



## **Strategic Plan of Indonesian Ministry of Agriculture: 2015-2019**

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### **Background**

The Indonesian Ministry of Agriculture (MoA) has released the new Strategic Plan for 2015-2019. This Strategic Plan is part of the National Medium-Term Development Plan of 2005-2025. The implementation of the Strategic Plan is supported by the Regulation of Agricultural Minister accordingly.

The document would serve as an umbrella or legal basis for: (1) formulating the strategic plan for working units within the MoA; (2) preparing the agricultural development plan at local (provincial and regency/municipality) levels; (3) coordinating the plan of activities among sectors and/or central and local institutions; and (4) managing the program of activities within the MoA. In addition, it is also aimed at improving the Government Performance Accountability System.

### **Key features**

It is noted that agriculture remains an important role in the national economic development of Indonesia. The strategic role of the agricultural sector is described in the contribution to food and industrial raw material provisions, gross domestic product (GDP) creations, foreign exchange earnings, labor absorptions, feed ingredients and bioenergy provisions, income of rural household sources, and greenhouse emission reductions.

During the last five-years (2010-2014), there were some major achievements in the implementation of agricultural development in Indonesia. *First*, the average contribution of agricultural sector to GDP reached at 10.26% with the growth of about 3.90% per year. The highest contribution derived from the estate crops sub-sector. *Second*, the agricultural sector absorbed most of national labor force despite its tendency to decrease. In 2014, in particular, this sector absorbed approximately 35.76 million laborers or about 30.20% of the national labor force. *Third*, the average growth of annual primary agricultural investment of domestic and foreign direct investments was 4.2% and 18.6%, respectively. *Fourth*, the ratio of export

and import was about 10:4 with the growth rate amounted to 7.4% for export and 13.1% for import annually. Meanwhile, the trade balance positively enhanced of about 4.2% per year. **Sixth**, the farmers' terms of trade increased rapidly. Although it decreased in 2013, it jumped up from 101.78 in 2010 to 106.52 in 2014. **Seventh**, the extent of income level of farmers and smallholders positively improved to about 5.64% and 6.20% annually. **Seventh**, the number of poor people in the rural area who were mostly engaged in agricultural sector declined at a rate of -3.69% per year or decreased from 19.93 million in 2010 to 17.14 million in 2014.

In terms of production, all agricultural sub-sectors (food crops, horticulture crops, estate crops, and livestock) showed positive growth during 2010 to 2014. **First**, the annual production growth of food crops particularly rice, corn, and soybeans were respectively about 1.63%, 1.11%, and 1.93%. **Second**, the annual production growth of horticulture crops (vegetable, fruit, and floriculture) had fluctuated. The highest annual production growth was mango (21.95%), followed by mangosteen (13.82%), chrysanthemum (12.26%), and turmeric (11%). Conversely, the lowest annual production growth was red chili, potato, and citrus (below 4.13%). **Third**, among the top 15 estate crops, there were 11 crops signified positive production growth, namely tobacco, oil palm, cotton, clove, rubber, sugarcane, pepper, coffee, patchouli, cashew nut, and coconut (5.47% per year, aggregately). Meanwhile, four other crops (cocoa, jathropha, tea, and *sunan* candlenut) had a negative production growth namely -13.79% per year, aggregately. **Fourth**, the annual production growth of livestock products (meat, eggs, and milk) were 5.98%, 7.08%, and -2.73%, respectively.

## **Policy framework**

### ***Vision, missions, objectives, and strategic goals***

The vision of the Indonesian MoA in 2015-2019 is “...*realization of sustainable agriculture-bioindustry systems producing various healthy foods and high value-added products-based on local resources for food sovereignty and farmers welfare*”.

