MOT at the central level, and the working secretariat for the provincial coordination committees is formed by the lead Pimpro (normally pertaining to MOT) in each settlement project.
- (v) The secretariat at the central level consists of staff which have specific project responsibility, as well as staff which have responsibility for contact and follow-up with specific implementing agency/Ministries (i.e. agency specialists).
- (vi) The model and methodology are equally applicable to internationally and locally financed settlement projects.

Coordination Objective

1. Loan Agreements for Bank-supported projects normally include clauses concerning arrangements to support project coordination within specific projects. However, the overall objective of the Bank in this area is directed at the transmigration program as a whole, as is to support the development of a Government institutional capacity to:

1/ Commonly, the agencies involved include DG Settlement Preparation and DG Mobilisation and Settlement in MOT; DG Food Crops, DG Estates, and DG Livestock in MOA; Agraria in MOI; Cooperative Development in MOC; the social service Ministries and Bina Marga and MPW (for road and drainage works).

- (a) enable the selection of transmigration sites and the preparation of area development plans which take into account all relevant physical, economic and social factors, and the responsibilities and capabilities of all Government and other agencies which will be involved in the settlement process;
- (b) select the most appropriate farm model for each site, both for first stage and second stage development;
- (c) provide integrated implementation of the settlement plans by all involved agencies; and
- (d) smoothly integrate the settlements into regular provincial funding and management.

Actual Situation

2. Coordination between Government agencies in site selection and in the preparation of realistic plans is receiving priority attention under Transmigration V and the planning component of Transmigration III; however, cross agency coordination by the MOT Bina Program in planning Phases 2 and 3A, and between BINA and PLP Programs in MOT in Phase 3B, need special attention. Action is urgently required on farm model policies for transmigration schemes, and this will be a major issue of the Bank's transmigration sector report to be discussed with GOI in April 1986. The integration of "completed" settlements into the provincial Government structure requires much more attention and is likely to be an important focus in any future Bank support for second-stage development in settlement areas. This note concentrates on the immediate problem of integration of activities by implementing agencies in the actual development-settlement phase. Due to the nature of the budget system and the number of agencies involved in settlement, this is the most complicated and demanding phase in the total process from the point of view of integration, and has not been adequately addressed to date.

3. The major deficiency in the ongoing Bank-supported projects with settlement components (Transmigration II, III, IV, and Swamps Reclamation I and II) has been the lack of effective and continuous coordination between implementing agencies. The office of the Subcoordinator for Bank-supported projects in the MOT has not been staffed or equipped to carry out this function, and has been able to do little more than react to crisis situations, respond to Bank requests for meetings of concerned agencies, and provide the Bank with answers to specific questions after obtaining same from concerned agencies; it has not been structured nor given the authority to take a lead role in integrating agencies into effective project implementing units.

4. The integration problem is not restricted to Bank-supported projects, and could be expected to be even worse in many other projects where there is not an "outside" party continually insisting on improved integration of activities. This general problem gave rise to the Presidential Decree No. 59/1984 which addresses the coordination of agencies in the transmigration process.

Requirements

5. The primary level of integration must be at the district (kabupaten) and/or provincial level where projects are implemented, and this must be supported by a coordinating capacity at the central (Jakarta) level. Formal means of ensuring the integration of planning, implementation and review at both the field and central levels must be developed if major development problems due to poor coordination are to be avoided. This requirement is recognized in the Presidential Decree which provides for inter-agency coordination at both levels.

6. This paper adopts the concept of inter-agency committees to facilitate coordination as prescribed in the Presidential Decree, and then adds the mechanism of formal working secretariats to support these committees. The responsibility delegated to the Minister of Transmigration to ensure successful programming of transmigration, and to provincial Governors to oversee program implementation in their jurisdictions, are utilised in the integration process.

Elements in the Proposal

Field Level

7. Currently, each project has a number of pimpros, each representing a major agency involved in the project. These pimpros carry the budgets (DIPs) of each agency, and each is responsible for implementation of that part of a program pertaining to his agency. This principle would be maintained in the proposal, but three important additional elements would be institutionalised:

- (a) the terms of reference of each pimpro would oblige him to cooperate and integrate with all other agencies involved in the settlement process;
- (b) all pimpros ^{2/} would meet regularly in coordination meetings to prepare forward plans by each agency in an overall implementation program, review progress by each agency in carrying out the integrated plan, and adjust programs or seek decisions to enable an ordered and efficient development process;
- (c) the pimpro representing the lead agency in a project (normally MOT) - the lead pimpro - would act as a secretariat for the coordination meeting on that project; he would be responsible for initially developing (with the cooperation of other agencies) a monthly plan of key activities (a critical path) by each agency in the settlement process, and subsequently to adjust this plan on the basis of progress and circumstances reported in the regular coordination meetings (monthly). He would also be responsible for requesting action from the central (Jakarta) coordination body for transmigration (see below) based on the outcome of the local coordination meetings.

^{2/} Or other representatives of agencies which do not support a specific pimpro for the project but are nevertheless involved in implementation.

8. The local coordination meetings would be held regularly at the provincial level under the auspices of BAPPEDA representing the Governors. BAPPEDA would call monthly meetings with representation by all agencies concerned in the transmigration projects. In some sessions, particular projects would receive more attention than others, but on all meetings any issues affecting implementation of any project could be addressed. The burden of instituting a practical system for quickly and easily identifying progress and problems would fall to the lead pimpro. A suitable methodology is currently being developed under Trans II and IV with the aid of the consultants, Planars-Enex, and each pimpro should receive practical training in its implementation.

9. Action by concerned agencies to resolve problems would be facilitated through the regular meetings with the secretariat support of the lead pimpro. However, it is also likely that the meetings would seek and obtain decisions and action by the Governor through the Head of BAPPEDA. Decisions and actions at the central level by individual agencies (Directorates General) would also be necessary in some circumstances; each pimpro would individually request such action by his respective DG. The lead pimpro would also be responsible for requesting follow-up action by the secretariat of the central coordination body (see below).

10. In very complex projects, in which there are a number of major implementing agencies such as often occurs in swamp reclamation settlements, it would be necessary to have a more active and continuous integration function in the person of a local project coordinator-supervisor. This is also in accordance with the Presidential Decree. This individual would most appropriately be appointed by the Governor and function within BAPPEDA with responsibility for a single project. He would supervise the implementation activities of each pimpro in the project, act as the project secretariat for regular coordination meetings called by BAPPEDA, and report to the Governor through BAPPEDA at any time should he judge that the activities of one or other pimpro is jeopardizing the efficient implementation of the project. He would also provide regular reports and comment to the central coordination body (see below). In some cases it would be necessary to support the coordinator-supervisor with an experienced technical consultant.

11. Depending on the extent of transmigration settlement activities in the districts and province, it may be more appropriate to have the primary coordination meetings at the district level under the chairmanship of the Bupati.

12. In adopting the mechanism described above, the elements for effective decision making are provided: collection of relevant information through the pimpros; processing of information into a manageable form through the secretariat (lead pimpro); decision making by local provincial management based on the situation analysis; and referral of well-defined issues to a higher authority for decisions where required.

Central Level

13. At the central level, each DG of an implementing agency would be expected to respond to the requirements of his pimpro implementing a specific component of a project, but in the context of the total settlement project and not only as a ministry or agency program. To develop and enhance this approach, regular coordination meetings would be held in Jakarta to review transmigration settlement projects, and this function would be supported by a secretariat.

14. The central coordination meetings would be called monthly by the Secretary General, MOT and be attended by the DGs of all agencies involved in the settlement process, or senior officials of the respective Directorates General. ^{3/} Only issues needing attention at the central level would be addressed at these meetings. Material for the meetings would be presented in a concise and standard format designed to elicit action, and would be prepared and presented by a secretariat. The secretariat would be in the form of a Special Transmigration Integrated Development Support Unit (STIDSU) in the General Secretariat of MOT.

15. STIDSU would have the following direct coordination functions:

- (a) to receive and review reports from the lead pimpros following coordination meetings at the local level;
- (b) to follow-up on cross-agency issues reported from the local coordination meetings;
- (c) to act as a secretariat for the central coordination committee;
- (d) to participate in project coordination meetings in Jakarta and indicate action required by specific agencies in accordance with problems and issues reported from the field; and
- (e) to ensure that each agency annually includes budgetary provisions for the requirements of integrated development at each site.

16. In addition to its general coordination function in implementation of settlement projects, STIDSU would also have specific responsibilities for externally-funded projects:

^{3/} The composition of this settlement implementation coordination committee would ideally comprise some members of both Technical Team II and Technical Team III described in the Decree (KEP 82/MEN/1985) by the Minister, MOT which was issued to create a structure to permit implementation of the Presidential Decree. The Teams II and III pertain to settlement preparation and to mobilization and development functions respectively. Project implementation cuts across both these functions, and suggests that the division into the Teams II and III may not be the most appropriate committee structure, at least for the development-settlement phase.

- (a) to be the channelling agent for all loan reimbursement applications (prepared by Pimpros in each participating Ministry/agency) to external financiers, and to periodically collate all foreign and local expenditures in externally-funded projects as a means of updating total project costs; and
- (b) to act as an overall project contact point to assist GOI inspectorates and external financiers in project review and supervision.

17. To carry out the above responsibilities STIDSU would have to be appropriately staffed. A feasible structure would be to have a primary subdivision on a project or group of projects basis, and to have these entities serviced by individuals with a major responsibility for follow-up action with specific agencies. Staff could be allocated to specific projects, so that, at least in the case of externally funded projects, there would be an identifiable unit with responsibility for recording loan disbursements to all involved agencies, and for periodic updating of project expenditures; this capability does not exist at present in the Government machinery. Each Ministry/agency would continue to maintain responsibility for its own planning, accounting and financial recording, and monitoring of its programs. At least for externally funded projects, STIDSU would have an overall cross-agency function in monitoring progress (via reports from the lead pimpros and contact with implementing agencies), and in keeping track of total project expenditures, without being responsible for project accounts.

18. The consultants, Planars-Enex, with their existing terms of reference could provide support to STIDSU. However, to ensure that a permanent institutional capacity is in place, it is important that any consultants be used to design systems for use by STIDSU rather than undertake the work of STIDSU.

19. If operational or policy issues concerning settlement are not able to be resolved at the central coordination meeting level, STIDSU, through the Secretary General of MOT, would solicit the Minister, MOT to instigate a meeting at ministerial level to attend to the issues. STIDSU would prepare a briefing on such issues for the Ministers.

20. Some of the proposals described above are summarized in the attached diagrams.

March 11, 1986

DLPurcell/js/1357A

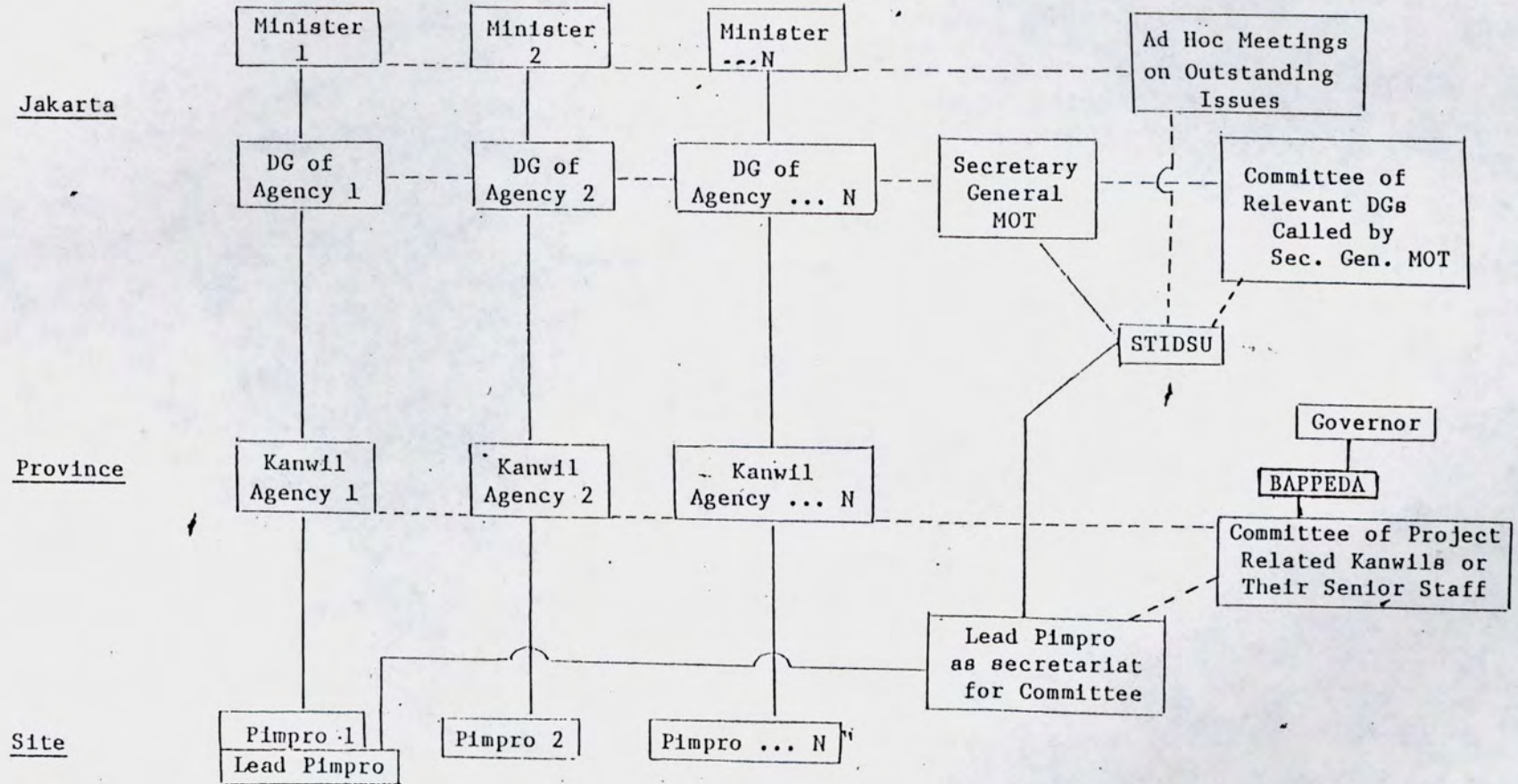
Summary of Integration of Transmigration Development Components

	Function	Responsibility
SP	<u>Management of operations of each agency, but with TOR which specify that each manager has responsibility to cooperate and integrate with other agencies in the settlement development.</u>	<u>Pimpros for each agency for each project or site.</u>
SKP - Site		
District	<u>Coordination meetings (regular) to do forward planning and review implementation by each agency in relation to an agreed integrated plan for a project.</u>	<u>Where District Level is more Appropriate</u> Meetings called by Bupati. <u>At Provincial Level</u> Meetings called by <u>Bappeda</u> , for representatives of all agencies involved in the Trans development.
Province	<u>Preparation of materials to be used as basis for planning and progress review at coordination meetings.</u> <u>Action to resolve issues at the provincial level.</u> <u>Reporting of progress and problems on sites and requesting action of HQ Directorates.</u> <u>Reporting to STIDSU on progress and problems at site, action taken to resolve issues at coordination meetings, and items requiring attention.</u>	<u>Pimpro of the lead agency in each project (usually MOT) - Lead Pimpro.</u> <u>Agreement between Pimpros and provincial heads of agencies, and/or decisions by Governor.</u> <u>Pimpros and, in specific cases, the Governor responding to issues highlighted during coordination meetings in province.</u> <u>Lead Pimpros</u>
Center (Jakarta)	<u>Follow-up on cross-agency issues reported from province</u> <u>Coordinated Meetings (regular) of Senior DG staff of all concerned agencies under invitation of the Secretary General, MOT to resolve issues which cannot be adequately handled in the province.</u> <u>Preparation of materials to be used as basis for action in Jakarta coordination meetings.</u> <u>Channelling of reimbursement applications prepared by Pimpros for externally-funded projects, and periodic collation of local and external source expenditures under each externally-funded project as a basis for project cost updating.</u> <u>Ad-hoc meetings of Ministers of agencies concerned to address special issues requiring decisions at this level.</u>	<u>Special Transmigration Integrated Development Support Unit (STIDSU) in General Secretariat, MOT.</u> <u>Secretary General MOT to call meeting.</u> <u>STIDSU</u> <u>STIDSU</u> <u>Minister, MOT, with briefing prepared by DGs or STIDSU.</u>

March 11, 1986

DLPurcell/js

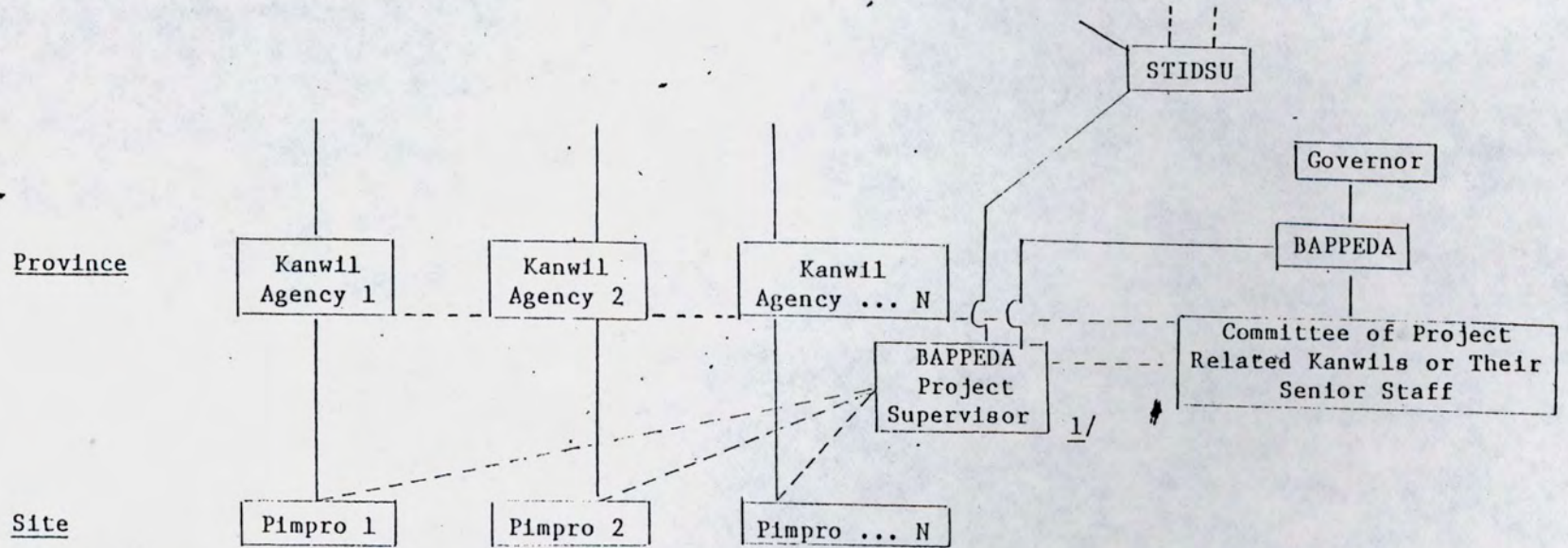
Proposed
Common Situation



More Complex Projects

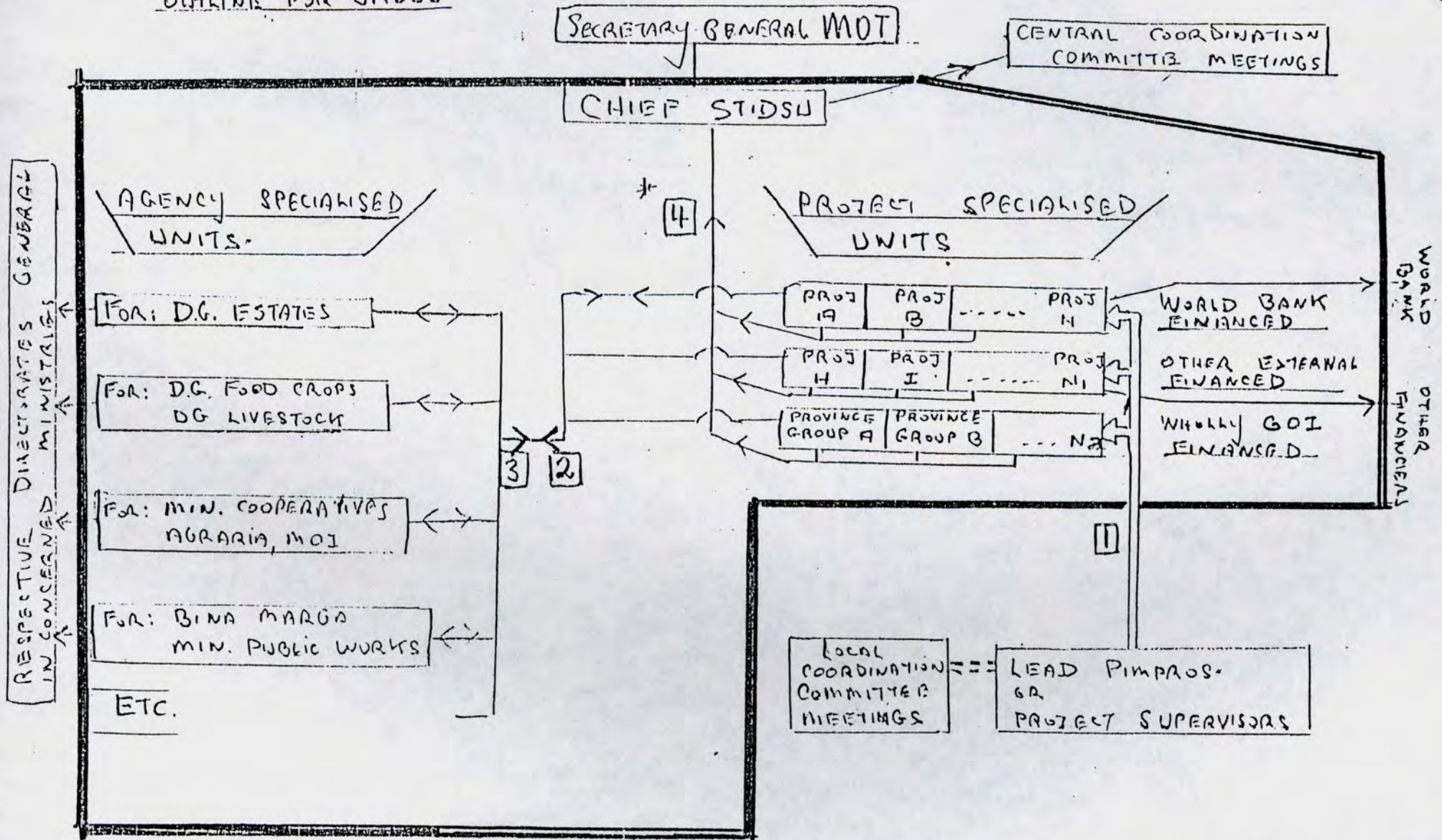
Jakarta

A s F o r C o m m o n S i t u a t i o n



1/ Supervisor with technical consultant support if necessary.

