



MANUFACTURING A CRISIS: The Politics of Food Aid in Indonesia



Report of the
Fact-finding Mission
of the Southeast Asian Council
for Food Security & Fair Trade



January - February 1999

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The Southeast Asian Council for Food Security & Fair Trade

The Southeast Asian Council for Food Security & Fair Trade, formerly known as the Southeast Asia Liaison Committee, was established during the Southeast Asian NGO Conference on Food Security and Fair Trade held in Manila from February 13 – 16 1996. The meeting brought together individuals and groups from throughout Southeast Asia to discuss the impact of trade liberalisation and economic deregulation on food security and people's livelihoods. The guiding principles of the Southeast Asian Council for Food Security & Fair Trade were laid down in the historic Balay Declaration, which called on governments in the region to make food security for all citizens the cornerstone of economic policy.

The Southeast Asia Council for Food Security & Fair Trade is composed of representatives from seven Southeast Asian countries. These representatives are drawn from large networks of organizations working on food security and trade related issues. Their work is conducted on many levels, from lobbying national governments and regional institutions, to working directly with grassroots organizations addressing gender, sustainable agriculture and human rights issues among others.

The Southeast Asian Council for Food Security & Fair Trade focuses on research and advocacy within the context of agricultural trade and development policies, as well as other issues affecting food security in the Southeast Asian region. Through this, the Southeast Asian Council for Food Security & Fair Trade is able to promote a common policy on food security in international and regional bodies. As rice is the staple food throughout Southeast Asia, the Southeast Asian Council for Food Security & Fair Trade is focusing its research on regional policies in rice security, and is therefore in a position to make recommendations that further regional food security.

The present members of the Southeast Asian Council for Food Security & Fair Trade are:

- Isis International-Manila, Philippines
- Focus on the Global South, Thailand
- Pesticide Action Network - Asia Pacific, Malaysia

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Vietnam Partnership for The Development of Human Resources In Rural Areas (VIET DHRRA)

Represented by:

- Vietnam Gardening Association (VACVINA)
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Represented by:

- Management and Organizational Development for Empowerment, Inc. (MODE)

- Alternative Forum for Research in Mindanao (AFRIM)

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- Pesticide Action Network - Indonesia (PAN-I)
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Represented by:

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- Education and Research Association for Consumers, Malaysia (ERA Consumer, Malaysia)

Laos

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Represented by:

- Norwegian Church Aid - Laos (NCA)
- Coordinator of SAF

Thailand

Alternative Agriculture Network (AAN)

Represented by:

- Rural Reconstruction Alumni and Friends Association (RRAFA)
- Coordinator of AAN

Cambodia

NGO Forum on Cambodia

Represented by:

- Partnership for Development in Kampuchea (PADEK)
- Cambodian NGO Alliance for Cooperation (CNAC)

The present chair of the Southeast Asian Council for Food Security & Fair Trade is Dr. Walden Bello from Focus on the Global South and the vice-chairs are Aurora Regalado of MODE, Philippines and Marimuthu Nadason of ERA Consumer, Malaysia.

EXECUTIVE SUMMARY

As the US and European Union finalise plans to ship large quantities of food aid to Russia, a senior diplomat at a western embassy in Moscow sums up the situation bluntly: "I don't know of a single person in this building who thinks it is necessary." . . . "There is no shortage in this country," says one Moscow-based aid expert. "The US and the EU have different reasons for sending food, and the Russians are willing accomplices, but by no means is this a humanitarian effort." He says aid would be best spent purchasing food within Russia to redistribute to poorer regions or on providing credit and assistance to Russian farmers.

Financial Times, Feb. 5, 1999

The foregoing account could well be a description of the current situation in Indonesia.

Despite widespread reports to the contrary, Indonesia is not suffering a famine or food crisis in the traditional sense. This is the firm conclusion of an investigating mission that visited Indonesia in late January and early February 1999, under the sponsorship of the Southeast Asia Food Security and Fair Trade Council.

The 16-member mission visited several sites in Jakarta, then fanned out to other parts of the archipelago. They focused on data gathering at the micro or community level through semi-structured interviews with the urban poor, farmers, small rural tradespeople, fisherfolk, government officials, various church groups, non-governmental organizations (NGOs), and relief organizations.