In order to realize the aforementioned vision, the missions of the Indonesian MoA are to achieve: (1) food sovereignty; (2) sustainable agriculture-bioindustry system; (3) farmers welfare; and (4) bureaucracy reform. Moreover, the objectives include: (1) improving the availability and diversification of food toward food sovereignty; (2) increasing the value-added and competitiveness enhancing agricultural food products; (3) developing raw material availabilities for bioindustry and bioenergy; (4) improving the income and welfare of farmers; and (5) improving the performance quality of agricultural government apparatus trustworthily and professionally. Hence the strategic goals comprise of: (1) achieving self-sufficiency in rice, corn, and soybean as well as increasing meat and sugar production; (2) improving food diversification; (3) enhancing value-added commodities, competitive in accomplishing export market and import substitution; (4) providing raw materials for bioindustry and bioenergy; (5) improving income of household farmers; and (6) good performance accountability of government apparatus.

### ***Policy direction, strategy, and target***

The policy direction and strategy of the Indonesian Ministry of Agriculture of 2015-2019 is summarized in Table 1. It comprises of public and technical as well as operational policies, policy strategies, agricultural development programs, and control policy measures. Those require regulatory and institutional frameworks (Table 2).

Table 1. Policy strategy and agricultural development program plans, 2015-2019

Item	Remark
Public policies	(1) Improving rice self sufficiency and increasing corn, soybean, sugar, meat, chili, and onion productions; (2) Developing competitive, export, and import substitution products as well as bioindustry raw materials; (3) Strengthening the institutional seed/seedling, farmer, technology, extension, quarantine, and food security systems; (4) Developing the agricultural cluster area; (5) Focusing on strategic commodities; (6) Developing facilities, infrastructures, and rural agro-industry as the basis of sustainable bioindustry development; and (7) Implementing good governance and bureaucratic reform.
Technical and operational policies	(1) Climate change adaptation and mitigation, post-natural disaster management, and plant protection; (2) Agricultural multi-product re-orientation; (3) Subsidy and agricultural credit financing application and management; (4) Thematic program management supporting agricultural development; and (5) Biodiversity utilization and management.
Policy strategies	(1) Increasing the availability and land use; (2) Improving agricultural facilities and infrastructures; (3) Developing and expanding seed/seedling logistics; (4) Strengthening institutional farmers; (5) Developing and strengthening the agricultural financing; (6) Developing and strengthening bioindustry and bioenergy; (7) Strengthening the agricultural product market networks; (8) Strengthening the capacity building of agricultural human resource; (9) Improving support to innovation, technology, and quarantine; (10) Providing information services; (11) Administering the regulation; (12) Using the information and communication technologies; (13) Organizing the plan; (14) Structuring and strengthening the organization; and (15) Managing the control system.
Development programs	(1) Increase production, productivity, and quality of food crops; (2) Increase production, productivity, and quality of environmentally friendly horticulture; (3) Increased production and productivity of sustainable estate crops; (4) Accomplish food-based animal and smallholder livestock agribusiness; (5) Improved value-added, competitiveness, quality, marketing product, and agricultural investment; (6) Provide agricultural facility and infrastructure developments; (7) Generate sustainable agricultural-based bioindustry technology and innovation; (8) Improve agricultural extension, education, and training; (9) Increase diversification and community food security; (10) Improve quality of agricultural quarantine and biosecurity supervision; (11) Monitor and improve agricultural government apparatus accountability; and (12)

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	Support management and implementation of other related technical tasks.
Control operational measures	(1) Rice, corn, soybean, sugarcane, and meat production improvements; (2) Food diversity improvement; (3) Agricultural product value-added and competitiveness; (4) Bioindustry and bioenergy availability and improvement; and (5) Farmer welfare improvement.