A POSSIBLE ORGANISATIONAL OUTLINE FOR STDSU

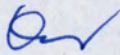


* BOXED NUMBERS INDICATE STAGES IN THE NORMAL COMMUNICATION PROCESS

OFFICE MEMORANDUM

DATE: March 14, 1986

TO: Ms. Gloria Davis

FROM: Dennis Notley 

SUBJECT: Transmigration Review

Attached is the long awaited Presidential Decree 1/86 in Indonesian and English governing tree crops and transmigration. Some further parts avail to be translated and will follow shortly.

Encl.

cc: Messrs Fox, Shearing

File: Trans Sector Review

DNotley/lk

OFFICE MEMORANDUM

March 14, 1986

Mr. Gloria Davis

FROM: Dennis Holley

SUBJECT: Transmission Review

Attached in the long awaited Presidential Decree 186 in Indonesian and English governs tree crops and transmission. Some further parts avail to be translated and will follow shortly.

Encl.

cc: Messrs Fox, Shearing

File: Trans Sector Review

D.Holley:jk

RECEIVED
1986 MAR 18 PM 5:03
INCOMING MAIL UNIT



PRESIDEN
REPUBLIK INDONESIA

INSTRUKSI PRESIDEN REPUBLIK INDONESIA
NOMOR 1 TAHUN 1986
TENTANG
PENGEMBANGAN PERKEBUNAN DENGAN
POLA PERUSAHAAN INTI RAKYAT
YANG DIKAITKAN DENGAN PROGRAM TRANSMIGRASI

07 MAR 1986

PRESIDEN REPUBLIK INDONESIA,

- Meningkatkan :
- a. bahwa dalam rangka meningkatkan produksi komoditi non minyak dan gas bumi, meningkatkan pendapatan petani, membantu pengembangan wilayah serta menunjang keberhasilan program transmigrasi dipandang perlu untuk meningkatkan pengembangan perkebunan dengan pola Perusahaan Inti Rakyat (PIR) secara terpadu;
 - b. bahwa untuk terlaksananya usaha peningkatan pengembangan perkebunan dengan pola PIR yang dikaitkan dengan program transmigrasi diperlukan langkah-langkah yang terkoordinasi antara berbagai instansi yang bersangkutan;
 - c. bahwa untuk mewujudkan koordinasi sebagaimana tersebut di atas dan untuk meningkatkan koordinasi yang telah dilaksanakan selama ini, dipandang perlu mengeluarkan Instruksi Presiden tentang Pengembangan Perkebunan dengan Pola PIR yang dikaitkan dengan Program Transmigrasi;

- Mengingat :
1. Pasal 4 ayat (1) dan Pasal 33 Undang-Undang Dasar 1945;
 2. Undang-undang Nomor 3 Tahun 1972 tentang Ketentuan-ketentuan Pokok Transmigrasi (Lembaran Negara Tahun 1972 Nomor 33, Tambahan Lembaran Negara Nomor 2988);
 3. Peraturan Pemerintah Nomor 42 Tahun 1973 tentang Penyelenggaraan Transmigrasi (Lembaran Negara Tahun 1973 Nomor 52, Tambahan Lembaran Negara Nomor 3010);

MENGINSTRUKSIKAN :

- Kepada :
1. Menteri Negara Perencanaan Pembangunan Nasional/Ketua BAPPENAS;
 2. Menteri Pertanian;

3. Menteri ...



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3. Menteri Transmigrasi;
4. Menteri Tenaga Kerja;
5. Menteri Dalam Negeri;
6. Menteri Keuangan;
7. Menteri Kehutanan;
8. Menteri Koperasi;
9. Menteri Muda Urusan Peningkatan Produksi Tanaman Keras;
10. Gubernur Bank Indonesia;
11. Ketua Badan Koordinasi Penanaman Modal.

Untuk :

PERTAMA : Menyelenggarakan kerjasama dan koordinasi yang sebaik-baiknya dalam rangka penyusunan dan pelaksanaan program-program kegiatan yang berkaitan dengan pengembangan tanaman perkebunan pola Perusahaan Inti Rakyat (PIR) yang dikaitkan dengan Program Transmigrasi, atau disingkat PIR-TRANS.

KEDUA : Dalam rangka kerjasama dan koordinasi sebagaimana dimaksud dalam diktum PERTAMA :

1. Menteri Negara Perencanaan Pembangunan Nasional/Ketua Bappenas menyusun, mengkoordinasikan, dan menyetujui rencana-rencana pembangunan yang terkait dengan rencana pelaksanaan proyek PIR-TRANS;
2. Menteri Pertanian melaksanakan, memantau, dan meningkatkan usaha pengembangan perkebunan dengan pola PIR-TRANS;
3. Menteri Transmigrasi melaksanakan penyediaan, peralihan, termasuk latihan dan pengalihan transmigran penerima proyek PIR-TRANS serta menyelenggarakan penyediaan lahan pangan, pembangunan pemukiman dan pembinaan transmigran;

4. Menteri ...



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4. Menteri Tenaga Kerja melaksanakan penyediaan, seleksi, latihan, dan pengiriman angkatan kerja antar daerah (AKAD) yang dibutuhkan perusahaan huli sebagai karyawan perkebunan huli dalam pelaksanaan proyek PIR-TRANS;
5. Menteri Dalam Negeri mengatur penyediaan lahan dan pemberlakuan dalam rangka pelaksanaan proyek PIR-TRANS serta memberi petunjuk dan pengarahan kepada Gubernur Kepala Daerah Tingkat I dan para Bupati Kepala Daerah Tingkat II tentang koordinasi dalam pembinaan pelaksanaan proyek PIR-TRANS di daerah;
6. Menteri Keuangan mengatur penyediaan biaya dan/atau menetapkan ketentuan-ketentuan yang bersangkutan dengan pembiayaan proyek PIR-TRANS yang bersumber dari APBN;
7. Menteri Kehutanan mengatur pelaksanaan proses pelepasan lahan yang diperlukan untuk proyek PIR-TRANS dari kawasan hutan sesuai peraturan perundang-undangan yang berlaku;
8. Menteri Koperasi melaksanakan pembinaan petani peserta PIR-TRANS untuk pengembangan prakarsa ke arah pertumbuhan koperasi sebagai usaha bersama dalam mengelola kebun mereka;
9. Menteri Muda Urusan Peningkatan Produkul Tanaman Keras mengikuti, mengkoordinasikan, dan menyerahkkan pelaksanaan usaha pengembangan perkebunan dengan pola PIR-TRANS;
10. Gubernur Bank Indonesia mengatur penyediaan dan/atau menetapkan ketentuan-ketentuan pembiayaan proyek PIR-TRANS yang bersumber dari kredit perbankan;
11. Ketua Badan Koordinasi Penanaman Modal memperlanear perizinan dan pemberlakuan fasilitas penanaman modal yang diperlukan bagi pelaksanaan pengembangan perkebunan dengan pola PIR-TRANS sesuai dengan fungsi dan kewenangannya;

KETIGA : Melaksanakan Instruksi Presiden huli sesuai dan dengan memperhatikan pedoman sebagaimana tercantum dalam lampiran Instruksi Presiden huli.



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Instruksi Presiden Ini mulai berlaku pada tanggal dikeluarkan.

Dikeluarkan di Jakarta
pada tanggal 3 Maret 1986
PRESIDEN REPUBLIK INDONESIA

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SOEHARTO

Salinan sesuai dengan aslinya



SEKRETARIAT KABINET RI

Kepala Biro Hukum
dan Perundang-undangan

Bambaing Kesowo
Bambaing Kesowo, S.H., LL.M.



PRESIDEN
REPUBLIK INDONESIA

LAMPIRAN

INSTRUKSI PRESIDEN REPUBLIK INDONESIA

NOMOR 1 TAHUN 1986

TANGGAL 3 Maret 1986

Pedoman Pengembangan Perkebunan dengan
Pola Perusahaan Inti Rakyat (PIR)
Yang Dikaitkan dengan Program Transmigrasi

1. KETENTUAN UMUM

1. Dalam Instruksi Presiden ini yang dimaksud dengan :
 - 1) Pola Perusahaan Inti Rakyat Perkebunan, selanjutnya disingkat Pola PIR adalah pola pelaksanaan pengembangan perkebunan dengan menggunakan perkebunan besar sebagai inti yang membantu dan membimbing perkebunan rakyat di sekitarnya sebagai plasma dalam suatu sistem kerjasama yang saling menguntungkan, utuh, dan berkesinambungan.
 - 2) Proyek PIR adalah proyek pengembangan perkebunan dengan pola PIR yang terdiri dari kegiatan pembangunan perkebunan inti dan wilayah plasma yang dilaksanakan oleh perusahaan intinya dalam jangka waktu tertentu.
 - 3) Perusahaan Inti adalah perusahaan perkebunan besar, baik milik Swasta maupun milik Negara yang ditetapkan sebagai pelaksana proyek PIR.
 - 4) Perkebunan Inti adalah perkebunan besar lengkap dengan fasilitas pengolahannya yang dibangun (dikembangkan) dan dimiliki oleh perusahaan Inti dalam rangka pelaksanaan proyek PIR.
 - 5) Wilayah Plasma adalah wilayah pemukiman dan usaha tani yang dikembangkan oleh petani peserta dalam rangka pelaksanaan proyek PIR yang meliputi pekarangan, perumahan, dan kebun plasma.
 - 6) Kebun Plasma adalah areal Wilayah Plasma yang dibangun oleh perusahaan Inti dengan tanaman perkebunan.
 - 7) Petani peserta proyek PIR, selanjutnya disingkat petani peserta adalah petani yang ditetapkan sebagai penerima pemilikan kebun plasma dan berdomisili di wilayah plasma.

8) Tanaman ...



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8) Tanaman perkebunan adalah kelapa sawit, karet, tebu, dan tanaman keras lainnya yang ditetapkan oleh Menteri Pertanian.

2. Pengembangan perkebunan dengan pola PIR dilakukan untuk membangun dan membina perkebunan rakyat di wilayah baru dengan teknologi maju agar mampu memperoleh pendapatan yang layak serta meningkatkan kegiatan transmigrasi dengan mewujudkan suatu sistem pengelolaan usaha yang memadukan pelbagai kegiatan produksi, pengolahan, dan pemasaran hasil.

II. PROYEK PIR YANG DIKAITKAN DENGAN PROGRAM TRANSMIGRASI

3. a. Proyek PIR-TRANS merupakan suatu paket pengembangan wilayah yang utuh yang terdiri dari :

1) Komponen utama, meliputi :

a) pembangunan perkebunan inti;

b) pembangunan kebun plasma;

c) pembangunan pemukiman yang terdiri dari lahan pekarangan dan perumahan.

2) Komponen penunjang, meliputi pembangunan prasarana umum.

b. Semua komponen sebagaimana dimaksud dalam huruf a harus terjamin keterpudanya; baik dalam tahap persiapan, pelaksanaan, penyelesaian proyek maupun lanjutan pembinaannya.

c. Perkebunan inti dimiliki oleh Perusahaan Inti.

d. Petani peserta memperoleh sebuah rumah dengan pekarangannya dan kebun plasma.

e. Prasarana dan sarana umum dipergunakan untuk kepentingan umum sesuai dengan ketentuan peraturan perundang-undangan yang berlaku.

4. a. Lahan yang disediakan dalam Proyek PIR-TRANS terdiri dari :

1) lahan untuk kebun inti dan kebun plasma yang perlebarnya luasnya ditetapkan oleh Menteri Pertanian;

2) lahan ...



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- 2) lahan untuk pekarangan termasuk untuk rumah sesuai dengan keperluan sebagaimana dimaksud dalam huruf b;
- 3) lahan untuk komponen penunjang.
- b. Luas lahan yang disediakan untuk masing-masing petani peserta adalah:
 - 1) lahan kebun plasma : 2,00 ha
 - 2) lahan pekarangan, termasuk tapak perumahan : 0,50 ha
5. a. Perusahaan yang dapat menjadi perusahaan inti adalah perusahaan di bidang perkebunan baik milik negara maupun swasta yang memenuhi syarat dan ditetapkan oleh Menteri Pertanian.
- b. Kewajiban Perusahaan Inti :
 - 1) membangun perkebunan inti lengkap dengan fasilitas pengolahan yang dapat menampung hasil perkebunan inti dan kebun plasma;
 - 2) melaksanakan pembangunan kebun plasma sesuai dengan petunjuk operasional dan standar teknik yang ditetapkan oleh Departemen Pertanian eq. Direktur Jenderal Perkebunan;
 - 3) bertindak sebagai pelaksana penyalapan lahan pekarangan dan pembangunan perumahan petani peserta; dengan petunjuk-petunjuk teknis dari Departemen Transmigrasi;
 - 4) membina secara teknis para petani peserta agar mampu mengolah-kan kebunnya dengan baik;
 - 5) menampung (membeli) hasil kebun plasma dengan harga yang layak sesuai dengan pedoman yang ditetapkan oleh Pemerintah dalam hal ini Menteri Pertanian;
 - 6) membantu proses pelaksanaan pengembalian kredit petani peserta.
6. a. Biaya untuk pembangunan kebun inti termasuk fasilitas pengolahannya menjadi beban perusahaan inti.
- b. Pembiayaan untuk pembangunan kebun plasma dilakukan oleh perusahaan inti yang kemudian akan diambil alih oleh Bank Pemerintah dan

bank- ...



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bank-bank lainnya yang disetujui oleh Bank Indonesia pada waktu penyerahan pemilikan kebun plasma yang bersangkutan kepada petani peserta.

- c. Pembiayaan untuk pembangunan lahan pangan, lahan pekarangan, perumahan peserta, penyediaan air bersih, sarana penunjang, dan pemukiman dilakukan oleh Pemerintah melalui anggaran Departemen Transmigrasi, sedangkan pembiayaan untuk sarana dan prasarana lainnya yang diperlukan dilakukan oleh Pemerintah melalui anggaran Departemen Teknis (Sektoral) yang bersangkutan.
 - d. Biaya pembangunan kebun plasma yang diambil oleh Bank Pemerintah dan bank-bank lainnya yang disetujui oleh Bank Indonesia sebagaimana dimaksud dalam huruf b terdiri dari :
 - 1) biaya pembangunan kebun plasma dari tahap persiapan sampai pada saat penyerahan kebun plasma termasuk bunganya, yang jumlahnya dihitung berdasarkan unit cost ditambah overhead cost dan jasa manajemen sebesar 15% (lima belas persen), ditetapkan dan dapat ditinjau setiap tahun oleh Menteri Keuangan dan Menteri Negara Perencanaan Pembangunan Nasional/Ketua BAPPENAS setelah mendengar pendapat Menteri Pertanian;
 - 2) untuk pertama kalinya besarnya bunga unit cost sebagaimana dimaksud dalam angka 1 ditetapkan sebesar 16% (enam belas persen) dan dapat ditinjau kembali oleh Pemerintah sesuai dengan perkembangan.
7. a. Petani peserta proyek PIR-TRANS terdiri dari :
- 1) transmigran, yang ditetapkan oleh Menteri Transmigrasi;
 - 2) penduduk setempat termasuk para petani yang tanahnya terkenai proyek yang bersangkutan, yang ditetapkan oleh Pemerintah Daerah;
 - 3) petani (peladang) berpludang yang ditetapkan oleh Pemerintah Daerah dari kawasan hutan terdekat yang dikemuka untuk proyek.
- b. Perimbangan antara jumlah petani peserta yang berasal dari transmigran dan penduduk setempat dalam proyek PIR ditetapkan oleh Menteri Transmigrasi.

c. Peralapan ...



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- c. Persiapan dan penentuan calon petani peserta sebagaimana dimaksud dalam huruf a angka 1) dan angka 2) dilakukan oleh Menteri Transmigrasi dan Pemerintah Daerah, berdasarkan syarat-syarat yang ditetapkan oleh Menteri Pertanian.
 - d. Para calon petani peserta diberi kesempatan untuk berperan-serta dalam pembangunan kebun dengan imbalan jasa.
 - e. Para calon petani peserta yang berasal dari para transmigran memperoleh bantuan (jumlah) hidup sebagai transmigran dan dibebankan pada anggaran Departemen Transmigrasi sesuai dengan ketentuan peraturan perundang-undangan yang berlaku.
8. Petani peserta berkewajiban untuk :
- a. membayar pengganti biaya pembangunan kebun plasma, yang untuk hal tersebut kepada mereka diberikan kredit lunak jangka panjang oleh Bank Pemerintah;
 - b. melaksanakan pengusahaan kebunnya sesuai imbalan dari perusahaan inti;
 - c. menyerahkan (menjual) hasil kebun plasma kepada perusahaan inti dengan syarat dan harga wajar yang saling menguntungkan.

III. LAIN-LAIN

9. a. Dalam melaksanakan Instruksi Presiden Int, Menteri Pertanian membentuk Tim Koordinasi yang diketuai Menteri Muda Urusan Peningkatan Produksi Tanaman Keras dan anggota-anggotanya terdiri dari para pejabat dari Departemen Transmigrasi dan dari Departemen/Lembaga yang meliputi tugas dan tanggung jawabnya bersangkutan dengan pengembangan perkebunan pola PIR-TRANS;
- b. Pelaksanaan koordinasi pembinaan pengembangan perkebunan dengan pola PIR-TRANS di daerah dilakukan oleh Gubernur Kepala Daerah Tingkat I dan di Daerah Tingkat II dilakukan oleh Bupati Kepala

Daerah ...



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Daerah Tingkat II dengan memperhatikan pedoman yang ditetapkan oleh Menteri Pertanian.

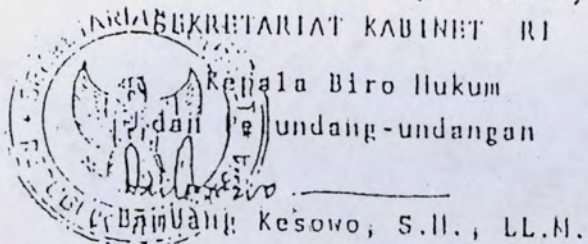
10. Pelaksanaan Instruksi Presiden ini secara teknis operasional diatur lebih lanjut oleh Menteri atau Pimpinan Lembaga yang bersangkutan sesuai dengan bidang tugasnya masing-masing secara terpadu.

PRESIDEN REPUBLIK INDONESIA

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SOEHARTO

Salinan sesuai dengan aslinya



THE PRESIDENT
OF
THE REPUBLIC OF INDONESIA

INSTRUCTION OF THE PRESIDENT OF THE REPUBLIC OF INDONESIA

NO. 1, 1986

ON

THE EXPANSION OF ESTATES WITH THE NES PATTERN
LINKED TO THE TRANSMIGRATION PROGRAM

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

- Considering:
- a. that in order to increase the production of non-oil/gas commodities, to increase the income of farmers, to assist in the expansion of areas and to provide support for the success of the transmigration program it is deemed necessary to step up the expansion of estates with the NES pattern in an integrated manner;
 - b. that for the success of the efforts to step up the expansion of estates with the NES pattern linked to the transmigration program there need to be measures that are coordinated among the various agencies involved;
 - c. that to realize the coordination mentioned above and to step up the coordination that has existed thus far it is deemed necessary to issue a Presidential Instruction on the Expansion of Estates with the NES pattern linked to the Transmigration Program;

- Adhering to:
1. Article 4 paragraph (1) and Article 33 of the 1945 Constitution;
 2. Law No. 3, 1972, on the Basic Provisions on Transmigration (State Gazette No. 99, 1972, Addendum to State Gazette No. 2988);
 3. Government Regulation No. 42, 1973, on the Organization of Transmigration (State Gazette No. 52, 1973, Addendum to State Gazette No. 3010);

HEREBY GIVES INSTRUCTION:

- To :
1. The State Minister for National Development Planning/Chairman of the BAPPENAS;
 2. The Minister of Agriculture;
 3. The Minister of Transmigration;
 4. The Minister of Manpower;
 5. The Minister of Home Affairs;

6. The Minister of Finance;
7. The Minister of Forestry;
8. The Minister of Cooperatives;
9. The Junior Minister for the Increase of Production of Estate Crops;
10. The Governor of Bank Indonesia;
11. The Chairman of the Capital Investment Coordinating Board.

To :

FIRST : Organize cooperation and coordination to the best possible extent in preparing and implementing programs of activities related to the expansion of estate crops with the NES pattern linked to the Transmigration Program, or in short NES-TRANS.

SECOND : In connection with the cooperation and coordination referred to in the FIRST dictum:

1. The State Minister for National Development Planning/Chairman of the BAPPENAS shall prepare, coordinate and synchronize the plans of development linked to the plan of implementation of the NES-TRANS project;
2. The Minister of Agriculture shall organize, stabilize and step up the efforts to expand estates with the NES-TRANS pattern;
3. The Minister of Transmigration shall organize the provision, preparation, including training and transportation, of the transmigrants participating in the NES-TRANS project as well as the preparation of the land for food crops, the construction of houses and the development of the transmigrants;
4. The Minister of Manpower shall organize the provision, selection, training, and transportation of the AKAD (interregional transfer of manpower) work force that will be needed by the Nucleus corporation, to work as employees of the Nucleus estates in the NES-TRANS project implementation;
5. The Minister of Home Affairs shall organize the provision of land and award of titles related to the NES-TRANS project implementation and shall provide instructions and guidance to Governors/Heads of Level I Regions and Bupatis/Heads of Level II Regions on the coordination in managing the NES-TRANS project implementation at each region;
6. The Minister of Finance shall organize the provision of funds and/or establish the provisions related to the financing of the NES-TRANS project with funds originating from the State Budget;
7. The Minister of Forestry shall organize the process of releasing the land needed for the NES-TRANS project from the forest territory in accordance with the prevailing laws;

8. The Minister of Cooperatives shall organize the development of farmers participating in the NES-TRANS project to direct initiatives towards the growth of cooperatives as a joint effort in handling their estates;
9. The Junior Minister for the Increase of Production of Estate Crops shall observe, coordinate and synchronize the realization of the efforts to expand estates with the NES-TRANS pattern;
10. The Governor of Bank Indonesia shall organize the provision of, and/or establish the provisions relating to, the funds for financing the NES-TRANS project that originate from bank credits;
11. The Chairman of Capital Investment Coordinating Board shall smoothen the process of issuance of permits and granting of capital investment facilities needed for the realization of the expansion of estates with the NES-TRANS pattern in accordance with its function and authority;

THIRD : Implement this Presidential Instruction in accordance with, and adhering to, the guidelines provided in the annex to this Presidential Instruction.