Correlation of micro-data with macro-data yielded the main conclusion, that the so-called "food crisis" stemmed from mistaken projections of rice output. These projections were then manipulated by certain forces within the country and used to consolidate their political position - with aid agencies acting as witting or unwitting accomplices.

The critical steps in this manufactured crisis are the following:

- I. Two key agencies, the Food and Agricultural Organization (FAO) and the World Food Program (WFP), project a massive food shortfall following a survey which used questionable methods. The FAO/WFP crop and food supply assessment missions to Indonesia issued Special Reports on 17 April 1998, 6 October 1998 and 8 April 1999. In each of these reports, the actual figures of rice shortage have been inflated by factoring in the amounts of rice held in storage by Bulog, the private sector and households. (see appendix I)
- II. On the basis of this projection, the government issues an international call for food aid, which leads to Indonesia becoming the world's top recipient for food aid in 1998.
- III. The drought-caused famine projected by the FAO and WFP does not materialize. However, food aid is re-targeted by the government and aid agencies, like the World Food Program, from the countryside to the cities in order to pacify people who have been laid off as a result

of the financial fiasco caused by the government and International Monetary Fund's macroeconomic policies. As one consultant to a key agency told our team members, "Hungry people are angry people."

IV. The government then uses the aid, not only for social pacification, but also as a mechanism for gathering and consolidating electoral support for the June 1999 elections.

This is not to say that economic conditions in Indonesia are not bad, they are. However, these conditions do not call for food aid. They call for economic policies that will provide jobs and income for people to enable them to eat consistently and have an adequate diet, and buy goods and services to meet their other needs. Aside from serving questionable political ends, food aid in this context can only serve as a superficial solution to a larger structural problem.

That problem has two dimensions, both short-term and long-term. In the short term, the crisis stemmed from the massive loss of confidence among foreign speculative investors. This led to a hemorrhage of capital that triggered the collapse of most of the country's financial institutions and a great many of its key corporations. However, this short-term crisis has its roots in a development model imposed on the country over the last three decades by the Suharto dictatorship and the World Bank. The elements of this model, which have been unraveling in spectacular fashion over the last two years, are:

- I. development based on foreign capital and foreign markets;
- II. an industry-first policy, or a strategy that subordinated agriculture to industrial priorities; and
- III. within agriculture, the implementation of a Green Revolution-based riziculture.

Agriculture is in trouble in Indonesia, but it is a crisis that is strictly man-made, not one that stems from drought. A huge dependence on fertilizers and other chemical inputs characteristic of Green Revolution technology, has resulted in a fragile agro-technology that can easily be unraveled by policy decisions, like the ending of the fertilizer subsidy. Pushing rice as the staple crop at the expense of other crops, even in regions that formerly consumed non-rice staples, has created dietary dependence on a crop ill-suited to the climate and geography of those areas.

Indonesia is not experiencing a classical crisis of hunger. It is experiencing a man-made economic collapse. What its people need is not food aid but economic and agricultural reforms of a fundamental kind which will create the jobs and income that will enable them to surmount not only hunger, but poverty. Indonesia's problems are not the result of climactic changes. They have their origins in the very structure of the economy.

PART I : INTRODUCTION

Reports of famine and hunger coming out of Indonesia have alarmed the world in the course of 1998 and 1999. Coming on top of the grave economic and political crisis being experienced by the country, this news has naturally elicited serious concern, especially in Southeast Asia. Humanitarian considerations have certainly been uppermost, but the crisis has also been source of great worry, since Indonesia needed to import more than 25 per cent of the rice available in the world market in 1998.