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Source: Strategic Plan of Indonesian Ministry of Agriculture of 2015-2019

Table 2. Indonesian regulatory and institutional frameworks of agricultural development policies, 2015-2019

Item	Remark
Regulatory framework ( <i>supporting legislation</i> )	(1) Land regulation: accelerating the release of local government laws in line with the Law number 41/2009 on Protection of Sustainable Food Crops Farmland; (2) Agricultural input regulation: improved seed and fertilizer subsidies as well as seed system development; (3) Agricultural finance regulation: accelerating and simplifying the requirement accesses of farmers to credit scheme; (4) Farmer protection regulation: implementing the Law number 19/2013 on Protection and Empowerment of Farmers; (5) Food diversification and nutrition regulations; (6) Agricultural products export and import regulations; and (6) agricultural investment regulation.
Institutional framework ( <i>bureaucratic reform agendas</i> )	(1) Institutional aspects: establishing the proportional, effective, and efficient (appropriate function and dimension) organizations; (2) Governance aspect: establishing the coherent system, process, procedure, effective, efficient, and measurable in accordance with good governance principles; (3) Legislation aspects: more orderly, un-overlapping, and favorably; (4) Human resource apparatus aspects: integrity, neutral, competent, capable, professional, high-performance, and well-to-do; (5) Control aspects: increasing governance free from corruption, collusion, and nepotism; (6) Accountability aspects: increasing the performance capacity and capability of bureaucracy; (7) Public service aspects: realizing the excellent service in accordance with the needs and expectation of community; and (8) mindset and cultural set aspects: establishing bureaucracy-based integrity and high-performance.

Source: Strategic Plan of Indonesian Ministry of Agriculture of 2015-2019

The target of the agricultural development policy implementations in 2015 to 2019 is related to some prominent aspects, namely GDP, labor absorption, investment, trade balance, farmer terms of trade, and income per capita. **First**, the agricultural GDP would be expected to grow at 3.87% a year, comprising the sub-sectors of food crops (3.89%), horticulture (2.73%), estate crops (5.07%), and livestock (3.96%). **Second**, the growth rate of agricultural labor absorption would be expected to decrease about 0.61% per year. **Third**, the annual domestic and foreign investments would be expected to grow at 5.02% and 4.72%, respectively. **Fourth**, the annual growth of trade balance (export-import) would be expected to achieve at 12.7%, comprising the sub-sectors of food crops (4.8%), horticulture (2.5%), estate crops (10.4%), and livestock (0.9%). **Fifth**, the farmer terms of trade would be expected to attain at 101.21 to 104.56 annually. **Sixth**, the annual per capita income of aggregate farmers would be expected to grow at 6.29%, while the annual per capita income of smallholders would be expected to grow at 5.77% a year.

To accomplish the abovementioned policies; therefore, particular budget and supporting institutions are required. The budget sources would not be merely derived from the state

budget but also from other sources such as local government, state/local-owned enterprises, domestic and foreign investments, banking (commercial credit scheme), corporate social responsibility, and self-reliance community. The majority of budget (85-90%) would be derived from private, banking, and community, while the rest (10-15%) would be from state/local government budgets. It is noted that the private budget would be organized through public private partnership based on mutual sharing between industries and farmers supporting the supply chain management.

There is a need for supporting institutions in the implementation of agricultural development since it spreads out geographically and administratively as well as involves various stakeholders. As a result, it should be optimized through equal perception, coordination, supervision, monitoring, and evaluation toward program/activity implementations.

### **CONCLUSION**

In line with the Indonesian Grand Strategy of Agricultural Development of 2015-2045, the development of agriculture in the next five-years (2015-2019) would refer to the paradigm of agriculture for development. The agricultural sector would be positioned as a prime mover of impartial and comprehensive transformations of demography, economy, inter-sectoral, spatial, institutional, and governance developments. The paradigm provides direction that agricultural sector encompasses a wide range of interest in which it is not only to accomplish food for people but also to provide the multifunctionality of agriculture. Apart from being a major basis for food security, the agricultural sector has other strategic functions to resolve like environmental and social issues (poverty, justice, etc.) as well as provision and development of agro-tourism. Above all, organizing the agricultural sector in the national development is the key success to realize the dignity, resilient, progress, justice, and prosperity of the country.

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