This Presidential Instruction shall take effect on the date of issuance.

Issued in Jakarta
on March 3, 1986

THE PRESIDENT OF THE REPUBLIC OF INDONESIA

(signed)

SOEHARTO

A true copy of the original

THE SECRETARIAT OF THE CABINET
OF THE REPUBLIC OF INDONESIA

Head of Legal and Legislative
Affairs Bureau

(signed)

BAMBANG KESOWO, S.H., LL.M.

GHHasjim:ghh

THE PRESIDENT
OF
THE REPUBLIC OF INDONESIA

ANNEX TO INSTRUCTION OF
THE PRESIDENT OF THE REPUBLIC OF INDONESIA
NO. 1, 1986
DATED March 3, 1986

GUIDELINES FOR THE EXPANSION OF ESTATES

WITH THE NES PATTERN

LINKED TO THE TRANSMIGRATION PROGRAM

I. GENERAL PROVISIONS

1. In this Presidential Instruction what is referred to as:
 - 1) The Estate NES pattern, hereinafter shortened to PIR pattern, shall be the pattern for the realization of expansion of estates using large estates as the Nucleus assisting and guiding the smallholders' estates around them as plasmas in a mutually beneficial, intact and continuous cooperation system.
 - 2) The NES project shall be the estate expansion project with the NES pattern comprising activities in developing Nucleus estates and plasma areas performed by the Nucleus corporation within a certain period of time.
 - 3) The Nucleus corporation shall be a large estate corporation, either privately owned or State-owned, designated as executor of the NES project.
 - 4) The Nucleus estate shall be a large estate complete with processing facilities constructed (developed) and owned by a Nucleus corporation for the implementation of the NES project.
 - 5) The Plasma area shall be the settlement and farming area developed by a participating farmer for the implementation of the NES project comprising yard, house and plasma estate.
 - 6) The Plasm estate shall be the Plasma area built by a Nucleus corporation with estate crops.
 - 7) The NES project participating farmer, hereinafter shortened to participating farmer, shall be the farmer designated as the recipient of the plasm estate ownership and domiciled in a plasma area.
 - 8) Estate crops shall be oil palm, rubber, sugarcane and other estate crops specified by the Minister of Agriculture.
2. The expansion of estates with the NES pattern shall be carried out to build and develop smallholders' estates in new areas with advanced technology so that they will be able to earn a reasonable income and step up transmigration activities by realizing a processing system that integrates various production, processing and marketing activities.

II. THE NES PROJECT LINKED TO THE TRANSMIGRATION PROGRAM

3. a. The NES-TRANS project constitutes an intact area expansion package comprising:
 - 1) Main component, comprising:
 - a) development of Nucleus estates;
 - b) development of plasma estates;
 - c) development of settlement comprising land for yard and house.
 - 2) Supplementary component, comprising development of public infrastructure.
- b. All of the components referred to in point a shall be guaranteed as to their integration, at the preparatory, implementation and completion stages of the project as well as in its continuing development.
- c. The Nucleus estates shall be owned by the Nucleus corporations.
- d. Each participating farmer shall get a house with yard and plasma estate.
- e. Infrastructure and public facilities shall be used for the benefits of the public in accordance with the provisions of the prevailing laws.
4. a. The land to be provided in the NES-TRANS project shall comprise:
 - 1) land for Nucleus estates and plasma estates the areal proportion of which shall be fixed by the Minister of Agriculture;
 - 2) land for yard including land for house in accordance with the need referred to in point b.
 - 3) land for the supplementary component.
- b. The area of land to be provided for each participating farmer shall be:
 - 1) plasma estate land : 2.00 ha.;
 - 2) yard land, including land for house: 0.50 ha.
5. a. The corporation that can be a Nucleus corporation shall be a corporation in the estate sector, either State-owned or privately owned, that meets the requirements and is so designated by the Minister of Agriculture.
- b. Obligations of a Nucleus corporation:
 - 1) building a Nucleus estate complete with processing facilities that can accommodate the products of the Nucleus estate and plasma estates;
 - 2) developing plasma estates in accordance with the operational instructions and physical standards of the Department of Agriculture/ the Director General of Estates;
 - 3) acting as executor in preparing the yard land and the construction of houses for the participating farmers, with technical instructions from the Department of Transmigration;
 - 4) developing technically the participating farmers so that they will be

- able to cultivate their estates properly;
- 5) accommodating (buying) the products of plasma estates at reasonable prices in accordance with the guidelines established by the Government, in this case the Minister of Agriculture;
 - 6) assisting in the process of repayment of the participating farmers' credits.
6. a. The cost of building a Nucleus estate including the processing facilities shall be borne by the Nucleus corporation.
- b. Financing for building plasma estates shall be handled by the Nucleus corporation to be taken over later by a Government Bank and other banks approved by Bank Indonesia at the time the ownership of the plasma estates is handed over to the participating farmers.
- c. Financing for the development of land for food crops, land for yard, participant housing, fresh water supply, supplementary facilities and settlement shall be handled by the Government through the budget of the Department of Transmigration, whereas financing for other facilities and infrastructure required shall be handled by the Government through the budget of the Technical (Sectoral) Department concerned.
- d. The cost of building plasma estates taken over by a Government Bank and other banks approved by Bank Indonesia as referred to in point b shall comprise:
- 1) the cost of building plasma estates from the preparatory stage to the time they are handed over including the interest, the amount of which shall be calculated on the basis of unit cost plus overhead cost and 15% (fifteen percent) management fee, to be fixed and subject to annual reviews by the Minister of Finance and the State Minister for National Development Planning/Chairman of the BAPPENAS after receiving the consideration of the Minister of Agriculture;
 - 2) for the first time the amount of the unit cost interest referred to in point 1 shall be 16% (sixteen percent) and this can be reviewed by the Government in accordance with development.
7. a. The NES-TRANS project participating farmers shall be:
- 1) transmigrants, to be designated by the Minister of Transmigration;
 - 2) local inhabitants including farmers whose land is used for the project, to be designated by the Regional Government;
 - 3) farmers moving from the nearest forest area used for the project, to be designated by the Regional Government.
- b. The proportion between the number of participating farmers originating from transmigrants and that originating from local inhabitants in the NES project shall be fixed by the Minister of Transmigration.
- c. Preparation and designation of participating farmer candidates as referred to in point a 1) and 2) shall be handled by the Minister of Transmigration and the Regional Government, based on the conditions established by the Minister of Agriculture.

- d. Participating farmer candidates shall be given a chance to participate in building estates with a compensation for their service.
 - e. Participating farmer candidates originating from transmigrants shall get assistance (security) to live as transmigrants and this shall be charged against the budget of the Department of Transmigration in accordance with the provisions of the prevailing laws.
8. Participating farmers shall be obliged to:
- a. pay a reimbursement for the cost of building plasm estates for which they shall be given soft, long-term credits by a Government Bank;
 - b. cultivate their estates in accordance with the guidance of the Nucleus corporation;
 - c. hand over (sell) the products of their plasm estates to the Nucleus corporation with reasonable conditions and at a reasonable price that are mutually beneficial;

III. OTHERS

9. a. In implementing this Presidential Instruction, the Minister of Agriculture shall form a Coordinating Team to be headed by the Junior Minister for the Increase of Production of Estate Crops and the members of this team shall be officials of the Department of Transmigration and of Departments/Institutions whose scopes of duties and responsibilities are related to the expansion of estates with the NES-TRANS pattern.
 - b. Coordination in the expansion of estates with the NES-TRANS pattern in the regions shall be organized by the Governors/Heads of Level I Regions in Level I regions and by Bupatis/Heads of Level II Regions in Level II regions adhering to the guidelines provided by the Minister of Agriculture.
10. The implementation of this Presidential Instruction shall technically and operationally be organized further by the Ministers or Heads of the Institutions concerned in accordance with their respective tasks in an integrated manner.

THE PRESIDENT OF THE REPUBLIC OF INDONESIA

(signed)

SOEHARTO

A true copy of the original

THE SECRETARIAT OF THE CABINET
OF THE REPUBLIC OF INDONESIA

Head of Legal and Legislative
Affairs Bureau

(signed)

BAMBANG KESOWO, S.H., LL.M.

GHHasjim:ghh

Gloria,

Report got out Tuesday, but didn't make it into pouch to RSI until Friday. Fateh, Krish and I had a two hour discussion with JP. JP stressed the following points.

1. The BPS survey data couldn't possibly be used because the sites selected were so bad. I said that you and the MOT had selected the sites to represent the experience of transmigration. Everyone agreed (except JP) that the MOT would not have wanted to just include the far extreme of bad sites. Stalemate here.

2. The BPS data were so severely flawed (because of home garden production underestimates) that they should be either corrected, or thrown out. I tried to explain that the home garden production was not a truly significant bias, that the data were roughly comparable to the other SUSENAS surveys, that the data provided a wealth of information and couldn't be ignored just because they weren't perfect, etc. Stalemate here. Krish said that paragraphs 2.06-2.09 should be rewritten to not confuse the reader. Let's look at these paragraphs closely because they were the source of a lot of discussion. Para 2.09 implies the BPS survey unrepresentative.

3. JP didn't think we could include table 2.1 (comparison of transmigrant incomes with incomes in sending and receiving provinces) because sample isn't comparable. I said that the table is important information, even though the reader must read the text to understand the comparison (ie that transmigrants are not a true cross section of population but poorer on average, thus finding that they report they are better off, but average incomes not so much different than Java). One of the problems with the discussion was that Krish had not read the main report. Thus he did not know the accompanying explanations in the text to points that JP was making. I still feel the intelligent reader can understand our caveats. JP felt they were too confusing, ie he wanted everything presented as black and white, and if it was grey, should be omitted.

4. JP thought we had misrepresented CRIA model. I tried to argue that through sensitivity analysis, even with some fairly large changes in technical parameters, models still look bad, partly due to low rice prices. In particular he objected to high use of labor and wants to rework model with a pair of bullocks. I also pointed out that parameters come from Bevan. He is going to revise CRIA model, which he strongly believes in, and I will rerun the model for him. He asked Krish for the use of Sengupta for a while to revise model. Krish seemed to accept JP's point that our report had not adequately dealt with potential of foodcrop model (ie w/ better extension, input supply). Again, Krish has not read report, where we discuss this point many times. I tried to explain our point of view about low rice prices, farmer's risk to high input use, how limits are to improved extension and input supply, usually better to work off farm than grow rice beyond subsistence, etc.

5. JP thought we should not infer anything about performance over time from cross sectional data. Again I stressed that the comparison provides important information and we have provided necessary caveats, etc. I really did not think he had any appreciation of the difficulty of getting data that are exactly what you want in the social sciences, and the fact that you have to work with what is available. For all its flaws, the IFAD and BPS surveys are a tremendous source of information.

6. JP agreed to look at the survey questionnaire to see what elements of income are underreported. He felt quite sure that transmigrants get much higher incomes than what we reported. I gave him a copy of the questionnaire.

I tried to make the point many times that we have gotten much criticism from the other side (that the report is too positive), and I gave JP a copy of some of these memos, especially from RSI. Krish seemed impressed by this point (ie realizing that we can't please everyone). I also pointed out that the parameters we use in our farm budgets are consistent with the parameters used in the economic analysis for Trans V. (But I guess he didn't like that analysis).

We did clear up a number of technical points (JP said I had made math errors in the farm models, I pointed out how the formulas worked--he had been misinterpreting the farm budgets on all his points & the budgets were correct). Also we cleared up the point about processing costs for tree crops, although I don't think JP is convinced. JP & I went over my farm budgets and he didn't like anything--our assumptions about prices, the way costs and benefits of labor increase over time with growth in gross domestic income, etc. I kept trying to stress that the budgets were built after careful consult with programs, that we were not using unusual parameters for shadow pricing labor, that we have to use the Bank's price projections, etc. And that some of the things we did, such as adding off farm labor benefits, helped the farm budgets and had not been done before. And that minor points he disagreed with would not really change the results of the models.

In sum, it was agreed that we should perhaps rewrite paras 2.06 to 2.09 to not confuse reader. I will rerun another farm budget showing potential of CRIA model with revised parameters. I also asked JP to provide me with specific written comments on report in areas he would like to see it rewritten.

Roy told me he is unhappy his comments were not all taken into account. I told him about the range of comments we had gotten & that we had done our best to revise.

Helen

OFFICE MEMORANDUM

DATE March 21, 1986

TO Ms. Gloria Davis, AEAIN

FROM J.-P. Baudelaire, AEPA4

EXTENSION 76263

SUBJECT INDONESIA - White Cover Report - Transmigration Sector ReviewGENERAL

1. The economic analysis of transmigration presented in the White Cover Report relies heavily on the BPS income survey. However, the report mentions that this survey has drawbacks such as the understatement of home garden production and has a serious data problem showing expenditures greater than income. In addition to these drawbacks, the survey has the shortcoming of being:

- (a) limited in time - Repelita II settlements (25% of the sample) are on average 7.5 years old and Repelita III settlements (75% of the sample) are on average only 2.5 years old. None of the settlements of the survey have reached full development and the Repelita III settlements are still at the initial development stage.
- (b) unbalanced with regard to the weight given to problem sites when compared to successful sites. For example, in South Sumatra, the Pematang Panggang and Air Sugihan sites, which are reported to have serious problems, have an overall weight in the sample of 32% when the Baturaja site, which is successful, has only a weight of 8%. Altogether, the problem sites have a weight of 50 to 60% in the sample against 15 to 20% in the transmigration program as a whole.

2. The representativity of the survey and the validity of the conclusions drawn from the statistical analysis are therefore questionable.

3. The report gives what appears to be a thorough analysis of the economic and financial aspects of transmigration by covering migrant economic welfare, farm models, regional development, employment and agricultural development. However, it fails to study or discuss in equal depth other essential aspects of economic development such as:

- (a) in receiving areas the development of rural centers, transport, industries, trade and the progress of health, education and skill transfer to local population;
- (b) in sending areas the improvement of social and economic welfare and environmental conditions;

- (c) in settlement sites the need to pursue and develop agricultural research, extension, credit, marketing and processing facilities.

4. The rather gloomy economic results of the transmigration program described in the report stem from:

- (a) The inaccuracy of the data base provided by the BPS survey. As these inaccuracies were known at the time of report writing, adjustments should have been introduced during data processing to base the conclusions of the statistical analysis on firmer grounds.
- (b) The systematic understating of direct benefits of the various farm models throughout the 20 to 30 years of the economic analysis. For example, the food crop yields are well under the regional averages, 0.7 t/ha for upland paddy grown by transmigrants against 1.6 t/ha on average in Sumatra. According to the report, transmigrants would therefore be unable to improve their yields beyond those observed in 1985 and could not achieve yields similar to those of local populations in the future.
- (c) The failure to take into consideration the quantifiable indirect benefits of the transmigration program such as the rice produced by the spontaneous transmigrants stated in the report, the improvement of transport, the development of trade and secondary services in settlements and rural centers, the improvement of health, nutrition and education in the receiving areas.

5. In general, the economic analysis has failed to take into consideration the distinctive and dynamic features of the transmigration program and use appropriate economic tools to evaluate benefits in their entirety. In addition, in view of the rather long gestation period of the transmigration settlement, too much weight was given to the short-term benefits while neglecting the long-term benefits.

6. The White Cover Report has the peculiarity of emphasizing and repeating page after page the same issues such as the low fertility of podzolic soils, the low returns of subsistence agriculture and the failure of some tidal land reclamation projects while de-emphasizing or neglecting to analyse some of the success stories of the transmigration program such as the Repelita II tidal land reclamation schemes of South Kalimantan, the small-scale irrigation schemes of Sulawesi, the Baturaja settlement, the agricultural settlements around large urban or industrial centers, the advanced settlement planning techniques and the higher nutritional standards of transmigrants.

7. Some of the solutions proposed in the report to existing problems are sketchy and debatable such as: "...saline intrusion is a complex and inexact science..." (para 6.17); Hydraulicians have since long ago found solutions to this problem throughout the world. "...the MOT should consider financing land purchase by NGOs..." (para 7.50); NGOs are usually

assistance/non-profit organizations, if they became landlords they would despoil the transmigrants of their rights to land. "There are advantages in having the estates take the lead in identifying suitable land and planning tree crop development..." (para 8.04); During the Transmigration V project preparation, it was agreed that MOT, in cooperation with Bakosurtanal, the national land resource and mapping agency would take the lead in identifying land for the transmigration program as a whole to avoid conflicts between the main users (Agriculture, Forest and Estates). However, an exception was made for the planning of tidal land which would remain under the responsibility of DGWRD.

8. The report says little or nothing on the desirability for GOI to invest more in research to improve upland food crop production, to develop draft animal in upland settlements to alleviate the problem of labor requirement in the CRIA farm model or to study non-standard agricultural development models based on agro-forestry, aquaculture, cottage industries or mining of lime to overcome the problems of soil acidity.

9. Some recommendations of the report such as the shift away from food crop, the reduction of tidal swamp reclamation, the selling of land to spontaneous transmigrants are inadequate and the recommendation to expand tree crops should not be generalized but limited to adequate sites.

ECONOMIC ANALYSIS

10. While Table 3.1 provides an acceptable investment cost per family for the basic upland and wetland food crop models, Table 3.10, on investment costs for the tree crop model, appears to contain a number of inaccuracies:

- (a) The cost of processing facilities has been left out which gives a definite advantage to the tree crop models over the food crop models.
- (b) The settlement costs under the NES projects are lower than costs under the PMU projects. This difference should not exist since settlers are the same in both cases.
- (c) The NES projects are less expensive than the PMU projects. This is most surprising since under the NES concept, all activities have to be implemented from scratch while under the PMU concept, some of the holdings, plantations, infrastructure and facilities already exist.

11. The labor availability per transmigrant family appears to be under-estimated in para 3.06: 350 days/year, the first year increasing to 520 days/year on the 11th year. These figures, which correspond to a labor force of 1.2 and 1.7 are lower than those generally assumed for a family of 5. This is particularly true if the additional labor force provided through spontaneous transmigrants is accounted for. In addition, these figures are lower than those deduced from work days available per household indicated in para 5.12. The under-estimation results in putting the improved CRIA upland farm model at a net disadvantage when compared to other models, because of the excessive cost of hired labor.

12. The improved CRIA upland food crop model is the most labor intensive of all models: 600 days/year. Since the shadow price of family labor and the cost of hired labor are set at rather high levels in the report, the economic benefits of this model are lower than other less intensive food crop models. Instead of discarding this model, the report should have studied the possibility of reducing labor requirements by introducing draft animal power. Experience in Baturaja and under the IFAD livestock project shows that a pair of oxen would allow intensive cropping of 2 ha, thus turning this model into one of the most profitable of all.

13. Annex 3 gives a detailed economic and financial analysis of the various farm models studied by the review team. The analysis of the upland food crop model (Table 3) leads to the following comments:

- (a) Hired labor days under "Costs of Production" are said to be zero, yet under "Total Production Cost," the financial hired labor is costed at Rp 36,000/yr. to Rp 77,000/yr.
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- (c) The cost of family labor is higher than the shadow price indicated in para 3.05 of the main report.

CONCLUSION

14. In general this report requires redrafting to de-emphasize some constraints, state clearly the strong points of transmigration, review the economic analysis and readjust some recommendations.

cc: Messrs. Kirmani, Davar (AEPDR); Rao, Price, Zenick, Purcell (RSI);
Krishna, Hewson (AEPA4); Babson (AEAIN)
Mss. Hamilton (AEAIN); Garrison (AEPA4)

JPBaudelaire:ebp

OFFICE MEMORANDUM

ATTACHMENT

DATE March 21, 1986

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FROM J.-P. Baudelaire, AEPA4

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Krishna, Hewson (AEPA4); Babson (AEAIN)
Mss. Hamilton (AEAIN); Garrison (AEPA4)

JPBaudelaire:ebp

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FROM: K.G.V. Krishna, Chief, AEPA4 Extension 72145 Dept/Div., No. 176/16

TO: COMPANY/ORGANIZATION: INTBAFRAD
CITY AND COUNTRY: Jakarta, Indonesia
FOR ATTENTION OF: Mr. Owen Price, Chief, AEPA1

FAX NUMBER/
MACHINE TYPE:

SUBJECT: Brief on Transmigration Settlement Planning for Mr. Kirmani

Baudelaire has prepared the attached brief which focuses on settlement planning. He has also presented at the end of the paper a summary of major issues in transmigration. For additional information on Trans III and V, please refer to his recent Aide Memoire.

Regards, Krishna.

cc: cc: Mrs. Hamilton (AEAIN) ✓

JPBaudelaire:ebp

K.G.V. Krishna

Transmission Authorized by: K.G.V. Krishna, Chief, AEPA4

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INDONESIA

BRIEF ON TRANSMIGRATION SETTLEMENT PLANNING (March 1986)

GENERAL

1. At the end of Repelita III (1979-1984), 527,000 transmigrant families, of which 350,000 sponsored and 177,000 spontaneous, had settled in the outer islands. This represents a major increase over the two previous five year plans: 40,000 families under Repelita I and 83,000 families under Repelita II. The increased targets led to the strengthening and upgrading of the agencies responsible for the transmigration program, first in 1978 when a Junior Minister was appointed to coordinate the various transmigration activities, and in March 1983 when the Ministry of Transmigration was created. The target for Repelita IV (1984-1989) has been set at 750,000 families, of which at least 50% are planned to move spontaneously.

Organization of Settlement Planning

2. The planning of transmigration settlements is under the responsibility of the Ministry of Transmigration. It is carried out by the Directorate of Planning (Bina Program) which forms part of the Directorate General of Settlement Preparation (DG Pankim). Bina Program, which was previously attached to the Ministry of Public Works, is mostly staffed by civil engineers and planners. It comprises one head office in Jakarta and several satellite offices in the other islands close to large settlement areas such as Palembang and Pekanbaru in Sumatra, Pontianak and Samarinda in Kalimantan and Jayapura in Irian Jaya.

3. Bina Program is assisted by a Technical Advisory Group (TAG), manned by Sir McDonald and Partners, composed of a multidisciplinary team of foreign and national experts specialized in the fields of topography, aerial photo-

interpretation, soils, agriculture, forestry, anthropology, regional planning and settlement planning.