In recent months, however, news has filtered out of Indonesia contradicting the official picture. The worry about a famine was apparently greatly exaggerated. Many agricultural communities were said to be prospering in the midst of crisis. Indeed, the inflow of food aid that began in late 1998 elicited protests, including the refusal of one of the largest NGO's in Solo, Java to distribute milk powder at the request of some donors.¹

As more conflicting reports emerged, more questions came to the fore, such as:

- How could a country that was supposed to have one of the most successful agricultural systems in the developing world, lurch into a crisis of hunger simply as a result of a financial crisis and a relatively short drought?
- If indeed a serious food crisis did not exist, was the diversion of global food aid to Indonesia depriving other, more deserving countries and peoples in crisis, such as North Korea or the refugees in Kosovo? This was not a theoretical question since Indonesia emerged as the world's largest recipient of food aid for 1998.

In view of these conflicting reports, the Southeast Asian Council for Food Security & Fair Trade decided to send an investigating mission to Indonesia to ascertain the actual state of food security.

The fact-finding team

The fact-finding Mission took place from 24 January to 6 February 1999. Our host in Indonesia was Riza Tjahjadi of Pesticide Action Network. The overall coordinator for the fact-finding mission was Li Kheng Poh, Executive Secretary of the Southeast Asian Council Food Security and Fair Trade. Luisa Caparas and Bagong Suyoto provided assistance in coordination of logistics in Jakarta. The members of our team were Francisco Lara Jr. of the University of the Philippines, Philippines; Cass Evert (translator) of PIJAR, Indonesia; Ovan Sopandi of Pesticide Action Network, Indonesia; Marco Mezzera of Focus on the Global South, Thailand; Simon Karunagaram of ERA Consumer, Malaysia; Indra Tata Purwita of WALHI (Friends of the Earth, Indonesia); Walden Bello of Focus on the Global South, Thailand; Tran Hong Truong of Vietnam Gardening Association-VACVINA, Vietnam; Daycha Siripatra of Technology for Rural and

¹ *Conversation with Ahmad Mahmudi, director of Lembaga Pengembangan Teknologi dan Pendeasaan (LPTP), Solo, Java, Indonesia, 31 January 1999.*

Ecological Enrichment-TREE, Thailand; John-David Comtois of Rural Reconstruction Alumni and Friends Association (RRAFA), Thailand; Dr. A.Z.M. Obaidullah Khan, the former Assistant Director General of the Food and Agriculture Organization of the United Nations, Regional Representative for Asia and the Pacific; Congressman Leonardo Montemayor and former Senator Leticia Shahani, both of the Philippines; and Anuradha Mittal of Institute for Food Development Policy-Food First, USA.



Fact-finding mission meets with the Indonesian Minister of Food Affairs & Horticulture, A.M. Saefuddin, Jakarta.

Sites visited

Jakarta, East Timor, and four provinces of Indonesia (West Java, Central Java, East Kalimantan, Nusa Tenggara Timur) were selected for the purpose of the mission. The selection criteria were based on accessibility to communities through local NGOs working on food and agriculture issues. We visited West Java, Jakarta, Central Java (Yogyakarta, Solo, Pacitan, Rembang), East Kalimantan, Nusa Tenggara Timur (Kupang) and East Timor. We visited with the urban poor, farmers, small rural tradespeople, fisherfolk, government officials, various church groups, non-governmental organizations (NGOs) and relief organizations in all of these locations.

Methodology

The mission investigated the cause and impact of food insecurity; the regional variations in food insecurity; the gender and ethnocultural differentials in food insecurity; and the accuracy of data that is being provided by multilateral institutions. We also looked at issues relating to production, distribution, purchasing power, and levels of food intake (e.g., Is there real starvation? If there is, what is its source? Is low food intake related more to structural conditions such as poverty and inequality?)

The main method of data gathering at the micro or community level was through semi-structured interviewing. The team collectively and critically discussed the interview results. The analysis and write-up team brought together the final analysis of the micro data and integrated it with macro data.

Organizations and individuals consulted

In Bangkok, we would also like to thank Father Hardaputranta S.J. of Xavier Hall for his valuable assistance. In Jakarta, besides visiting several urban poor communities, we met with the Minister of Food Affairs and Horticulture, A.M. Saefuddin, Ministry for Women's Affairs, the FAO, WFP, several NGOs, the World Bank, Bulog (National Logistics Agency) and Bappenas (the National Planning Agency).