4. The planning requirements are considerable. During the Repelita III (1980-1984), the 350,000 sponsored transmigrant families required a major planning effort covering the study of about 4.5 million hectares. If the targets set for Repelita IV (1984-1989) are maintained, this will require the survey of about 2,000,000 ha per year. The staff of Bina Program, together with the TAG, is insufficient to cope with such a large-scale planning program. Planning is therefore carried out by foreign and national consulting firms while the aerial photographs and maps are carried out in part by the national mapping agency Bakosurtanal and in part by national and foreign firms. Settlement planning is implemented in large consulting contracts comprising the study of about 20 settlement units (SKP) of 1,500 families each corresponding to the survey of about 400,000 ha to be implemented in three years.

5. The financing of the foreign exchange component of settlement planning has been mostly provided through World Bank loans and to a smaller extent by multilateral and bilateral agencies.

Planning Standards

6. Prior to 1980, insufficient attention was given to the planning of transmigration settlements. Plans were implemented as land clearing and basic infrastructure were developed under the so-called Plan As You Proceed (PAYP) method. This method continued to be used throughout Repelita III, though to a lesser extent, towards the end of the five-year plan. PAYP led to a number of settlement failures due to the mislocation of sites on improper soils or areas susceptible to flooding. As a result, a large percentage of Repelita II and III settlements did not produce the anticipated economic benefits and many

transmigrants were still at the subsistence level after several years of settlement. These settlements have little hope of improving their development without external assistance for rehabilitation or second stage development. To avoid the repetition of such situations, GOI, with the assistance of the World Bank, introduced towards the beginning of Repelita III a new planning method called Site Feasibility Studies and Engineering, also known as the 1980 SFSE planning program.

7. Under this program and subsequent improvements, the studies were carried out in three phases:

(a) Phase I studies to determine the transmigration potential of the other islands through land resources and regional planning at the macro-economic level. The scope of these studies was to establish an atlas of small scale maps (1/250,000), on which were outlined settlement units (SKP) of about 2,000 families each (or 20,000 to 30,000 ha gross) and the basic infrastructure required for giving access to these units by road, sea, inland waterways and air. The Phase I studies, because of their policy implications, were carried out directly by the staff of Bina Program.

(b) Phase II studies to determine the preliminary technical and economic feasibility of the areas identified under Phase I studies. This phase is often referred to as the screening process. It consists of a desk study of existing documents, photo-interpretation at scales of 1/20,000 to 1/60,000 depending on the availability of aerial photographs and preliminary field

surveys. During Phase II studies, a decision is taken as to whether the Settlement Units (SKP) are suitable for transmigration. If so, an outline plan at scale 1/50,000 is prepared for each selected SKP. The outline plan indicates the revised SKP boundaries, the alignments of the main access and village roads, the locations of the village units (SP) of 300 to 400 settlers each and the areas earmarked for food crops, tree crops, communal pastures, reserve forest and also those put aside for spontaneous settlers and future expansion of the settlements. The Phase II studies are carried out by consulting firms.

- (c) Phase III studies to draw up the detailed settlement plans at scale 1/10,000 and draft the tender documents for construction works. The plans indicate the detailed layout of village and farm roads leading to the fields. Usually the villages are subdivided into hamlets of 30 to 50 houses where each house is located within walking distance of the village centers. The village layouts can be either semi-nucleated or nucleated. In the first instance houses are located within plots of at least one hectare (0.25 ha for home gardens and 0.75 ha for food crops) while in the second, the houses are surrounded by only 0.25 ha of land corresponding to the home garden. In both cases the remaining plots for food crops and tree crops are located within walking distance of the settlers' houses. The semi-nucleated layout is preferred by the agronomists and the settlers because of the easier access to the first food crop lots which are always difficult to maintain during the early

years of settlement. The nucleated layout is preferred by the civil engineers because of its cheaper construction cost.

Phase III studies are also implemented by consulting firms.

The Achievements

8. The SFSE 1980 planning program financed under the Transmigration II (Loan 1707-IND) project was only partially successful because more than 50% of the sites initially selected during the Phase I studies had to be rejected. This was mostly due to poor Phase I planning, inflexible site selection criteria based on only one food crop farming model (lands with slopes about 7% were rejected) and insufficient coordination between the various government agencies involved in transmigration planning. The 1980 program was also weak in the economic and financial analysis of settlements. Out of an estimated 300,000 families to be settled by the program, only 70,000 were settled with adequate plans and another 70,000 with partially completed plans. Nevertheless, the SFSE 1980 program served its purpose by providing experience in the planning process and in drafting typical terms of references for consulting firms and guidelines for the physical planning of transmigration settlements. It also created an awareness among GOI officials of the need for improved settlement planning.

9. Under the Transmigration III project (Loan 2248-IND), a major effort was made to assist the Government in planning its large-scale transmigration program. This project, which became effective in April 1983, is financing a new round of planning studies for about 300,000 families to be settled under Repelita IV. The SFSE 1983 program was designed along the same principles as the SFSE 1980 program but with substantial improvements with regard to the Phase I planning, the use of a larger number of farming models, the systematic

financial and economic analysis of typical settlements, the testing of a new airborne radar mapping technique, the subdivision of Phase III studies, and the creation of a steering committee to involve the main government agencies concerned with transmigration planning. These improvements have reduced the rate of site rejection and eliminated the obsolete PAYP planning method.

10. The field work is demanding because of the remoteness of the sites and the difficult working conditions in tropical forests. Despite the employment of first class consulting firms, with experienced staff, the accuracy of topographical surveys in forested areas has been of concern. As a result the Phase III studies were subdivided into Phase IIIA to draw up preliminary designs at scale 1/20,000 before land clearing and Phase IIIB to carry out the final designs at scale 1/5,000 after land clearing. Prior to this subdivision of Phase III studies, it was a standard practice to request the contractors to prepare the as-built drawings, thus involving them in the final designs. This did not prove to be a satisfactory solution as not all contractors, and particularly the smaller ones, had the required planning capacity.

11. To avoid the problem of inaccurate topographical surveys and also to reduce the cost of surveying, an airborne radar mapping system was tested under the Transmigration III project. This system is expected to allow the drawing up of topographical maps at a scale of 1/10,000 with 2.5 m contour intervals prior to land clearing. This, in turn, should permit the drafting of accurate final designs prior to land clearing and allow the speeding up of the Phase III studies. As the airborne radar mapping system ran into problems of altimetric positioning and accuracy in flat topography, another airborne mapping system based on a laser sensor and an inertial positioning system is now being tested.

12. Special studies are also being carried out under the Transmigration III project to make the settlements more successful by studying and testing, on a pilot basis, a larger number of transmigration development models. The objective of these models is to develop a production base appropriate to the natural land and soil conditions. At present six transmigration models are being considered comprising food crops, tree crops, animal husbandry, fishery and fishpond farming, manufacturing industry and mining. Still more models will be studied in the near future.

13. As of January 31, 1986, the Transmigration III project has produced plans for 75 settlement sites corresponding to a settlement potential of about 105,400 families. It is expected that by June 1987 the project will produce settlement plans for a total of 275,000 families.

14. The Transmigration V project (Loan 2578-IND) is a continuation of the previous two projects. It will assist MOT in preparing settlement plans for 300,000 families to be settled under Repelita IV and V. This project comprises several innovative features:

(a) It will finance the participation of Bakosurtanal to process and interpret satellite and radar imagery for Phase I land resource studies and also to prepare aerial photography and medium-scale topographic maps to be used for Phase II and III studies. Previously, MOT was responsible for these activities though it was not specialized in these fields.

(b) A greater emphasis has been placed on the economic and financial analysis of transmigration development models. A feasibility study will be prepared for each settlement plan as well as a

detailed development plan for the initial 10 years of settlement.

- (c) The social and environmental implication of the transmigration program will be systematically evaluated. Settlement planning consultants will be required to assess the attitude of local people towards transmigration, propose arrangements for the release of customary land through compensation and/or participation in the program, and solutions to protection of endangered species.
- (d) The Phase II and III studies will incorporate the airborne radar/laser topographic mapping systems if these prove to be technically and economically feasible.
- (e) Technical assistance will be provided to the Directorate of Land Preparation and its regional offices to ensure the proper utilization of settlement plans.
- (f) A number of steps were taken to improve the recruitment and performance of national and foreign consulting firms. Detailed technical and financial evaluation procedures were established for the selection of consultants in the most equitable manner and to achieve the best quality/cost ratio. The contracting documents were also improved to guarantee the proper implementation of TORs.

Conclusion

15. The planning of transmigration settlements is an essential part of the transmigration program. Proper planning requires the study of a sound economic base to provide an adequate level of welfare to transmigrants and to ensure the future success of settlements. Planning of transmigration is an arduous task which must be scheduled several years ahead of time. Three phases of studies are necessary: Phase I to identify the potential sites at the regional level; Phase II to screen and evaluate the potential sites; and Phase III to carry out the final designs of settlements and prepare tender documents. The minimum time required for the planning process is about three years. The reduction in time or the elimination of one study phase can only eventually lead to higher study costs because of the need to reject a greater number of sites or to poor quality settlements due to insufficient studies.

16. The selection of experienced consultants is a prime consideration in view of the difficult working conditions. Future projects will improve topographical surveys through the use of airborne automated mapping system; increase settlers' productivity through the use of a larger number of economic activities and protect the local and environmental conditions.

17. The development of new settlements also requires the planning of the basic socio-economic inputs for education, health, agricultural services, marketing, etc. The numerous facets of transmigration make its planning a challenging task that is enthusiastically implemented by Bina Program and other GOI agencies.

MAJOR ISSUES OF THE TRANSMIGRATION PROGRAM

Spontaneous Transmigration

18. The number of spontaneous transmigrants is being increased to counter-balance the shortage of GOI funds. MOT needs to clarify its policy

regarding the promotion of spontaneous transmigration by issuing instructions on:

- settlement planning;
- registration;
- settlement preparation;
- land titling; and
- level of assistance to spontaneous transmigrants.

Program Coordination

19. Program coordination remains weak between: (a) MOT, Agriculture (DGFC, DGLS and DGE) and Forest; and (b) MOT and the provincial authorities. These weaknesses affect settlement planning and settlement development before and after the transfer of settlements to provincial authorities.

DG Mobilization and Development (DGMD)

20. DGMD is responsible for the movement of spontaneous transmigrants and the development of settlements before their transfer to the provincial governments. This DG requires strengthening particularly in view of the increasing importance of spontaneous transmigration and second stage development in the near future.

Second Stage Development

21. Many settlements remain at subsistence level because of insufficient investment during the initial development period. To improve the welfare of transmigrants and the economic returns of the program, there is a need to further invest in second stage development by introducing cash crops, developing agricultural credit and extension and improving communications.

Communications

22. All weather communication systems need to be further developed in remote sites to give access to markets and promote economic development. The problem of road maintenance before and after transfer to the provincial authorities requires immediate attention.

JPBaudelaire:ebp(oljb032586)

Kurmani has agreed -
D.C. weight

Yamal

Kurmani

1. Balance - 100 Negative - 18 million -
2. Stage II fill-in - Reduce cost of
Accelerate establish. | Not clear
clearing date -
All agencies
30,000 ha - ^{planted}
3. Doqmaivism
Options - 1987/88
-100% - 400ha
nurseries
4. On farm opp.
Kurmani 39 million
May - start
- coordinating -

Mark Cackler

- 324404 -

OFFICE MEMORANDUM

3/31

DATE March 27, 1986

TO Mr. Gutam S. Kaji, AEADR

FROM James A. Lee, PPDES

EXTENSION 75351

SUBJECT INDONESIA - Transmigration/Environment

Al. Javer
Mr. Hamilton ←
 pls speak to me
 at this time
AL

1. We had proposed to EAPA4 that a seminar be held dealing with the environmental implications of agricultural development in Indonesia, including prevailing perceptions "on the transmigration program. While the division agreed to the desirability of the seminar, it indicated it had no funds for participation. Unfortunately, we, too, are broke in this fourth quarter.
2. Hence, we are unable to proceed unilaterally with the seminar and will cancel it.
3. This is very unfortunate since this topic needs more attention if the Bank and GOI are to avoid major problems of the type you and I earlier discussed -- problems for the transmigrants, the impacted tribal people, and the natural resource base that underpins their efforts.
4. The report of the environmental consultant has not yet been released by the Region, nor have we seen the sector review -- so it is difficult for us to be of assistance in this regard. Should we be collaborating on a background paper on the environmental dimensions, along the lines we proposed late in 1985? Or how would you prefer to proceed to reduce the risks? As you know, we stand ready to collaborate in any way you see fit.
5. Perhaps we could chat about this -- as you know Indonesia Transmigration continues to command the increasing attention of the NGO community and some donor countries.

cc: Mr. T. Blinkhorn, IPA

JALee/RGoodland:on

March 31, 1986
3:12 PM

Population Health and Nutrition Department
Sector Assistance Strategy for Indonesia

A. Background

1. Bank Group assistance to Indonesia for population, health and nutrition development began in 1972 with a credit for a population project and has expanded to include four loans for population, one for nutrition, two for strengthening provincial health and national health manpower, and one for promoting nutrition and community health. This portfolio reflects the growing dialogue with Government and the priorities and evolution of government policies during the last decade. The Bank's sector assistance strategy has encompassed a holistic approach to the PHN subsectors while stressing more efficient resource use to reduce fertility, mortality and morbidity throughout Indonesia.

2. Notwithstanding the appropriateness of this strategy in support of objectives under Repelita IV, several issues need more attention if Government's PHN sector goals are to be effectively implemented and appropriate returns to investment are to be realized. Attention to these issues has become more important with the decline in oil prices which imposes tighter resource constraints for the remainder of the current Plan, and will likely continue for the next Plan.

3. Health and nutrition status in Indonesia and the magnitude of needs are indicated in the sector background section of the Staff Appraisal Report for the Second Community Health and Nutrition Project, November, 1985. Health and nutrition status is markedly better than a decade ago but is unevenly distributed and, overall, lags substantially behind that of other countries at similar income levels. These gains (and family planning success to a lesser degree) will be at risk as investment and recurrent budgets shrink. During Repelita III there began a declining trend in the real value of the health sub-sector investment budget. The FY85 development budget of Rp. 253 billion (including external assistance) for Ministry of Health (MOH) programs was about 22 percent less than estimates of required levels to meet Plan targets. For FY86, fiscal pressures resulting from the oil price decline have necessitated a further 43 percent cut in the nominal MOH budget. Although budgetary constraints may be less severe for the family planning program (in part because external funds account for approximately 45 percent of program costs), there is little

March 31, 1986
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doubt that, given linkages between them, slower improvement in health and nutrition status will hinder family planning, particularly among lower income groups.

4. Weaknesses in the overall planning system and multiple, overlapping sources of finance with inadequate local involvement in linking needs and budgets have contributed to discrepancies between budgets and stated priorities. Overall there appears to have been excessive emphasis on infrastructure development and neglect of manpower and operating supplies and materials for the health system. National and provincial authorities generally lack capability to target and monitor investments in health effectively, and to program manpower and recurrent budget requirements accordingly. In addition, investment cutbacks during Repelita III may have adversely affected the balance between curative and preventive services with investment in hospital services remaining virtually unchanged, while community health program investments were reduced. Furthermore, while Repelita IV recognizes the substantial regional variation in PHN status and the need for greater equity in the availability and quality of PHN services, there has not been a systematic review of regional needs compared with the distribution of investment and recurrent budget allocations. Consequently there is a risk that ongoing and planned investments may not improve PHN status in a cost effective manner or in the regions of greatest need.

Don't not seem - This seems a bit harsh - access is after all critical.

*this needs checking
I think it was the 84/85 budget*

role of decentralization.

5. Better planning at all levels and coordinated budgeting and more effective mobilization of additional domestic (including fees for services) and foreign resources are required in the face of a dramatic deterioration of Indonesia's short-term economic prospects.

there are fees for services now - do you mean additional charges?

B. Bank Group Strategy

6. The principal objectives of Bank support to the PHN sector in Indonesia are as follows:

- 6.1 To reinforce the Government's integrated approach to PHN with emphasis on more efficient and effective use of resources;
- 6.2 To assist in improving equity and decentralization in the provision of PHN services through better allocation (spatial distribution) of resources in line with stated Government

March 31, 1986
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priorities; and

6.3 Given present and anticipated budget constraints, to assist the Government to reassess activities in each subsector for a cost effective balance of new and ongoing programs consistent with realistic budgetary prospects and sectoral objectives.

C. Specific Tasks for implementing the strategy

7. The following are the main sector work and lending tasks through which we propose to implement the Bank's PHN strategy. Preliminary work plans and task budgets are attached.

8. Sector Work. The proposed sector work program includes supervision of project financed studies. First, under the Fourth Population Project the Government is to undertake a review of program achievements and to prepare a detailed medium term plan elaborating program targets, activities and resource requirements. An input to this task will be the Population Sector Memo currently being drafted in PHND2 which will examine the contraceptive prevalence requirements and program implications of demographic objectives set by the Government. Second, a detailed assessment of the resource requirements and likely affordability of implementing its long-term manpower development targets will be done by Government under the Second Health Project. Both studies are scheduled for completion during FY 87.

9. A new sector work task is proposed for FY 87 which would examine the affordability of the Health Investment Program. This would update the earlier public investment review and extend the analysis to cover the regional balance of the program and its recurrent cost implications. The objectives of this task would be to: a) provide technical assistance to BAPPENAS in reassessing program priorities in light of fiscal constraints; b) provide the basis for a possible sector loan by identifying parts of the investment program suitable for Bank financing, as well as institutional changes needed to improve program planning and budgeting in the longer term; c) identify key issues that should be addressed in future analytical work in the sector. These are likely to include further work on affordability (including better estimates of unit capital and recurrent costs), effectiveness (particularly of hospital services) and distribution (of health

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resource requirements and associated changes in financing mechanisms).

10. Initial reaction by Government is favorable and within the Bank we propose to undertake data gathering in June/July with the help of R. Mark Brooks, PHN consultant in Indonesia supported by Geoffrey Ferster who is likely to be recruited as a short-term consultant to BAPPENAS. This would be followed by a PHN mission in July/August. Report writing would be completed by October, 1986. ★

11. New Lending Operations. Lending operations are planned in the CPP for FY89 (\$50 million) and FY90(\$60). Allocations are notional but appear low in the outer years from the perspective of Indonesia's health needs and the size of the Bank's overall program. The Government has taken initial steps to identify and prepare a second provincial health project; a Bank preparation mission is scheduled for April 1986. As currently conceived, the project would support the Government's medium-term efforts to promote greater decentralization, better planning and resource allocation at the provincial level, more efficient use of resources and a more favorable distribution of health manpower. We propose that this lending operation be advanced to FY 88 subject to the findings and conclusions of the mission scheduled for April.

12. In addition, we propose two new projects for FY 89S and FY90S respectively. Studies in population and health manpower described above as well as the planned sector work on resource allocation issues would provide a basis for the appropriate focus of these lending operations.

13. Staff resources spent on PHN activities in Indonesia since FY84 have increased but remained far below average coefficients for lending and supervision (Annex 2). FY 86 expenditure on supervision, 80.3 staff weeks, reflects an upswing in supervision commensurate with the growth in lending in FY86 (after an unacceptable low of 15.7 staffweeks in FY85). A total of 78.3 staffweeks of supervision are planned for FY87.

14. The proposed sector work, supervision and lending program for FY87-90 is also given in Annex 2. For the program as a whole we believe we should concentrate staff resources increasingly on the management of study done by others, rather than committing large blocks of staff time to detailed survey and fact-finding. This assumes, therefore, continued

Affordability of the Health Investment Program

Introduction

1. A public investment review of the health sector program for Repelita IV was undertaken during FY85. Major conclusions of the review included the following: a) implementation of the proposed program would cost more than the budget allocated in the Plan; b) fiscal constraints were likely to force a major reduction in the size of the program since first year budget allocations represented a substantial shortfall from the estimated requirement; c) the balance of the proposed program appeared inappropriately weighted toward curative hospital services; d) the program had been formulated without quantitative regard for its recurrent cost implications, thus risking investment in under-financed and therefore low productivity facilities.

2. Recent budgetary events have given rise to increasing concern over these issues. The MOH investment budget has experienced a continuing secular decline in real terms since FY83, culminating in a 43% cut in nominal value in the latest budget. The prospect of a massive shortfall in implementation of the Repelita IV program is now certain. Since the entire program will be unaffordable the critical issue is which priority programs should be included in a core program for implementation during the balance of Repelita IV. In response to these events PHND2 proposes to undertake an assessment of the Affordability of the Investment Program designed to address these issues. In essence the assessment would consist of a detailed update of the previous public investment review, extended to include analysis of the regional balance of investment expenditure, and to include projections of the recurrent cost financing implications of the investment program using a microcomputer projection model recently developed in collaboration between PHND2 and the PHN Policy and Research Division (Barnum and So).

Objectives

3. The objectives of the proposed assessment would be threefold. First, it would aim to provide technical assistance to BAPPENAS in reviewing program priorities in light of systematic data on investment and recurrent cost requirements for proposed programs. Second, it would aim to lay the basis for a possible sector loan by identifying a core investment program suitable for Bank financing as well as institutional changes needed to improve future program planning and budgeting. Third, it would aim to define issues for future analytical work in the areas of affordability, effectiveness and distribution needed to support preparation efforts for Repelita V. These could be included for financing as part of the next lending operation and managed as part of the PHND2 sector work program.

Work Program

The work program required would consist of the following elements:

- a) update data on program and regional investments (Brooks/Ferster);
- b) update data on achievement of physical targets (Brooks/Ferster);
- c) update data on unit investment costs and projected total investment requirements (Brooks/Ferster);
- d) estimate unit recurrent costs and project recurrent cost requirements of recent and planned investment (Barnum/So);
- e) estimate the recurrent cost requirements of existing health service infrastructure and assess the extent of current underfunding (Barnum/So);
- f) assess the affordability of investment and recurrent costs of the proposed program (Prescott/Barnum); and
- g) assess tradeoffs and recommend composition of a core program (Prescott/Williams/Krister).

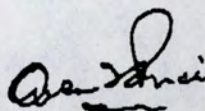
F/067/1

FACE MILE TRANSMITTAL FORM

Date : April 2, 1986
Number of Pages : 2
From : RSI Jakarta (Owen T.W. Price)
To : World Bank, Washington (A. Davar, AEPDR copy Kirmani, AEPDR,
K.G.V. Krishna, AEP4;
Msa. A. Hamilton, Gloria Davis, AEP4)
Fax No. : F/067
Subject :

Attached is revised last page of the Implementation of the Transmigration Program. Pls. substitute this for page 13 the copy received yesterday.

Regards,


Price

File: Trans. Sector

DPurcell/mc

1986 APR -3 AM 5:01
CABLE SECTION

RECEIVED

Recommendations:

43. (a) DG Food Crops and DG Estates should adopt the AAETE principles of a whole farm extension service using generalist PFLs, and provide the required back-up specialist services to support this approach. To date, this concept is only given lip service by the individual Directorates.
- (b) Supplies of critical inputs such as seeds of adapted species and appropriate propagation material (e.g. budded rubber) should be promoted or organised through the respective DGs of MOA.
- (c) Forward planning for the appointment of extension staff on sites and for the supply of inputs, as proposed for coordination at the site/provincial level, will greatly assist in the timely supply of these inputs (para 22) and the provision of services in which settlers can develop confidence.

C. OTHER ISSUES

44. Three topics which we consider to be especially important for the transmigration program but which are not directly involved in our ongoing projects are:

- (a) the need for more concrete programs to handle spontaneous settlers in future settlement programs and in existing settlements; and
- (b) the necessity to consider transmigration only as a part of regional and subregional development programs especially in provinces such as Irian Jaya, where the paucity of infrastructure requires that basic infrastructural development is a prerequisite to successful settlement.
- (c) the need to establish a central policy and planning unit at a senior level in the MOT capable of analysing the ongoing program, and recommending to the Minister corrective action in the light of experience. This would serve as the critical focus for dialogue between the Bank and GOI. As Transmigration involves several Ministries, this unit may even be situated in BAPPENAS rather than MOT.

Prepared by AEFAL (Agriculture, RSI)
DPurcell/CEFem/OTWPrice/mc

April 1, 1986

F/0663/11

FACSIMILE TRANSMITTAL FORM

Date : April 3, 196

Number of pages: t w o

From : RSI Jakarta (Manuel Sanick) *McJanick*

To : World Bank, Washington. PLEASE DELIVER BEFORE 9.00 A.M. ON
 APRIL 3 TO: (Gloria Davis, ABAIN, ROOM A 638)
 Copies to: J.P. Baudelaire, ROOM E 624
 and Asia File

Fax No. : F/0663

Subject : Yellow Cover Transmigration Sector Review

1. I am sure you are and will be receiving various comments and accolades on eminently readable draft. This fax, however, is limited to one point which is worthy of your consideration. It relates to the number of sponsored migrants currently planned for FY86/87, given in para 1 in the Summary and repeated in Summary paras 13, 58, 60 and para 1.37 in Main Report and perhaps elsewhere. The confusion centers around the question of the number of families to be settled in this FY on tree crops sites.

2. Sayuti Hasibuan confirmed to me yesterday that the number of tree crop site families to be fully sponsored is 10,000 as had earlier been indicated by Djoko Hartono and confirmed at J.P. Baudelaire's wrap up meeting which Dennis Funnell and I attended. Thus the total number of sponsored migrants is 36,000 families with the 114,000 balance of the estimated 150,000 to move spontaneously or partially assisted during the year. No more than 36,000 are budgetted by BAPPENAS.

3. The table in para 33 of J.P.'s Aide Memoire Attachment was changed as follows:

	Agency	No. of Families (rounded)	%
Fully sponsored (Trans. Umum)	MOT	26,000	17
Fully sponsored (PIR)	DGE	10,000	7
Partially sponsored (PIR Khusus + NES)	MOT, DGE	20,000	13
Spontaneous (Residual)	MOT	<u>94,000</u>	<u>63</u>
	Total	150,000	100
		*****	***

4. The intention at this stage is to try to have the 20,000 (approximate) partially sponsored settlers to move with assistance from PIR Khusus and NES, implying tree crop models. Support from MOT budget to these settlers will be virtually nil. There has been some discussion of a plan to move settlers on full credit financing into sites on which tree crops are already planted; however, it is difficult to find any firm details of this which implies that it is still very preliminary; thus any impact of such program in FY86/87 is uncertain.

5. This is an important correction for 2 reasons:

(a) A 30,000 tree crop settlement sponsorship out of 56,000 would suggest that the majority of new sponsored settlement in FY86/87 would be for tree crops. That is not correct. Only 10,000 out of the 36,000 is currently planned for tree crops.

(b) The need for future site studies under Trans V would be artificially inflated by an overstated figure of 56,000.

Geoffrey and Dennis concur in these figures.

Good Luck and regards,

Mick

c.c. Messrs. Williams, Price, Fox, Purcell

File: Transmigration Sector Review

MCTenick/DPurcell/w

OFFICE MEMORANDUM

Ms. Davis

DATE April 10, 1986
TO Mr. K.G.V. Krishna, AEPA4
FROM R. Goodland, PPDES *RA*
EXTENSION 75341
SUBJECT INDONESIA: Transmigration Sector Review
(Yellow Cover)

Per Mr. Yenal's request at the yellow cover review meeting of April 3, here are the recommendations codified from the yellow cover:

1. Institution Strengthening: Ministry of Environment and Population
 - 1.1 Ability to review transmigration program and projects; prepare policy guidelines; needs 2 specialists for 5 years.
 - 1.2 Strengthen ability to execute environmental assessments of sites; needs 5 specialists for 5 years. All new WPPs should have prior environmental assessment.
 - 1.3 Strengthen ability to monitor and predict problems; needs 2 specialists for 5 years.
2. Strengthen Regional Environmental Capabilities
 - 2.1 Whenever transmigration is projected to occur, the Regional Environmental Institute (World Bank/UNDP project) should be strengthened to enable it to undertake review and monitoring of sites and assist with protected areas (e.g., in Cenderawasih University, Jayapura) and to supervise land clearing contractors (3 experienced specialists added to Jayapura for 5 years).
 - 2.2 One wildlife specialist in the major regional center or in the Ministry of Environment and Population to address wildlife/crop interactions.
3. Forest/Protected Wildlands
 - 3.1 Endorse and finance implementation of (part of) the National Conservation Plan (1982).
 - 3.2 Systematically strengthen the protected (or proposed) wildland nearest to the transmigration site (like the Dumoga case) (demarcation, management plan, training, and equipment: see Wildlands OPN).
 - 3.3 Integration of managed buffer zones between sites (including "spontan") and wildland units.

4. Tribal (Institutional)

- 4.1 Anthropologist (or equivalent) in the Ministry of Environment.
- 4.2 Anthropologist to join existing one in TAG.
- 4.3 Anthropologists (of approved experience) mandatory for consulting firms.
- 4.4 Anthropologist in Cenderawasih University Environmental Institute, Jayapura.

5. Tribal (Direct)

- 5.1 Finance cultural (tribal), etc., surveys before site selections.
- 5.2 Finance tribal protection during site selection (demarcation, health, other).
- 5.3 Finance forum for tribal peoples (or their advocates) to communicate their views and participate in decisions affecting them; training in this regard.

6. Tribal (Policy)

- 6.1 Clarify that cultural identity is Bank policy, rather than integration into the dominant society. E.g., 50% Irian Jaya resettlement people can be native Irianese (p 5.38) implies sedentarization. Is this consonant with the Bank's policy?

7. Policy

- 7.1 Transmigration is now the main sink for oustees of Bank-assisted projects, such as reservoirs. It must not become the only option as a matter of policy.
- 7.2 Transmigration financing should start with Regional Master Plans.

8. Land Use

- 8.1 Land Use Model Preference: move towards sustainability. Annuals (least preferred) → Pekarangan → Tree Crops (most preferred). Sago component dropped from Transmigration V should be promoted.
- 8.2 Land Use Law: Needed to ensure collaboration of Forestry, Transmigration, Estates, and Regional Provincial Governments with Ministry of Environment and Population. The Bank could help foster such a law.

8.3 Remote Sensing to monitor protected areas nationwide. This could become a component of Regional Master Planning (7.2).

9. Site Preference

9.1 Prefer Grassland > degraded land > 2° Forest > 1° Forest
The least preferable primary forest should be avoided unless no alternatives are available and this has been publicly justified.

9.2 Rehabilitation of unsuccessful sites preferred over new sites.

10. Land Clearing Guidelines

10.1 We have enough information for a cut and paste. Can AGR be stimulated to complete the work they started in 1979 and redrafted 3 or 4 times since then? The 1985 International Conference on Land Clearing, held in Jakarta, provides most of the background material for such guidelines.

10.2 Includes mechanical/manual balance. Includes use of cut trees and site preparation.

11. Long term

11.1 Now even Lampung is a source of transmigrants. This evidence means other newer transmigration sites will swell the flow to increased transmigration. Therefore, it would be prudent to link transmigration to:

- (a) Intensification (on Java and elsewhere)
- (b) Population management

11.2 Improve transmigration goals away from settlement numbers of new arrivals, and towards measures of success or sustainability of transmigration sites.

12. Training Environment and Anthropology

Need 10 masters/year for 5 years

5 PhD/year for 5 years

10 people to attend one year course X 5 years

20 people to attend one month course X 5 years

Typewritten
Character
Must Fall
Completely in
Box!

PAGE
OF
1 1

OFFICIAL DEPT DIV
ABBREVIATION
IPAPA

MESSAGE NUMBER

TEST NUMBER
(FOR CASHIER'S USE ONLY)

START
HERE

INTBAFRAD, JAKARTA, INDONESIA

FOR D.C. RAO. REF. YOUR TELEX OF APRIL 10 REGARDING FORTHCOMING IIED SEMINAR ON ENVIRONMENT AND DEVELOPMENT. EYE HAVE INFORMED EUROPEAN OFFICE, WHICH HAS BEEN ASSIGNED PRIMARY RESPONSIBILITY FOR LIAISING WITH IIED ON THIS PROJECT, ABOUT YOUR CONCERNS AS WELL AS GOVERNMENT PLANS TO INVITE OUTSIDERS TO INDONESIA. EYE HAVE ALSO SUGGESTED OTHER ISSUES AND CASE STUDIES THAT MIGHT USEFULLY BE EXPLORED AT THE JUNE SEMINAR. FOR YOUR INFORMATION THE FOLLOWING POINTS ARE NOTEWORTHY. AAA SEMINAR IS NOT ABOUT TRANSMIGRATION BUT RATHER BROADER ISSUES OF ENVIRONMENT AND DEVELOPMENT. AMONG OTHER AGENDA ITEMS CURRENTLY UNDER CONSIDERATION ARE THREE SPECIFIC CASE STUDIES INCLUDING INDIA NARMADA AND BRAZIL POLONOROESTE AND ONE OTHER. IIED FELT THAT TRANSMIGRATION SHOULD BE INCLUDED BECAUSE IT IS SUCH A TOPICAL ISSUE IN WESTERN EUROPE THESE DAYS. BBB IIED IS SPONSORING THE SEMINAR NOT THE BANK. BANK IS PROVIDING SOME FINANCIAL SUPPORT AND BACKGROUND MATERIALS AND HAS A MEASURE OF INFLUENCE ON IIED. CCC SHAHID HUSAIN HAS AGREED TO GIVE KEYNOTE ADDRESS AT SYMPOSIUM. EYE WILL KEEP YOU APPRISED OF FURTHER DEVELOPMENTS. BEST REGARDS. BLINKHORN.

BLANK AREA TO BE LEFT BLANK AT ALL TIMES

INFORMATION BELOW NOT TO BE TRANSMITTED

TELEX	62141	Ap 11, 1986
TBI Blinkhorn.sm	72591	
cc: Messrs. Karaosmanoglu, Kaji, Vogl, Davar, Mrs. Hamilton, Mrs. Davis, Mrs. Schwartz; Messrs. Sankaran, Sison, Rihane, Bretaudeau.		
SECTION BELOW FOR USE OF CABLE SECTION		

Thomas A. Blinkhorn

IPA

GONDONG MAKMOR, MAY 1986

The current Indonesian transmigration program has its origins in pre-independence Dutch efforts to deal with the alarming increase in population of Java over the nineteenth century. To alleviate the pressure on Java's resources that this burgeoning population caused, the Dutch administration began in the early twentieth century to sponsor the movement of peoples from Java to, in particular, the sparsely populated south Sumatran region of Lampung. In this region new villages were cut out of jungle and swamp.

The Dutch had, of course, been moving Javanese to Sumatra as contracted plantation labourers for many decades before the first transmigration village came into being in 1904, yet the transmigration program does not seem to have been directly designed, anyway, to provide the Dutch with a source of labour in south Sumatra. Its purpose appears to have been the more benign one of creating, in the outer islands of Indonesia where land was not, generally speaking, a scarce resource, new villages out of Java's human overflow.

After Indonesia became independent from the Dutch and established itself as a republic in 1948, the new Indonesian government continued with and expanded upon the transmigration program. Population and poverty were the motivating factors.

It seems more than likely that poverty became widespread in Java during the centuries of Dutch rule. In addition to this, the infant republic had to cope with the areas of chronic poverty in, particularly, east Java, that the second world war and the following independence war had assisted in creating. The great plantations of east Java had been severely disrupted by the events of 1942-48, and although many of these plantations would be rejuvenated under the new Indonesian administration, there were in the late 1940's many dispossessed plantation labourers in east Java. They were, in the majority, landless.

The situation of the landed was, for many of them, not much better. In the east and the Yogyakarta area, three families sharing one hectare of land was common. Rather than reducing the overall population of Java, or even arresting its growth, something transmigration has never achieved, I think it fair to state that, particularly in the period up to the inauguration of the New Order government in 1966, it was to rural poverty and its alleviation that transmigration was addressed.

Whether transmigration has succeeded in this sense is a complex question. For those in Java, there is still rural poverty. For those in the outer islands, transmigrants and indigenous population alike, it is often the case that to own three hectares there is to be no better off, and perhaps to be worse off, than to own half a hectare in Java. Size of land holding is actually a meaningless comparative device unless attention is also paid to the type of land and what it is capable of producing, the access its cultivators have to markets, and the opportunity or lack of it in the local area for off-farm work. In the consideration of these factors a large population may emerge as a distinct advantage. It is worth remembering, in this respect, that more leave the outer islands each year for Java than flow in the opposite direction as transmigrants.

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In evaluating transmigration, particularly that of the pre-Pelita period, to which the transmigration village I am conducting fieldwork in belongs, much depends on what is regarded as success, and in what manner transmigration is perceived to alleviate poverty. One answer is that a successful transmigration community is a agriculturally self-supporting village, and, somewhat tautologically, by providing for the creation of this agriculturally self-supporting village, transmigration has abolished the worst of the transmigrants previous poverty. It is true, however, that transmigration has not always resulted in the achievement of even this limited aim, and that in some places it has come closer to a transferral of poverty. Abandoned transmigration villages, of which my own ethnographic area of south Kalimantan, has its share, support this. On the other hand, south Kalimantan also has its share of transmigration villages that have developed beyond simple subsistence levels. Gunung Makmur, the transmigration village in which I am studying, is one of these.

To speak of transmigration's success or failure is perhaps to obscure the real issues. There is some danger in, almost, anthropomorphizing transmigration, in giving it a motive force that transmigration of itself lacks. Transmigration is not some conscious 'thing' or 'force' that, depending on one's opinion, either brings new opportunities to an area, or cheats the local population. In the period in which Gunung Makmur was settled, transmigration's meaning did not even extend as far as the building of houses or roads. All it meant was the transferral of population. From that point on, the sense of transmigration was, and is, to be found with the transmigrants, or more pertinently, with the experiences of a particular group of transmigrants, in a particular social and physical environment, over a particular period of time. To my mind, this type of study reveals more about transmigration, about what transmigration becomes in practice, than any discussion of transmigration in terms of intentions, disguised colonization programmes, or regional development.

In keeping with this aim, I will outline in the following pages some of the processes involved in the transformation of the small, new-born transmigration village of Gunung Gundul, into the larger, established, wealthier community of Gunung Makmur. I am not interested so much in relating a success story - Gunung Makmur's success has not involved some inexorable, year by year improvement in general fortunes, but a series of fits and starts, from which some have benefited and others not- but in isolating some of the historical processes that have contributed to the present situation.

In 1953 'Gunung Gundul' referred to an empty area of hills, lower lying dry land and swamp, some 4 ks east of the south-west coastal fishing village of Takisung, south Kalimantan. The nearest settlement of any size was Pleihari, 18ks to the east, and between Gunung Gundul and Pleihari there were just two small villages, Benua Tengah and Ranggalang. The only other settlements within a 20 k radius were four fishing villages, Tabanio, Takisung, Pagatan Besar, and Kuala Tambangan.

These coastal villages are of some antiquity, Tabanio itself being the village where the Portugese landed and built a fort in the early seventeenth century, but the agricultural settlements of the Pleihari region are of more recent origin.

South Kalimantan's small population is unevenly distributed, with its major agricultural area being to the north in the Hulu Sungai region, and perhaps the

best way to describe the Pleihari region is as a rather unattractive, in agricultural terms, outpost of Hulu Sungai. The soils of the Pleihari region are poorer and pure water supplies are scarcer than is the case in Hulu Sungai; it is not a region that would of itself attract those wishing to make a living from agriculture, if they had before them the choice between Pleihari and Hulu Sungai. Oral history of the region relates, however, that the early settlers of the Pleihari area did not have that choice, in that they were refugees from fighting between regional Hulu Sungai datu or chiefs. An old woman, now somewhere in her seventies, who was born and has lived most of her life in Pleihari (she now lives with her daughter in Gunung Makmur) has spoken to me many times about the founding of Pleihari.

In the time of her grandparents, Nini recalled, there was warring among the northern Hulu Sungai datu, and some of the local people, including her grandparents from Barabai, fled to the south. They came to an unnamed village of just a few houses at the edge of a lake, which was surrounded by dense forest. In this forest lived a giant ghost by the name of Pulo-hari. In order to ensure their safety the newcomers joined with the original inhabitants in fighting and eventually killing the ghost. The ghost's blood stained the surrounding land, and hence both the red earth of Pleihari and the town's name.

This founding myth dates the birth of Pleihari as a largish settlement to around the turn of the century. It is also worth considering in terms of Pleihari's age that within the common south Kalimantan language of Banjarese, a dialect of Malay, there is a recognized Hulu Sungai variant (actually there are several accents and idioms within Hulu Sungai, to the extent that it is possible to discover an individual's origins simply by listening to his or her speech), and a distinct Takisung variant, but there is no Pleihari accent or idiom. It would seem then that the town of Pleihari, as distinct from the small village, is a relatively recent phenomenon. It was into this region of forest and widely dispersed villages that the transmigrants destined for Gunung Gundul came in 1953.

Gunung Gundul's transmigrants were the third group to arrive in south Kalimantan since the declaration of Indonesian independence from the Dutch. Of the 724 families, divided into 20 rombongans or groups, according to place of origin, that came to Gunung Gundul from Java in late 1953 through to early 1954, roughly one third were from the Yogya area, and the rest were eastern Javanese from Jember, Tulung Agung, Kediri, Blitar and Wonogiri. They were united in that all came from areas and situations of poverty, but otherwise their backgrounds were varied. Some were sons or daughters of small land owners who, with parents and six or seven siblings, cultivated a quarter hectare or less. On marriage, they decided that rather than have nothing to offer their children, they would transmigrate. Others were ex-plantation workers without land, others were village-based landless labourers. Most were married but some were single. Those who came with children generally had young children, but some had older children, fifteen years of age upwards. One of the more interesting things, however, that arises out of discussions with the transmigrants is the not insignificant number that had, prior to 1953, sought work in other parts of Indonesia, and how many of their siblings have, either previous to 1953 or since that date, left Java to live and work in another part of the Indonesian archipelago.

Pak Kasdar, whose name will crop up several times in the following pages, is

from Tulung Agung, east Java. He has six siblings, only one of which is still in Tulung Agung. The others have gone to Sulawesi, Malaysia (Sarawak), Surabaya, central Kalimantan, and Blitar, east Java. Similarly, Pak Tumilan, the village's first headman, himself worked for several years in Sumatra before returning home to Kediri and joining the move to Gunung Makmur from there. And, of course, there are many cases of transmigrants' parents who left Java permanently to become plantation labourers for the Dutch.

The interest in these stories is that they give a picture of a highly mobile Javanese peasantry. In some cases, the mobility may not have been the result of individual desire but more akin to compulsion, probably the case for many of the plantation labourers that went to Sumatra, yet experiences such as these give the lie to the immobile, unchanging image of the peasant farmer. The readiness of Javanese, particularly of poor Javanese, to leave their home village in search of better prospects has been a vital factor in the development of Gunung Makmur. To become a pendatang, a newcomer, or a transmigran, is for many Javanese, a 'thinkable' transformation of self.

The first group of transmigrants to Gunung Gundul, or Gunung Makmur as it was to be optimistically renamed some five years later, comprised rombongans 1-4. They arrived in Banjarmasin on the 25th September, 1953, after a two day boat journey from Surabaya. They were immediately taken by open truck to Pleihari, and from there to Gunung Gundul. The road at this time was hardly wide enough for a truck to pass, and the 18k journey from Pleihari to the new settlement area took over two hours. On arrival in the transmigration site they moved into asrama or boarding houses as their temporary home.

Pak Paimin spoke to me of the early days of settlement. He was kept waiting in Blitar for several months before finally leaving, to the extent that he was forced to sell the little he had with him in order to keep him going through this waiting period. He was continually being told, 'next week, you'll be leaving next week'; he remembers this time all too well. On finally arriving in Gunung Makmur, he was allocated 1/2 hectare of dry land and one hectare of sawah land at the western or Takisung end of the settlement. Some of this sawah land was grasses, some forest that had been bulldozed but was still full of tree stumps and fallen trees. Physically, the land was deep swamp'.

Houses had been promised to the transmigrants, and cleared land, but neither of these were forthcoming. Building materials were available, however, and within a couple of weeks this first group of transmigrants had constructed their own houses. As they moved out of the asrama, the next group arrived, until all 20 rombongans had come to Gunung Makmur.

Problems were immediate. The first was the appearance of the area; all forest, dry in places and swampy in others, with tall tree covered hills and at the foot of these hills massive, scattered boulders. It did not look promising. Secondly, there were difficulties with the designated sawah land. Ownership of this land was immediately claimed by the people of neighbouring Takisung.

That this dispute ever occurred indicates a major misunderstanding on the part of the transmigration project planners concerning traditional land ownership and use in the area surrounding the transmigration project. At that time, the transmigrant's sawah land fell vaguely within the area that Takisung village

regarded as theirs. 'Vaguely', because for most years the land was unused, and at least a part of it was forested. Occasionally, however, the dry season would be long enough to allow partial drying out of the land and the planting of it to rice, and when this happened the Takisung villagers, who did not and do not have an abundance of rice land, considered that they were entitled to use that land. Thus the land, whilst appearing empty, had very definite rights of ownership and use attached to it.

This a common land use pattern in the marginal regions of south Kalimantan. Villages extend rights over a large area of land that is not all continuously cultivated. Within this area some shifting cultivation is practised, and some of the land only becomes suitable to cultivation, particularly rice cultivation, at infrequent intervals. To enable that, at any one point in time, the village will have sufficient land to cultivate, they lay claim to very large areas, areas that, using their own labour resources, they could never cultivate all at once. The point of this is, however, that at any given time only a portion of the land is suitable for cultivation. Hence, much of the land appears empty, but this empty land is actually a valuable part of the village's agricultural reserve. It seems that the planners of Gunung Makmur mistook some of Takisung's reserve land for unowned land, and that Takisung, seeing the newcomers arrive to work their land, immediately protested.

The pattern of cultivation so described is characteristic of present day rice cultivation in Gunung Makmur. Even the best of Gunung Makmur's rice land, that which is favourably placed to both collect and then channel rainwater and can therefore support two crops per year, cannot always support two crops over its entire area. Daramosio, a young rombongan 17 farmer who inherited 1.5 hectares of prime, in village terms, rice land from his father, has for the second crop of 1986 (May-August) only been able to plant 30 rombongans, or less than one hectare, as the remainder of his land is too swampy. Another common complaint, being voiced this year, is an early dry season drying out some of the already planted rice too early, but the swamp areas too late. The significance of this scarcity of rice land that, at a more fundamental level denotes a water supply problem, has been considerable in terms of Gunung Makmur's development. It was at least one of the reasons why many left the village in the mid-fifties, searching for it helped determine the movements of others within the village, and ownership or lack of it has, in the contemporary period, substantially added to or subtracted from the fortunes of village farmers. The variations in yield from year to year that this situation implies has also helped to produce a fairly fragile village economy. This economy has two legs, one rice and the other cengkeh, and neither are reliable. I will discuss this more fully in later pages.

Recalling the mentioned dispute with Takisung, some of the transmigrants remember hostility and actual fights, others simply speak of the general unsuitability of the land; too swampy, full of pesta, only partly cleared, and the few attempts made to cultivate it failed. The outcome was that this land was lost to the transmigrants, and they were left with just their 1/2 hectare of dry land. The loss, however, was not great. The 'sawah' land was too far away from most of the house land, and, as many of the transmigrants have said, if it were uncleared unsuitable land they were looking for, there was plenty available closer to home.

It appears that very little rice cultivation went on during the first three

years of settlement. Families lived off the government assistance of, per month, 50 kilos rice, 2 kilos sugar, 2 bottles cooking oil, kerosene, 2 kilos salted fish, and salt. They cleared and planted sections of their 1/2 hectare - government assistance included a seed package - but very little reached harvest, due to pest attacks, particularly from wild pigs, diseases, and the generally unfertile nature of the soil.

If this was a period of hardship, the years immediately following the end of government assistance were worse. The end of the jaminan or guarantee period marked the beginning of an exodus out of the village, and the beginning of an in-village migratory movement for the great majority of those who remained.

Pak Kuat, who came from Yogya as part of rombongan 17, said that there were originally 45 families in R. 17, but now only fifteen are left. Most, he said, left around 1956, after applying to the government to be moved to other transmigration projects in Sumatra. Other transmigrants returned to Java. Neither Kuat nor his wife had land in Java, or family to assist them there - Kuat is an only child whose father died when he was still an infant, and his wife is the eldest of two daughters whose father 'sold' himself to the Dutch as a plantation labourer in south Sumatra, abandoning his wife and children - so they stayed. Kuat mentioned that among the rombongans that virtually disappeared at this time were R. 8, R. 3, R. 6, R. 7, R. 1. Of those who stayed, some men went off to work for logging companies in places such as Kintap leaving their family behind. Only those with a few or no children could do this; others, like Mbak Iman, with nine children at his time of arrival in Gunung Makmur, had to stay. Kuat laughed, saying that Iman had so many mouths to feed that in the early days he just kept on planting, and when and if the crops failed he planted again, opening up more and more land in the process.

Kuat himself has moved six times, including one period of five months when he and his wife went to Banjarbaru to become the servants of a family there. Their wages, he said, were so low that they decided it was better to starve on their own land than on somebody else's, and so they moved back to Gunung Makmur. Kuat did not settle on his present land, however, until 1965, after several moves in search of better land. All suitable rice land had by that time been taken by his R. 17 neighbours, and he still does not own any rice land. He did not buy his present land. So many, he said, had left the village at the end of the jaminan period that buying land wasn't necessary. At the most there was ganti rugih, involving a very small transaction between the person leaving the land and the person moving onto it. Ganti rugih is akin to the taking over of a bad debt.

Pak Kasdar is from Tulung Agaung, east Java, and came to Gunung Makmur as part of rombongan 4. This rombongan, he said, was one of the smallest, consisting of thirty families. By around 1956/57, however, some ten of these families had already left Gunung Makmur, either returning to Java or moving to Sumatra.

On R. 4's arrival in the village in 1953, none of their land had been cleared, and no houses built. Each family constructed their own house and cleared a little of their land. They decided, however, during the jaminan period, that their allocated land was unsatisfactory, so Kasdar searched around and found that the land further north was better and, being near the hills, more appealing. This land was partly outside the northern rombongan boundary, but even so Kasdar moved there and shortly afterwards the rest of the rombongan followed him.

Sumo Kaiya came from Kediri as part of rombongan 5, with his wife and seven children. After 1956 he moved many times in search of better land. He began to cultivate cengkeh in the early 1960's, but each time something happened to it: once it simply wouldn't grow, so he moved to another piece of land; another time it burnt out when the trees were already of bearing age (6 years plus); and a third time

wild pigs ate the young trees. Sumo Kayia now owns just 1/2 ha., and his present cengkeh has not yet reached the fruit bearing stage. He owns rice land, but it can only be cultivated once every four years or so.

The transmigrant experiences outlined above contain within them several themes that characterize contemporary Gunung Makmur; the importance of labour over land; the household as the main labour unit with gotong royong or co-operative labour groups being a less important form of labour organization; the desire of those belonging to one rombongan to remain together, something that is tied to the importance of neighbours and the real differences felt to exist between those from east Java and those from central Java; the slow start to anything resembling wealth in Gunung Makmur, and the uneven distribution of that wealth; and the scarcity of rice land and its implications.

The importance of labour over land should neither be under or overestimated. In a situation where there is much more land available than the people present can possibly use, as has been the case in Gunung Makmur until at least the mid-1970's, labour clearly becomes the crucial resource, and a lack of labour the major constraint. Labour was not, however, and is not the only constraint. As I mentioned previously, the Gunung Makmur area before the arrival of the transmigrants was all but empty, and this was not simply due to low population density in the south Kalimantan region, but also to the fact that the land was not particularly good. Land was allocated to the transmigrants by lottery draw, but the number who either left the settlement or moved around within it is clear evidence of a general dissatisfaction with the land's fertility. Though the land can, overall, be termed marginal, and best suited to the cultivation of slow-maturing tree crops, it is true that some of the land is a great deal better than others, and that access to this 'good' land is not equal. It is in the hands of a few transmigrants, among them Pak Kasdar and Mbak Iman who, with their own household labour force, opened up the land and in this way laid claim to it. Hence, there has always been a shortage of good land in Gunung Makmur, and access to this good land, in the early period, was usually determined by the extent of the household's labour resources, i.e by the households ability to open up and claim land.⁽¹⁾

That the household has remained the primary form of labour organization is as much related to the crops that have been, and are, grown in the village, as to any conscious decision to favour household labour over co-operative work groups. In the early period there was little rice cultivation, the present rice fields being at that time still areas of forest, and whatever was planted could be handled with household labour. The main crop, in fact, was cassava. There was thus no real advantage in mobilizing gotong royong groups and perhaps, as people were constantly moving, there would have been some difficulty in constituting such a group. When tree crops, at first fruits and later cengkeh, began to be cultivated, the great variations in yield experienced, the fact that they were grown for cash, and the fact that the tree crops labour requirements were such that a very large work group was rarely, if ever, required, favoured the use of household labour rather than gotong royong. As the rice fields were brought into being in the early 1960's, however, gotong royong became, and remains, the prime form of labour organization among rice cultivators. The processes involved in Gotong royong and rice cultivation,

and what it has come to mean in terms of labour availability, is worth considering here.

In Gunung Makmur, gotong royong means a group of women who own roughly comparable rice land ⁽²⁾ planting the group's land, and then the same group reforming to harvest the rice, with the harvest being split among owners and workers on a five to one basis, five kaleng (16 kilos) to the owner, 1 to the work group. Preparing the land is generally done individually by the women's husbands, either using their own cow or renting a neighbours. Weeding is always conducted on a hired basis, at the rate of 1000 rps per woman per day, and the weeding group is made up of different women than form the gotong royong group. A not insignificant number of rice cultivators use hired labour for all parts of the rice cultivation cycle, but this reflect their advanced age and inability to participate in the labour exchange that gotong royong involves. Though the wage rates for planting are high (1500 rps per day, the same as the daily wage rate for cengkeh harvesting), and the harvest organized on a yield sharing basis (though, in the case of hired labour the harvest is usually split 6 to 1) , it is not unusual for this group of farmers to find it impossible to cultivate all their land, and some of them have thus lent their land to others, receiving a half share or less of the harvest. The borrower cultivates the land with gotong royong.

This tends to indicate a shortage of labour during the rice cultivation period. Masrani, one of the rice cultivators who lends his land in this manner, has told me that he would pay planters and harvesters rather than lend the land, but he cannot find the labour. This is because, of course, the available labour is involved in gotong royong. The number of able-bodied non rice cultivators - most non rice cultivators are old - willing to work for wages is very small.

The attraction of gotong royong in rice cultivation is obvious. Household labour is not sufficient, and gotong royong also involves no cash outflow. The use of gotong royong has persisted over time because this last consideration is still important to the majority of rice cultivators. That women are the main gotong royong work force has also helped in its persistence. Though rice is harvested at much the same time as cengkeh, only the woman or women of the family are involved in gotong royong. The men and children are still available to harvest the cengkeh, and if the household does not own much cengkeh the men and young boys can hire themselves out to other cengkeh cultivators who have a big harvest to bring in. I have never seen or heard of women hiring themselves out as cengkeh harvesters; in this period women are either harvesting rice or cleaning their own cengkeh.

Age and sex, important considerations regarding the form labour organization takes in the present, were naturally of equal importance in the village's early days, it would seem logical to assume that, in the initial period, a large family meant a large labour force, and thus a greater ability to clear and cultivate land than a small family. Hence Mbak Iman, who came to the village with nine children in 1953, and by 1975 owned nearly 50 hectares, making him by far the largest land owner in Gunung Makmur. However, Sumo Kaiya, who also came with a large family of seven children, now represents the poorest of the original group of transmigranst. The decisive difference between these two is the ages of their children at the time of arrival in the village.

Iman says he was born in 1910, and married well before he was twenty. Thus

he was already 43 when he left Java, with a family of five boys and four girls, seven of which were already of adultworking age, that is, over fifteen years. Sumo Kaiya, on the other hand, says that all his children were very young when they left Java; his large family were doubtless some liability, whereas Iman's were an asset.

Before leaving the topic of gotong royong, it is worth noting the great ideological importance that gotong royong has come to assume, not simply in this village but on a national level. To use examples strictly from the village, relatively strong participation in various village health programmes such as the Pos Penimbangan - monthly mother and infant meetings where the weight and general health of children under five years is monitored by a local health worker - is ascribed to the villagers gotong royong attitude. Javanese farmers are often said to be better farmers, both morally and in terms of their production, than Banjarese farmers because the Javanese use gotong royong, whereas the Banjarese are too individual; this despite the fact that for the majority of non-rice cultivating Javanese participation in gotong royong is limited to occasional village road improvements. Similarly, on a recent visit to the village by the south Kalimantan governor to inspect the soybean harvest, part of an Indonesia wide scheme to raise Indonesia's production of soybeans, the village headman ascribed the success of the harvest to gotong royong work groups.

Comments of this order are invariably passed by government officials, and most of the comments are mystification. In the case of the soybean harvest gotong royong was certainly used, but as an exhibition for the benefit of the governor rather than as a reflection of what usually goes on. For this soybean harvest, no farmer had more than 1/4 hectare of soybeans, and I have no doubt that if there had been no official visit these soybeans would have been harvested individually. This is what happened with the soybeans planted previous to this particular harvest, and has happened with the soybeans planted since then. As a general rule, anything that can be dealt with by using household labour is.

The preceding discussion, then, has hopefully clearly outlined the processes by which restricted access to labour, and to a lesser extent land, have been and remain the major constraining factors in the development of village agriculture. A shortage of rice land, and rice land that is characterized by low yields, has also helped contribute to Gunung Makmur's reliance on tree crops. However, tree crops are slow to mature, and in the early period households had to support themselves from day to day through the cultivation of cassava, and the planting of whatever land was suitable at the time to rice. From year to year, the amount of suitable land varied (the amount of land planted this year to rice is some 20% less than was the case in 1985, due to a long rainy season that has left much rice land too swampy to be cultivated), and it was in order to find more, in particular, rice land, that the rombongans moved. In this respect, and though it is a teleological explanation, the only two rombongans that have not moved from their original place are R. 5 and R. 17, both located in the area of the village's best rice land.

It was invariably rombongans that moved, rather than individuals, and this points to two things; the real differences the transmigrants, and to a much lesser extent their children, felt to exist between those coming from different parts of Java, and the importance, socially and economically, of neighbours.

Pak Kasdar has two children, one boy and one girl, who were born shortly after he and his wife transmigrated to Gunung Makmur. They are now both married and live on adjoining plots to their father, within shouting distance of his house. Both children married the children of other transmigrants, one spouse from central Java, and one from Kasdar's own home of Tulung Agung. Relating this, Kasdar said that central Java was a long way from his own place of origin, and he remarked that he was glad that at least one of his children had married another from Tulung Agung.

Mbak Iman, from Wates, Yogya, commented that seven of his children had married the children of other transmigrants from Yogya, but one had married an east Javanese, and one a Banjarese. He was, he said, very careful to consult a dukun about choosing auspicious days for those two marriages, particularly the last. But, he added hastily, (possibly remembering that I lived in a Banjarese household) this Banjarese was all right really, and the children of the marriage were quite good looking, not too dark.

This marriage between Mbak Iman's daughter and a Banjarese man represents something very unusual in the village. Of the dozens of young Javanese I know and have spoken to, only three are married to Banjarese, and most have married Javanese from the same area of origin in Java, meaning that they have married within their rombongan. Newcomers from Java who join a rombongan tend also to come from the same Javanese region as the rombongan, hence ibu Murti, who bought land in R. 4, Pak Kasdar's rombongan, is also from Tulung Agung, and Daramosio's father, who bought into R.17, Mbak Iman's rombongan, is also from Yogya. Daramosio himself has married a woman from R. 17. This type of marriage pattern has created, excepting the Banjarese that live within Gunung Makmur, a largely endogamous village, and within this residence patterns of the second generation of Gunung Makmur Javanese have tended to reinforce rombongan purity of origin.

Interms of residence I have not found any fixed rule, but there are definite tendencies. Parents divide their land equally among their children, with each child receiving his or her portion at their time of marriage, usually to someone from the same rombongan. The youngest child, male or female, remains within the parents' house with his or her spouse. Depending on the amount of land so received, the children may choose to add to it by purchasing, or in the past laying claim to, land outside the rombongan. However, almost without exception, they remain living in the rombongan of their parents. Hence Sumari's mother, at the death of her husband, divided her 3 hectares in R. 4 equally between her children. Her youngest son, Sumari, with his wife and three children, remain in his mother's house. He has bought another 2 hectares of land in the far north of R. 4. Two of his sisters are married and with their husbands live in their own houses on the original 3 hectare lot and farm other land in R.4. Of Sumari's two eldest sisters, one lives just five minutes walk away on her husband's land, and one has moved to the far end of R. 4. Similarly Pak Kasdar's children, who both live on divisions of Kasdar's land. This preferred residence pattern, that those with less land and many children have not, of course, been able to follow, has helped in the continuation of a sense of what I will term rombongan solidarity.

This sense of rombongan solidarity is the stated reason for why, in the early days of settlement when rombangans were moving around, that they invariably

moved en masse. At another level of explanation, there is the importance of neighbours, both in terms of providing the members for gotong royong rice cultivation groups, and for providing a sense of security. This last is by no means confined to the Javanese.

It is virtually unthinkable that anyone would choose to move away from their group, unless it were to join another. Moving away from the rombongan, in the early days of village settlement when unpopulated areas were largely jungle, just didn't happen. I have several times heard stories of an old Banjarese fellow who was living alone at what is now the southern end of the village at the time of the transmigrant arrival; he is not regarded as merely odd but as someone to be feared. Both Banjarese and Javanese believe in ghosts that live in unfrequented areas, and there is a general fear of places without people. The words ramai and sunyi illustrate this.

Ramai is a very positive word meaning hustle, bustle, crowds of people in a comradely all-together fashion. Anything that involves being part of a group, particularly of a same status group, can be described as ramai, from weeding together in the fields, to watching a film at night in the market. Sunyi, on the other hand, is a negative word. Sunyi means quiet and alone, not in the sense of peaceful, but of alone and desolate. To be sunyi is something that people fear, and avoid. Small children will say that they won't go into a cengkeh field alone to collect the cengkeh that has fallen from the trees because it is too sunyi. Adults avoid deserted areas for the same reason. To avoid being sunyi, and to ensure at least a modicum of ramai-ness, individual families did not spread out over the village area, but moved around in groups. These groups, through marriage and residence have become established entities, the rombongans with which people identify themselves.

The movement of rombongans stopped somewhere around the late fifties to early sixties. By this time rice land was being prepared and cultivated in contiguous fields, tree crops were beginning to bear fruit - at this time mainly jackfruit and rambutan were cultivated - and, of some significance, the transmigrants had been granted cows. Cows greatly increased the labour resources of a household, particularly in the preparation and ploughing of rice land.

The period 1960-70 saw the maturation and marriage of the transmigrants children, and the growth of the village's population largely through the children of these marriages. Cengkeh cultivation began in a small way in 1959-62, when a handful of farmers - the head of the Dinas Petanian, the head of the Puskesmas, the village's first headman - received Cengkeh seedlings as a trial project from the Dinas Petanian. It was not until the early to mid seventies that cengkeh took any significant place within the village economy. It was at about the same time that spontaneous migrants began to come in any numbers from Java to the village.

There were certainly families and individuals who came before this time., very often brothers and sisters of existing transmigrants. Mbak Iman had a brother join him, as did Pak Kasdar, but the numbers that arrived in the sixties were small in comparison to the numbers that arrived after the beginning of the seventies. Population figures for the village bear this out. (See attached tables).

The kecamatan of Takisung and the villages within it have undergone considerable reorganization since the beginning of the 1970's, and until 1980 Gunung Makmur's

POPULATION TOTALS, KECAMATAN TAKISUNG, 1980-1985

(In the late 1970's, Kundangan Lama and Batajan were incorporated into the kecamatan immediately south of Takisung, kecamatan Panyipatan).

<u>Village</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Ranggang	3239	3250	3257	2234	2228	2228
Batilai	-	-	-	540	544	550
Ranggang Dalam	-	-	-	639	623	730

(Ranggang Dalam and Batilai were administratively separated from Ranggang in 1983).

Gunung Makmur	3127	3218	3255	3657	3666	3689
Takisung	1753	1743	1757	1871	1901	1909

(Gunung Makmur was separated from Takisung in 1980).

Benua Tengah	3254	2397	2447	2498	2508	2565
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Benua Lawas	-	949	984	1006	1000	1037
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(Benua Lawas was separated from Benua Tengah in 1981).

Pagatan Besar	1304	1325	1320	1326	1332	1369
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Tabanio	2631	2670	2600	2600	2599	2607
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Kuala Tambangan	1181	1240	1265	907	910	917
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Telaga Langsat	-	-	-	458	462	503
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(Telaga Langsat was separated from Kuala Tambangan in 1983).

POPULATION, KECAMATAN TAKISUNG

<u>Village</u>	<u>1971</u>	<u>1973</u>	<u>1975</u>	<u>1976</u>
Kuala Tambangan	904	924	1001	1023
Benue Tengah	2219	2341	2412	2842
Rangrang	2036	2053	2091	2621
Tabanio	1784	1850	1940	1970
Pagatan Besar	797	818	874	1082
Takisung	3150	3167	3254	3442
Kandangan Lama	910	951	1014	1093
Batakan	3430 3231	3367	3441	3430

population was counted in with Takisung Villages', but trend of population increase is clear. From 1971-6, the combined Takisung/Gunung Makmur figure increased by 292, with the largest yearly increase being that of 1975-76 (188). By 1980, when the two villages were counted individually, the total figure for both had reached 4880, or an increase of 1483. The bulk of this increase can be attributed to Gunung Makmur, whose population in 1980 was almost twice that of Takisung. From 1980, Takisung's population has increased by just 156, whereas Gunung Makmur has increased by 562, or about triple that of Takisung. Though natural population increase accounts for part of this, a large percentage can be attributed to the arrival of spontaneous migrants.

Population increase has now reached the stage that the village is full. There is no more unowned land. ^(*) Certainly, from Gunung Makmur's quite massive land area of 4820 sq. hectares there is empty land, but it is owned land. In the 1970's, however, land was still available, particularly in the south of the village, and could be obtained through applying to the village's Mantri Padang, or land official. Generally, spontaneous migrants have obtained their land in this manner.

One thing that most spontaneous migrants have in common is a relative, usually a transmigrant, in the village. It is no coincidence that spontaneous migrants first came to the village in any numbers in the early to mid seventies, and that this is also the time that the village first began to experience some sort of prosperity. Invariably, those transmigrants who reaped a good cengkeh harvest returned to Java for a visit, ^(*) and it was on these visits that their relatives heard about the opportunities that Gunung Makmur offered. This prompted some of these relatives to move to Gunung Makmur of their own accord. In other cases, the transmigrants brought relatives back to the village with them. In this way Kasdar has brought 12 of his relatives out from Tulung Agung. Not all who came have stayed; Kasdar's own parents didn't last a week, and a younger brother left for central Kalimantan after a few months, but the majority have remained in Gunung Makmur. And not all those who came from Java to Gunung Makmur in the company of transmigrants are relatives of the transmigrant.

Pak Sidi came to Gunung Makmur as a single man in 1972, under the sponsorship of Mbak Iman. Iman had gone to Sidi's village near Yogya and invited people to join him in Kalimantan, where, he had said, there was still plenty of empty land....Iman also promised that he would give work to any who chose to join him there. So Sidi, along with six of his friends, joined Mbak Iman on Iman's return journey to Gunung Makmur.

After one and a half years living in Iman's house and working Iman's land, Sidi married a woman from R. 13, also a Yogya rombon gan. Knowing that there was much empty land in the southern Sungei Kembang region of the village, he asked to be granted land there, and moved in 1976. He now owns some 3.5 hectares, including one hectare of sawah land, and has three small children.

Mbak Iman has explained to me, his fifty hectares, which include 16 hectares of cengkeh were too much for him and his children to handle alone, and in order to obtain labour he brought some 40 people out from Java, all from the Yogya area, beginning with Sidi's group and ending in 1980. Since that time Iman has divided his land among his children, and all the individuals who once worked for him are now landowners in their own right, most living in Sungei Kembang. Iman himself now cultivates just one hectare of cengkeh, and he hires people to help

high harvest it. For the work of fertilizing the trees, heavier work that he can no longer do himself, he hires labourers for a week or more at a time, going as far afield as Tajau Pecah, a transmigrant village, established in 1976, to the south of Pleihari. It is the older farmers like Mbak Iman who are most affected by the labour shortage.

Sidi's story also illustrates the place hired labour has in the lives of those who participate in it. It represents a transitional phase, a means of earning some income until such time as the labourer has accumulated enough capital to start putting his time into his own land, or until such time as the labourers already planted cengkeh crop begins to yield. Labouring tides the spontaneous migrant over in the initial period, before his cash crops have begun to yield.

Pak Masul lives opposite the Takisung SMP, on the boundary of Gunung Makmur and Takisung. Though properly he lives in Takisung, it was an uncle of his who transmigrated to Gunung Makmur that persuaded Masul to leave Kediri for Kalimantan. Masul had been contemplating joining a transmigration program, but after hearing about Gunung Makmur from his uncle, at the time of his uncle's return visit to Kediri in 1975, he decided to take his wife and two children to Gunung Makmur.

At first Masul settled along the road to Kuala Tambangan, within the Gunung Makmur boundaries but a long way to the south. He felt that with no capital it would be a long time before he could ever do anything with the land, so when he heard that a Chinese trader from Banjarmasin was looking for a caretaker for his cengkeh garden in Takisung, Masul applied for the job. For this he receives 30,000 rps per month. He has, however, during the past two years bought two hectares of land on credit from a Takisung villager. This land adjoins that belonging to Sopian, the Banjarmasin trader, and as soon as Masul has paid off his debt - another two months - and got another cow, he will be leaving Sopian's employ and setting up on his own.

Masul has always regarded his caretaking work as a temporary stage along the road to owning his own farm. He has managed to accumulate some capital through this work but, as evidenced by his need to buy the land on credit - the cash price of the land, an uncleared block, was 200,000 rps, the credit price 15,000 rps per month over 2 years - the capital does not amount to much. While continuing to work for Sopian, he has cleared some of his own land, planting vegetables for household consumption and also cengkeh. It will be at least six years before this cengkeh bears fruit, and to support his family over this period he has found a job as caretaker of the neighbouring school - this will only occupy three hours per day, and he will receive 20,000 rps per month - and will also plant some of his land to quick yielding cash crops such as peanuts, corn and soybeans. Before discussing the role crops such as these play in the spontaneous migrants household economy, I will briefly outline the experiences of one more spontaneous migrant, and analyze the reason he, and others, give for their reluctance to work as hired labourers.

Pak Juri came to the village from Blitar in 1972/3. He was unmarried at the time, and came after hearing good news of the place from an uncle of his who transmigrated to Gunung Makmur. He has since married the daughter of transmigrants from Tulung Agung.

In Juri's home in Java there were 11 people, and they owned 1/2 hectare between them. This was just enough, he said, for them to live on, but he knew it could not provide for any children he might have, so he decided to act on his uncle's advice. On arriving in Gunung Makmur he asked for land and was granted 5 hectares in Sungei Kembang. He, Pak Sidi, and Pak Rusdi, another spontaneous migrant, were the first to settle in the Sungei Kembang area. Whilst clearing

his land, and for some time afterwards, he earned some cash income by chopping and selling firewood. This is the only wage work that he has done, saying that any other work would detract from his farm.

Whenever I have talked with villagers about hired labour, they have invariably said, like Juri, that their own farms would suffer if they were to do hired work. That no household has chosen to specialize in hired labour, however, is related to the easy access to land, and the nature of the labour demand.

Until the past couple of years, land of some sort has always been available. Labour demand, on the other hand, is not constant. At the time of rice planting and harvesting, at the cengkeh harvest, and at other odd periods during the year, labour demand outstrips supply, but the demand is not of sufficient duration to support, through the entire year, a household specializing in labour. Thus households are forced to cultivate their own land, and as soon as they do this, their own labour ceases to be free at the time of high labour demand. The best compromise solution, that which best utilizes the household labour resources, is that which I mentioned earlier; the women involved in gotong royong rice cultivation groups, and usually the cultivation of vegetables for personal consumption, and the men either cultivating their own cengkeh and/or, depending on the age of their cengkeh, hiring themselves out as cengkeh harvesters.

As most of these spontaneous migrants own cengkeh that is still immature, they plant more quick yielding cash crops than the more established transmigrants. This is true of the children of transmigrants too, who are both more able-bodied, and tend to have younger cengkeh than their parents. These quick yielding crops - peanuts, soybeans and corn - are sold to local traders who transport them to Banjarmasin for sale in the markets there. $1/4$ to $1/2$ hectare is the average amount of land planted to these crops and, considering just corn and soybeans, an average yield per borong (35 borongs=1 ha.) is, for corn, 3 sacks, and for soybeans, 15 kilos. Thus $1/4$ ha. or around 9 borongs of corn, at 5000 rps per sack, yields a gross cash return of 135,000 rps, over a three month period. Similarly, 9 borongs of soybeans at 500 rps per kilo represents a gross cash return of 56,750 rps, over a three month period.

Considering that both of these crops can be grown twice a year, the simple cash return is quite favourable. However, in terms of labour hours, soybeans especially are quite labour intensive; if they are not weeded regularly the yield falls drastically, to 5 kilos per borong or less. And in addition, the second crop is cultivated at much the same time - up till June/July - as the height of activity for rice and cengkeh occurs. Thus most farmers, those like Pak Juri or Pak Sidi, who have cultivated soybeans, plant only one crop per year. And if these farmers follow the example of the older transmigrants, they will, as their cengkeh begins to yield, put more land into cengkeh and grow progressively fewer other crops.

The role model of the older transmigrants can not be discounted. Mbak Iman's name has appeared several times in the previous pages, and this prominence is only appropriate for the most widely known man in the village. Part of Iman's fame is due to his eccentricity, the rest is due to his cengkeh. There is no doubt in my mind that the more ambitious migrants have Iman in mind when they talk of their future prospects, and some even express it directly. That any of them will be able →

to build up a land holding of 50 hectares now, however, when land is no longer freely available, is more than doubtful. Iman's wealth, also, is constantly overestimated. Like every other cereal cultivator, there have been times when his cereal has yielded very little, & he certainly does not have ounces of gold-stacked under his mattress, to quote one of the more fanciful stories. The major part of Iman's wealth has gone to his children, his 40 grandchildren, and to various large slametans, held for these same children & grandchildren.

This raises the point of accumulation of wealth. Due to the reliance on cereal as the major cash crop, a reliance that has been prompted by environmental factors, and the fluctuating yields that characterize cereal, as well as the fact that cereal is a relatively new crop in the village, there has been little opportunity to this point in time for village farmers to accumulate much capital, be it measured in cash, no. of cows owned, or housing. It is thus difficult to perceive, from among the transmigrants & all those in BM, whose primary source of income is farming, any processes that may lead to class formation. However, there is another group of spontaneous migrants residing in the village, the traders & government officials, who operate under a different set of constraints to the cultivators. When this group is considered, of itself & in relation to the farming group, definite processes do emerge.

THE WORLD BANK

ROUTING SLIP		DATE : May 30, 86	
NAME		ROOM NO.	
Ann Hamilton/Gloria Davis		<u>A 638</u>	
Tony Cole			
Tom Blinkhorn/Pushpa Schwartz		D 829	
APPROPRIATE DISPOSITION		NOTE AND RETURN	
APPROVAL		NOTE AND SEND ON	
CLEARANCE		PER OUR CONVERSATION	
COMMENT		PER YOUR REQUEST	
FOR ACTION		PREPARE REPLY	
INFORMATION		RECOMMENDATION	
INITIAL		SIGNATURE	
NOTE AND FILE		URGENT	
REMARKS :			
<p>More on TRANSMIGRASI - several more articles are being translated. The GOI has become active in efforts to reach the public. Hill & Knowlton is sending a P.R. executive from N.Y. to advise on the issue. His name is Allen Smith and is due about June 5.</p>			
FROM :		ROOM NO.	EXTENSION:
Manuel C. Zenick		RSI	

International Body Praises Transmigration Program

Jakarta (Ant) -- An international body of parliamentarians which pays attention to population and development affairs, led by former Japanese Prime Minister Takeo Fukuda has praised the transmigration programs implemented by Indonesia.

The secretary general of the New York-based Global Committee of Parliamentarians on Population and Development, Sat Paul Mittal, said to newsmen after meeting with President Soeharto at Bina Graha Tuesday, that due to its importance the population problem should be tackled seriously in all countries.

About his visit to Indonesia, he said, he will talk with Indonesian leader about organizing an Asian forum on population and development problems.

According to schedule this Asian forum on population and development problems will be held in Jakarta after the 1987 general elections, he said.

There is at present a forum for the study of

population and development problems, which is coordinated by State Minister for Population and Environmental Affairs Emil Salim. Kharis Soehoed, the deputy Speaker, and Prof. Mahar Marjono are also members of the forum.

During his call on

President Soeharto, Sat Paul Mittal explained about several forums on population and development, which are spread in Asian, Europe and in the Arab countries.

The forum is important, he said, because of its participation in considering people's

welfare. It is therefore proper to have people's representatives involved in this forum.

At the meeting, President Soeharto described to Mittal the population problems in Indonesia and the transmigration program carried out by this country. (412)

Masih Ada Kelompok Mencela Transmigrasi

Jakarta, Senin, Mdk

Menteri Transmigrasi Martono mengakui masih ada kelompok - kelompok tertentu di luar negeri yang tidak senang terhadap keberhasilan Indonesia dalam bidang transmigrasi.

Hal ini dikatakan Martono atas pertanyaan wartawan di gedung DPR sesuai mengikuti rapat kerja dengan Komisi APBN DPR, baru - baru ini. "Dengan dalih 'mempertahankan kelestarian hutan' mereka lalu mencela kebijaksanaan Pemerintah Indonesia melalui program transmigrasi yang dinilai lebih tepat sebagai program 'membabat hutan'. Padahal hutan merupakan paru-paru manusia bila dilihat dari kaca mata lingkungan hidup," kata Martono.

Akan tetapi pandangan serupa itu dinilainya wajar-wajar saja. Barangkali karena mereka belum tahu keadaan yang sebenarnya atau memang tidak mau tahu. "Kalau memang nyata-nyata belum tahu, suatu saat akan kita undang untuk menyaksikan beberapa proyek transmigrasi di Indonesia," kata Martono.

Sedang terhadap kelompok yang memang tidak mau tahu, oleh Menteri diingatkan bahwa Pemerintah Indonesia sendiri mempunyai seorang menteri yang menangani masalah lingkungan hidup yang di

dalamnya termasuk pelestarian alam. Dari sini jelas bahwa masalah lingkungan hidup dan pelestarian alam juga mendapat perhatian cukup besar dari pemerintah Indonesia.

Program transmigrasi menurut Martono adalah proyek nasional yang menyangkui kebutuhan bangsa. Itulah sebabnya wajar bila program ini akan terus dikembangkan untuk kepentingan nasional.

Selain itu oleh Menteri juga menegaskan bahwa program transmigrasi bukanlah proyek kolonisasi. "Pandangan bahwa transmigrasi merupakan proyek kolonisasi besar-besaran adalah keliru. Yang benar, program transmigrasi adalah program kemanusiaan terbesar saat ini," katanya.

Bahkan dengan yakin Martono menegaskan, program transmigrasi adalah proyek kemanusiaan terbesar abad ini, karena banyak masalah - masalah kemanusiaan tertuang dalam program-programnya.

"Melalui program transmigrasi, integrasi sosial tampak lebih menonjol, sehingga tak ada lagi perbedaan pendapat tentang ras maupun suku yang demikian menyolok. Tidak ada penjajahan antara suku. Dan semua ini sejalan dengan semangat sumpah pemuda." (Sdr/424h)

Translation attached.

MERDEKA, May 27, 1986

THERE STILL ARE GROUPS CRITICIZING TRANSMIGRATION

Minister of Transmigration Martono admitted there still were certain groups abroad which were not happy with Indonesia's success in transmigration.

The minister was talking to reporters at the DPR (House of Representatives) building recently after attending a working session with the State Budget Commission. "Claiming that they are interested in preserving forests, they criticize the Indonesian government's policies for the transmigration program which according to them is more accurately a 'forest clearing' program. While in fact forests are the lungs of human beings when viewed through the environment spectacles," said Martono.

However, such an opinion is considered to be reasonable. Maybe they still do not know the actual situation or they do not want to know it. "If they really do not know we shall one day invite them to see several transmigration projects in Indonesia," said Martono.

Whereas towards those groups which do not want to know, the minister reminded that the Indonesian government itself had a minister handling environmental problems which included ecological problems. From here it is clear that environmental and ecological problems are also getting considerable attention from the Indonesian government.

The transmigration program, according to Martono, is a national project that is needed by the people. This is why it is only reasonable that the development of the program will be continued for the sake of the national interests.

The minister also emphasized that the transmigration program was not a colonization program. "The idea that the transmigration program is a large colonization project is wrong. What is right is the transmigration program is the biggest humanity program at present," said he.

Martono even confidently emphasized that the transmigration program was the biggest humanity project in this century because many humanity problems were incorporated therein.

"Through the transmigration program there is better social integration so that remarkable difference of opinion regarding race and tribe no longer exists. There is no colonization among the tribes. And all this is in line with the spirit of the Youth's Oath (one country, one nation, one language).

GHHasjim:ghh

Transmigration solves population problem and supports national food supply

By Richard Silalahi

The transmigration program is part of a national development drive which must be executed successfully because of its two-dimensional activity which covers population and economy.

One of the country's main problems in the population sector is the unbalanced population distribution, as most of the people, or around 62% out of the present total population of over 163 million are living in Java island whereas Java island is only about 7% of the total area of Indonesia, estimated at about 2,000,000 sq. meters. In such a situation, it is considered that Java, including Bali, and Lombok islands can no longer support its population pressure.

The serious impact can be seen mostly in the deterioration of the ecological system and in the welfare of the people. The increasing size of population leads to smaller and smaller land ownership. The declining land ownership, therefore, leads to an increasing number of landless farm laborers. Population pressures in Java, Bali, and Lombok islands also mean unemployment and underemployment.

Worse still, the distribution of population has become more and more unbalanced, because Java is also receiving a large number of migrants from outside Java who are coming for employment, or education.

The transmigration program is aimed at reducing the population density, and at the same time accelerating regional development through the supply of manpower needed by the regions concerned. The successful implementation of the

transmigration program will, of course, improve the standard of living of the people.

Therefore, it is deemed necessary to emphasize again that the objectives of the transmigration program are to create new communities based on Pancasila, to improve population balance with the outer islands, and to open up new production areas within the framework of regional development. It also includes the readjustment of the use, control, and ownership of land in the regions from which the transmigrants come as well as in the new areas, and to establish a strong and developed nation.

Baseless criticism.

Nevertheless, the implementation of the transmigration program in the country has been wrongly accused, and sharply criticized by certain groups of people and individuals abroad, linking the program to the violation of human rights, Javanising and swallowing the local tribes in the new areas.

Recently, even a campaign to halt international funding of Indonesia's transmigration program has been launched abroad by human rights and environmental organizations who claim it is having "shattering effects" on tribal minorities. It was also accused that Indonesia's program was destroying vast areas of tropical rain forests and threatening the lives of hundreds of thousands of forest dwellers.

The principal target of the campaign, led by Survival International, is the World Bank which since 1972 has

provided US\$ 598.5 million for the program.

Transmigration Minister Martono lashed out at the critics for what he called "meaningless and baseless." He also said that he will invite Survival International to visit transmigration sites in the country in an effort to improve their understanding on the program. According to Martono, those who launched the critics may be motivated by lack of information about the objectives of the program.

Integrated program.

The transmigration program is an integrated program which involve several departments under the coordination of the minister of transmigration such as the Departments of Forestry, Public Works, Home Affairs. The National Planning Agency (Bappenas) is also involved in the program. Therefore, the choice of a certain place, to be opened for instance and to be used for the transmigration settlement is always taken after various considerations and not just done at will. The interests of the local people and the environment are taken into account. Intensive survey is also carried out before deciding a location which is considered suitable for a settlement.

While there settlement of transmigrants is based on the "tripartite" principle, namely one part of the location is intended for general migrants, one part for local people, and another part is allocated for voluntary transmigrants. 20 to 30% of a location is always allocated for local people, and experience has shown that settlers can assimilate quickly with the local people in the new settlements, and thus enhance the fostering of national unity.

Achievement

The transmigration program is carried out with a humanitarian approach, and there is no element of coercion in its implementation though it has been considered as the biggest resettlement program in the world due to the large number of settlers involved.

The people, particularly landless farm laborers in the areas of origin, are motivated by the understanding that transmigration means moving to a better place to live, where the future is brighter.

During the pre-Pelita (Five Year Development Plan) in 1950-1968, some 99,196 families were resettled outside Java, Bali, and Madura islands. In Pelita I (1969-1974), the number totalled, 46,268 families; during Pelita II (1974-1979), the number amounted to 82,959 families, while in Pelita III (1979-1984), about 527,000 families, or more than 2.5 million people have been resettled.

In Pelita IV (1984-1989), the projected figure is 750,000 families. Until March 31 this year, some 268,230 families, or 854,083 people have been moved to sparsely populated regions outside the islands of Java, Bali, Madura and Lombok.

Transmigrants comprise general migrants, voluntary migrants with government aid, and voluntary migrants without any government support.

Through the resettlement of more than three million people since pre pelita, hundreds of thousands, and even millions of hectares of land have been opened for agriculture and other facilities. The principal aim is improving the living standard of the people, both in the areas of origin and at the new settlements. The establishment of other facilities included 1,861 houses of worship, 500 health centers, 646 clinics, and not to mention

Continued on next page.

other facilities for educational purposes and public services.

The government has also constructed 21,622 kms of village roads, 16,709 kms of connecting roads, and 51,279 kms of bridges.

At present, the agricultural production in the transmigration areas throughout the country has also supported national food procurement.

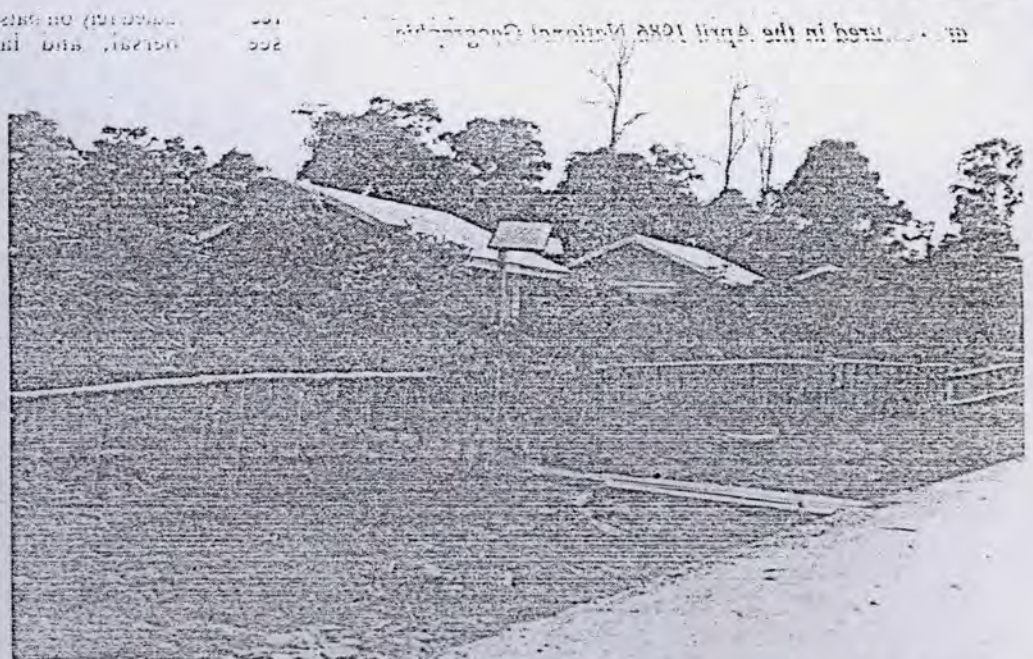
Based on the result of monitoring carried out by the transmigration ministry, the output of various kinds of beans held the biggest percentage, reaching 2,12% compared to other crops in the transmigration areas. For rice, the output stood at 275,307 tonnes, while national production was 38,698,872 tonnes, so that the percentage was 0,7%.

Corn production in the transmigration areas was 58,794 tonnes, while national production was 4,556,303 tonnes, or 1,29%. Beans production was 33,770 tonnes, while national production was 1,558,720 tonnes, or 2,12%. Cassava production in the transmigration areas was 201,332 tonnes, while national production was 14,073,001 tonnes, or 1,43%.

The rate of productivity of the transmigration areas and national productivity is variable. For rice, the productivity reached 1,74 tonnes/hectare, while national productivity was 1,79 tonnes/hectare. Therefore, it was slightly under the national productivity. But for corn, it was slightly above the national productivity. For corn, the rate of productivity in the transmigration areas was 1,60 tonnes/hectare, while the national figure was 1,55 tonnes/hectare.

Undoubtedly, the success of the transmigration program, including in achieving its objectives has encouraged both friendly countries and international agencies, including

the World Bank, to continue and even increase their assistance to Indonesia in implementing the humanitarian program.*



Land clearing (above) is intended for the resettlement of transmigrants, and to open up new production areas in the field of agriculture.

OTHER OPINION**Keep cool**

Of late several negative notes have been sounded abroad over Indonesia's transmigration policy. The various criticisms have been combined and made extreme in a statement from a certain environmental group which says that Indonesia's transmigration program is the biggest colonization program ever, and that it destroys forests and exterminates indigenous tribes outside Java.

Those who voice criticism against us often weaken the effect of their own statements by making them sound so extreme — giving people the impression that they must be exaggerated. That also goes for the environmental group in question when criticizing our transmigration program.

It is wise for us not to lose our cool in the face of such extreme criticism voiced by groups abroad who are proclaiming themselves champions of tribesmen outside Java, and champions of forest conservation, human rights and democracy — to protect them against us, because we allegedly love them less than they do.

We could, on the one hand, try to give those groups the best possible information regarding what we are doing. Minister Martono's idea of inviting them here for a dialogue and a chance to see for themselves what is going on here, is a good one.

On the other hand, all that criticism could be an incentive for us to keep improving our transmigration programs so that any impression of their being colonization programs that destroys our forests and exterminate tribes outside Java may disappear.

— Sinar Harapan, Jakarta

"Survival Int." Sorot
Transmigrasi Irja Dgn
"Matematika Politik"

Jakarta, 28 Mei.

George Yunus Adicondro menyatakan Survival International terlalu memperpolitikkan masalah transmigrasi di Irian Jaya. Sama seperti Amnesty International, lembaga ini menggunakan "matematika politik" dalam melontarkan kritik terhadap transmigrasi di propinsi tersebut.

Dalam percakapan dengan "SH" pekan lalu, Ketua Yayasan Pengembangan Masyarakat Desa (YPMD) Irian Jaya itu menilai tuduhan Survival Internasional yang menyatakan transmigrasi di Irian Jaya sebagai kolonisasi adalah "rabun jauh" karena dampak transmigrasi jauh lebih besar terjadi di Kalimantan.

(Bersambung ke hal XII kol 9)

"Survival Int." Sorot

(Sambungan dari hal I)

Mengapa harus difokuskan ke Irian, tanya Adicondro, bekas wartawan dan salah satu pendiri Wahana Lingkungan Hidup Indonesia (WALHI) itu. Rencana transmigrasi untuk Kalimantan akan mencapai dua juta orang, sedangkan Irian Jaya hanya satu juta orang. Padahal, katanya lagi, pengiriman transmigrasi ke Irian Jaya itu sangat jauh berkurang dari jumlah yang direncanakan semula.

George Adicondro juga mengatakan, kritik dari lembaga-lembaga internasional seperti juga dari Environmental Defence Fund, Terhold Inc, itu hanya menangkap garis kultur luar permasalahan dan berat sebelah (bias) karena dipengaruhi oleh politik praktis di negara-negara Barat.

"Jadi ada maksud tersendiri dengan fokus ke Irja itu", kata Adicondro yang akhir April lalu memberikan pandangan-pandangan mengenai transmigrasi di Irian Jaya pada konperensi antar lembaga swadaya masyarakat atas masalah-masalah IGGI (Inter-NGO Conference on IGGI Matters - INGI) di Amsterdam, Belanda.

Adicondro mengatakan sebaiknya kita melihat masalah transmigrasi di Indonesia secara keseluruhan dan utuh. Tidak membahasnya secara partial yang bisa jadi "bias".

Dampak ekologis makro dengan penebangan hutan tropis, akibat mikro yaitu terhadap sosio-ekologis atau kebudayaan suku-suku setempat, akibat terhadap para transmigrasi itu sendiri serta inter-relasi antara dampak-dampak tersebut merupakan permasalahan permasalahan yang harus dilihat secara keseluruhan, katanya lagi. (D-3)

Translation attached.

SURVIVAL INTERNATIONAL FOCUSING ON IRIAN JAYA TRANSMIGRATION
WITH "POLITICAL MATHEMATICS"

George Yunus Adicondro said Survival International had overly politicized the problem of transmigration in Irian Jaya. Like Amnesty International, the institution has used "political mathematics" in launching criticisms towards transmigration in that province.

In a conversation with SINAR HARAPAN last week, the chairman of the Irian Jaya YPMD (Rural Community Development Foundation) rated Survival International's accusation that the transmigration project in Irian Jaya was a colonization project "shortsighted" because there was a far bigger transmigration impact in Kalimantan.

Adicondro, an ex-reporter and one of the founders of the WALHI (Indonesian Environment Association), asked why should they focus on Irian. The transmigration planned for Kalimantan will reach two million people, while the one for Irian Jaya will reach only one million people. In fact, he said again, the number of people sent for transmigration to Irian Jaya had been far reduced compared to what was originally planned.

George Adicondro also said that criticisms from international institutions like Environmental Defense Fund and Terhold, Inc. only captured the outer cultural line of the problem and they were also biased because of the influence of practical politics in Western countries.

So there is a special intention by focusing on Irian Jaya," said Adicondro who at the end of last April expressed his views on transmigration in Irian Jaya in the Inter-NGO Conference on IGGI Matters (INGI) in Amsterdam, Holland.

Adicondro said we ought to see the problem of transmigration in Indonesia on an overall and intact basis, instead of reviewing it partially that could lead to biased judgement.

The macro ecological impact resulting from the clearing of tropical forests, the micro effect on the socioecology or culture of the local tribes, the effect on the transmigrants themselves and the interrelationship between these impacts are problems that must be viewed on an overall basis, he said again.

GHHasjim:ghh



Record Removal Notice



File Title Gloria Davis - Chronological file - 1986 -		Barcode No. 30084773		
Document Date 30 May, 1986	Document Type Memorandum			
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Subject / Title World Bank: Information for Committee of the Australian Senate				
Exception(s)				
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Withdrawn by Tonya Ceesay	Date 17-Feb-16			



Record Removal Notice



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Subject / Title World Bank - Environmental Matters				
Exception(s) Communications of Governors and/or Executive Directors' Offices				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.</p> <table border="1"><tr><td>Withdrawn by Tonya Ceesay</td><td>Date 17-Feb-16</td></tr></table>	Withdrawn by Tonya Ceesay	Date 17-Feb-16
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THE WORLD BANK/INTERNATIONAL FINANCE CORPORATION
OFFICE MEMORANDUM

~~ADH~~ / Paul, essential,
FD / is on the ball
w/ great ideas.
b.
Right on!

DATE June 6, 1986
TO Bradley O. Babson, AEAIN
FROM Paul R. Stott, AEP UW
EXTENSION 61919
SUBJECT INDONESIA - Disbursements

1. We note from Fitz Ford's memo of June 2 that efforts to speed up disbursement are being proposed. Two points come to mind which may be of help.

2. Disbursement monitoring is now being carried out routinely in DG Cipta Karya by means of a Central Project Finance Office (CPFO) supported by local consultants. Developed on the basis of a successful project task force experience, the CPFO is now gearing up to deal with all projects by monitoring monthly all steps in the disbursement process, identifying and taking action on delays due to planning/procurement, slow construction progress, slow payments to contractors, and disbursement application. In the last area, DGCK is exploring means to shorten application processing times between PMUs and RSI from a typical 100 days (or more) to 30 days.

3. Minimum application amounts Some delays are resulting from applications being held until, among other things, a reasonable amount for processing at IBRD Washington has accumulated. While inundation by small applications is a severe problem for the Loan Department this should not interfere with efforts to speed up processing in-country. In a project such as Urban V (Loan 2408-IND) with numerous PMUs (7) dealing with small contracts and amounts, the accumulation, if warranted, should occur at the RSI level. If individual PMUs are encouraged to accumulate to the minimum before processing the aggregate effect could be large and our exhortations discredited. Our policy on minimum applications should be made very clear therefore.

c.c. Messrs Ford, Asikin, Nuch RSI; Bennett, Quintos LOAAS; Ahmed, Biderman, Gunaratnam, Iizuka, Memon, Podolske AEP UW

OFFICE MEMORANDUM

DATE June 6, 1986

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EXTENSION 61919

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NOTES ON ENVIRONMENTAL ISSUES
IN IRRIGATION AND TRANSMIGRATION
AND FORESTRY IN GENERAL

IRRIGATION

In the area of irrigation, there are no environmentally-specific components, but some general actions were taken. Some examples follow: rainfed farms converted to irrigated fields to help limit the extent of shifting cultivation. Nature reserves established to protect catchment areas, thus preserving the forest as well as several species of rare animals. Aquifer levels are monitored to ensure groundwater resources aren't overexploited in tubewell areas. Sanitary conditions improved by providing water to flush the city's rivers. Mangroves preserved as source of food for coastal fish and shrimp. Farmers are informed about dangers of pesticides. Malaria control efforts (taking environmental aspects into account) intensified as irrigation and cropping pattern intensity increase. Use of agrochemicals decreased. GOI taking steps to allow only soft or degradable pesticides into country.

One area where we did in fact, try to do something environmentally-specific was the Kedung Ombo Dam Project: Environmental specialists and managers from the Institute of Ecology, Padjadjaran University were involved in project since 1981 in identifying the resettlement needs of the project and preparing an environmental impact assessment. Because of inundation which would be a result of the project, some 5,400 families would be relocated between 1983/84-1988/89. The dam would reduce flooding; public health would improve due to increased quantity and quality of drinking water and malaria control would be intensified.

TRANSMIGRATION

A major purpose of the transmigration program is to reduce overcultivation of environmentally vulnerable areas on overcrowded Java and Bali. The primary purpose of the Transmigration V Project is to improve the selection and design of transmigration sites, in order to prevent inappropriate sites and farming systems being developed. Phase I, II and III Studies use environmental suitability as a criterion in deciding whether to proceed or reject a proposed site for further consideration. For example, food crop areas are restricted to slopes under 8%, and tree crops to slopes under 25% slope. The project is strengthening the roles of the Ministries of Population and Environment and Social Affairs in the decision-making process of the program by incorporating them into Technical Teams reviewing social-environmental matters.

During Repelita III, land allocated to sponsored migrants exceeded more than 1% of forested area in only three provinces in Indonesia. Less than 5% of total conversion forest in any province was cleared. The main threat to the environment is from spontaneous migrants, who often settle in production and protection forests. To address this problem the recently completed Transmigration Sector Review recommends that ecologically important areas must be clearly delineated and protected from encroachment, better buffer zones must be developed between settled and protected areas, and monitoring and evaluation must be improved. It is important for GOI to develop a mechanism to facilitate land transfer between local people and migrants and to develop procedures for allocating screened land to spontaneous settlers.

The capacity of State Ministry for Population and the Environment and the environmental studies centers in provincial universities to assess and monitor environmental impact should be strengthened.

In Irian Jaya, GOI along with FAO and the World Wildlife Fund has prepared a series of proposals for a system of parks and natural reserves in the province. Government is committed to conservation of these areas and has rejected transmigration sites which infringe on existing or proposed reserves. However, forest concessions, proposed roads and the prospect of large-scale settlement will have a significant impact on the environment unless a major effort is undertaken to complete the gazetting of environmental protection areas, parks and wildlife protection areas.

In Summary, transmigration has advantages and disadvantages from the point of view of environment. On one hand, transmigration has helped reduce population pressures and environmental degradation in critical watersheds in Java; while on the other, settlement, particularly spontaneous settlement, has been destructive to the environment in parts of the outer islands. To permit development while minimizing adverse environmental consequences, it is crucial that ecologically important areas be clearly determined and protected from encroachment, that monitoring be improved, and that the expense entailed in this effort be seen as an integral component of the settlement process.

FORESTRY

The Bank has tried for several years to get involved in forestry projects but has failed because GOI, primarily the forestry officials, have not wanted the Bank to review forestry policy and related forest exploitation matters. We are, however, trying again to resurrect a Forestry project that would have

a component dealing with improved management of ^{and} national forests as well as
some conservation activities.

June 11, 1986

Mr. Robin Hanbury-Tenison
President, Survival International
29 Craven Street
London WC2 5NT, United Kingdom

Dear Mr. Hanbury-Tenison:

I appreciate the concerns you have expressed about the World Bank's support for Indonesia's transmigration program in your open letter published in The Ecologist, Vol. 16, No. 2/3.

As a development institution, in business for more than 40 years, we believe that development assistance can only be effective if it takes account of the economic, social, and environmental context in which growth takes place or is planned. The World Bank's assistance for transmigration in Indonesia has been guided by this experience.

As you know, one of the Government of Indonesia's major objectives in transmigration is to reduce population pressures which contribute to ecological damage in Java, while at the same time creating employment opportunities through regional development in the less populated areas of the country. Some 100 million of Indonesia's population of over 165 million live in Java, an island with only 7 percent of the country's land area. About 40 million Javanese belong to households with incomes below the poverty level (about \$100 per capita/year). Some 11.5 million farm families live on 6 million hectares (ha) of agricultural land, an average of 0.5 ha per household, which is less than a subsistence size plot. Inequitable land distribution is not a major problem; rather it is the very high ratio of people to land that forces poor families to farm steep slopes in upland watersheds and causes soil erosion and damage to irrigation infrastructure — reservoirs and canals — on which a major portion of agricultural production depends. Many rural families, unable to find land or work, are forced to move to cities, exacerbating urban poverty and unemployment.

The Government is addressing these problems on a broad front. It has one of the most successful voluntary family planning programs among the developing countries, which has helped slow the population growth rate on Java to 1.8 percent a year. With employment generation and poverty alleviation as its key development objectives, the Government has used its resources to improve human welfare through the promotion of large and

small-scale enterprise, labor-intensive development programs and the expansion of educational and health facilities in Java and elsewhere. Its voluntary transmigration program is an important means to achieving the employment and poverty alleviation objectives. No large resettlement effort in modern times has been carried out with so little communal tension. This is not to say that there are no problems. There have been difficulties. But this is to be expected in a program of this scale.

Resettlement programs, which started in 1905, had moved about 1 million largely landless people by 1979. Between 1979 and 1984, about 1.5 million people were moved on the sponsored transmigration program and many others have moved with little or no government assistance. During the third Five-Year Plan period (1979-1984), sponsored transmigration created 500,000-600,000 full-time jobs and an equal number of temporary jobs in site development. About 1.5 percent of Java's population was moved, and 15 percent of the incremental labor force was absorbed under the program. The fact that so many people moved voluntarily to participate as pioneers, and the low return rate among them, attest to the economic pressures the rural poor feel and also to the opportunities they perceive in the outer islands.

Virtually all transmigrants belonged to the lowest income groups before they moved. In the resettled areas at least half of them now have incomes above the poverty line. In a recent study of a representative sample of recently established transmigration areas, two-thirds of the transmigrants said their incomes have improved, 17 percent said they were the same, and 16 percent said they were worse. During the five-year development period, the numbers of families who hand over their plots to others is small, and at least 90 percent of the resettled families remain on the sites to which they moved. Thus, transmigration has been successful in raising incomes and increasing the assets of many settlers whose prospects would have been worse had they remained in the overcrowded islands.

Continued efforts will be required to increase incomes and improve implementation in the transmigration settlements. To that effect, diversified farming systems need to be introduced, appropriate agricultural support services need to be strengthened, and the implementation of monitoring and evaluation systems needs to be further improved. Where the movement of spontaneous migrants has created environmental problems or where there are possible adverse effects on indigenous peoples in the outer islands, these problems require the Government's continuing attention. In recognition of these problems and due to land and financial constraints, the Government has recently reduced targets for sponsored settlement to about one-half of former levels. The Government is placing major emphasis on increasing settlement on tree crop schemes, which generate an income of about \$1,500 per household a year, and on improving existing sites.

The World Bank's assistance for transmigration, through five transmigration and two swamp reclamation projects, is intended to assure sustainable, and environmentally and socially sound resettlement. In 1981

June 11, 1986

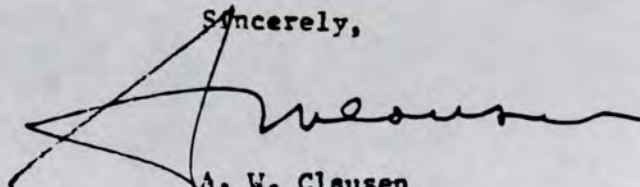
resources were allocated under an ongoing loan to support improvements in site selection and planning methodology. Two projects, approved in 1983 and 1985, have specifically dealt with appropriate site selection and evaluation. Actual settlement based upon improved planning has only recently been initiated; thus, few of the existing settlements have been based upon plans prepared after planning improvements were instituted.

Your letter raised specific concerns with respect to the program's impact on forestry resources and on the people of Irian Jaya. Sponsored settlement in the third Five-Year Plan used less than 1 percent of the forested land in Sumatra, Kalimantan, and Sulawesi, and a small fraction of 1 percent in Irian Jaya. Settlement in forests used for production or conservation purposes, which cover about 50 percent of the area in the outer islands, is prohibited. The increased emphasis being given to tree crops in the transmigration program will assure that in the future much of the forest area used for settlement will retain tree cover. Further action is required to gazette, demarcate, and protect environmentally important areas, and plans are underway to do this. In the early years of the third Five-Year Plan, rapid land clearing in receiving provinces without adequate planning led to some conflicts between the interests of the transmigrants and the local people, but the improvements in planning have helped overcome difficulties in this respect.

The World Bank is also concerned about the impact of the program on less-assimilated people. Under the Bank's Fifth Transmigration Project, anthropologists are working with site selection and evaluation teams. Measures have been introduced to identify the local people and their land needs in order that those who wish to do so can continue to pursue their traditional way of life. Their views on benefits and/or compensation are being ascertained. If they do not wish to be included in the resettlement area, the planning requirement calls for benefits through parallel development. About 20,000 families, or 5 percent of the total moved since 1979, were moved to Irian Jaya under the sponsored transmigration program. Under the present Five-Year Plan (1985-89), the Bank estimates that another 25,000 families will be moved. There are no plans to settle migrants in the densely settled highlands, where the majority of the Irianese live.

Economic and social development entails trade-offs and choices have to be made among various options, some of them very difficult. With World Bank assistance, the Government is attempting to choose the options which maximize economic benefits with minimum adverse effects. On balance, the transmigration program is benefitting a large number of poor people in Indonesia. It is promoting sound and sustainable development in the outer islands. It has problems and they are being addressed. It deserves the World Bank's continued support.

Sincerely,



A. W. Clausen
President

3.38 **Resettlement.** Senior environmental specialists and managers from the Institute of Ecology, Padjadjaran University, supervised by international consultants, have been involved since 1981 in identifying the detailed resettlement needs of the project, and preparing an environmental impact assessment.

3.39 In 1982, the Government of Central Java set up a coordination committee at the provincial and district levels to coordinate the transmigration and resettlement of the population to be inundated by the reservoir. The coordination committee is responsible to: (a) carry out detailed surveys of the area through the provincial Agraria for purposes of compensation of land and facilities; (b) supervise land transactions; and (c) establish resettlement and transmigration implementation teams to coordinate with the people affected.

3.40 Some 5,390 families (23,380 people) in 20 villages will be relocated. About 12,200 of these people are in the labor force and 50% are farmers, 27% are laborers, 18% are unemployed, and 5% have other employment. Sample surveys of villages show that 55% of the people have incomes below the minimum poverty level. Population densities vary from 860 to 1,060 people/sq km. In the most recent survey in 1983, 75% of the families wanted to transmigrate. Resettlement within the catchment is discouraged because of the very high population density and the low productivity of the upland areas. Representatives of the affected villages have visited the proposed transmigration sites in Irian Jaya and Bengkulu in Sumatra, and were satisfied with the sites. Some 300 families have already transmigrated. The Project Office, in cooperation with the Central Java Provincial Coordinating Committee, has prepared a resettlement plan, compensation payments and schedules acceptable to the Bank (see Table 3.7). Assurances were obtained during negotiations that GOI will provide adequate and timely budgetary resources for compensation payments and will provide the Bank with annual reports on the resettlement, compensation, and welfare of people affected by the reservoir construction commencing December 31, 1985.

Table 3.7: PROPOSED RESETTLEMENT PLAN AND COMPENSATION PAYMENTS

Year	Land acquisition (ha)	No. of families to be resettled	Compensation budgets (Rp billion)
1983/84/a	340	300	1.8
1984/85/a	380	1,170	2.5
1985/86	1,308	1,560	8.5
1986/87	1,500	1,190	6.3
1987/88	1,179	1,170	4.7
1988/89 /b	1,500 /c	-	2.1
<u>Total</u>	<u>6,207</u>	<u>5,390</u>	<u>25.9</u>

/a Payment has been completed.

/b Filling of dam starts in April 1989.

/c This land is mainly forestry land above the maximum operating water surface level.

3.41 Judging from the experience gained on similar dam sites in Central Java, the present number (25%) of all families who preferred relocation in Java will probably decrease to 10% as transmigration accelerates. The remaining 10% have land outside the catchment, or may choose to live with relatives. For these people, the Kabupaten Coordinating Development Committee will give them preference for vocational training, work in local rural works programs, and in the project's civil works construction program (see Annex 8).

3.42 Other environmental aspects of the project include:

- (a) The dam will substantially reduce flooding in the upper Serang River at the junction of the Serang and Lusi. The upper Serang with the modified flows will peak in the dry season. The present flooding downstream of the basin will also be substantially reduced;
- (b) The Serang and Lusi watersheds are the subject of a recently approved Upland Agriculture and Conservation Project (Ln. 2474-IND) supported by the USAID and the Bank. During negotiations assurances were obtained that the measures taken for catchment protection under this loan will focus on soil and water conservation. In addition, studies will be undertaken by the Directorate General of Land Rehabilitation and Reforestation (DGLRR) for improved soil and water conservation for the proposed Jatigede Dam catchment on the Cimanuk River;
- (c) Public health will be improved due to the increased quantity and quality of water available year-round for drinking. Assurances were obtained during negotiations that a plan for a continuous canal water quality monitoring system will be established by the IHE in consultation with the Provincial Health Services by December 31, 1988 and the system will be in place by June 30, 1991;
- (d) There are no archaeological sites or artifacts of any significance in the area to be submerged. Construction of the project is also not expected to adversely affect fauna in the valley; and
- (e) Public health authorities, with the cooperation of the Project Office, will intensify malaria control efforts as the irrigation and cropping patterns intensify, since some of the vectors are present and there is some incidence of malaria in the project area. Assurances were obtained at negotiations on appropriate measures for malaria control in the project area.

Najorie

Please make copies

WORLD BANK / INTERNATIONAL FINANCE CORPORATION

*for Mr. Zaidpur
for Mr. Bumbalawa
Miss Davis
Mrs. Humble*

June 12, 1986

To: AEP/Indonesia Division

Re: Mr. Purcell's memo of May, 21, 1986
to Mr. Owen Price on
Transmigration II Supervision
Mission of April 1986

The Government should be informed in the clearest possible terms that we cannot afford the situation described under project status. We may reach a point where we may not be able to allow disbursements for other transmigration projects if the GOI does not take immediate corrective actions.

A. KARAOSMANOGLU

cc: Messrs. Kirmani, Kaji, Davar, Rao