Other organizations and individuals, located both in Jakarta and other parts of the country, which assisted us, or which we visited or spoke to were: Terre Des Hommes; Caritas/LPPS Jakarta; Mrs. Belen Fule-Anota, Deputy Chief of Mission, Embassy of the Republic of the Philippines; AULIA; YASPUK (Yayasan Pendamping Perempuan Usaha Kecil); PPSW (Pusat Pengembangan Sumberdaya Wanita); Professor Bungaran Saragih (Institut Pertanian Bogor); Jennifer McAvoy, Oxfam Great Britain; Catherine Hurst, AUSAID; Bill Barclay and Philip Clarke of the World Food Programme; CUSO Indonesia; YLKI (Yayasan Lembaga Konsumen Indonesia); Yayasan Kesejahteraan Darussalam; Yayasan Padi Indonesia; Bapedalda (Environment Management Agency); Plasma; Rio Tinto Foundation; CARE International; Professor Loekman Sutrisnoe of University Gadjah Mada; Yayasan Mitra Tani; Father G. Utomo and HPS (Hari Petani Sedunia); USCF/Satunama; LPTP (Lembaga Pengembangan Teknologi dan Pendesaan); the CRS Emergency Program in Kupang; PIKUL (Yayasan Pengembangan Institusi Dan Kapasitas Lokal); Don Bosco; the Governor of Nusa Tenggara Timur; Plan International; Dolog; Solidamor- Solidarity for Peace in East Timor; PIJAR; the Salesian Order in East Timor, especially Brother Santos, Father Vattaparambil and Father Locatelli; FOKUPERS; ETADEP; Caritas Dili; UNICEF Dili; CARE International Dili; YHAK (Yayasan Hak); CNRT (Council for National Resistance of East Timor); DSMTT (Democratic Student's Movement in Timor Timur); OSK-TL (Youth Solidarity Group); and LSK (Lembaga Studi Kemasyarakatan dan Bina Bakat).

To these individuals and groups we offer our sincere thanks and heartfelt appreciation for all the help and time they provided, without which the trip could not have been possible.



Meeting with rice farmers and civil servants in a West Java village.

PART II

SITE REPORTS

The visits to selected parts of the archipelago yielded the following conclusions:

- I. There was no evidence of starvation in either urban or rural areas.
- II. A brief drought at the end of 1997 and early 1998 resulted in food shortages in some areas, such as parts of East Kalimantan and NTT, but not starvation.
- III. Malnutrition and decreased food intake is evident in some rural and urban poor areas, but this is not because of physical/climatic factors, but social ones, like the collapse of purchasing power owing to the financial crisis.
- IV. Almost universally, respondents said that the answer to their weaker purchasing power was not food aid but stable jobs that yield stable incomes.
- V. Respondents reported widespread inefficiency and abuse of government food distribution programs, including inadequate subsidization of food for poor communities or the distribution of food packages weighing less than the officially mandated weight.

Jakarta

We visited several urban slum areas, one of which is located in Northern Jakarta. In this place, the NGO AULIA, besides its nutritional program, provides special houses for girls that have been abused. It was reported that during the economic crisis, the sale of children - especially young girls - increased, with the selling price for girls reaching Rupiah 3 million.

The children helped their parents earn money by collecting old nails and other metal scraps, begging and playing music along the streets and cleaning car windows.

The common pattern of the families we visited was one where the male head of the household is often the only breadwinner in the family. With the economic crisis, the men lost their jobs, and the children shouldered the responsibility of looking for an alternative source of income. The children helped their parents earn money by collecting old nails and other metal scraps, begging and playing music along the streets and cleaning car windows. They were the poorest of the poor in Jakarta. Many of the children were male since young females were generally kept from going out in the streets for security reasons. Girls usually try to find employment as housemaids.

The diet of most families had worsened since the onset of the economic crisis. Only rice, salted fish, tempe and kangkung (a type of water spinach indigenous to Southeast Asia) were being consumed. Fish, meat and fruits are not affordable. Previously, fresh fish and enough

food for an entire family could be bought with only Rupiah (Rp) 5,000. Today, Rp 10,000 is sometimes not enough to feed a family.

Sembako² packages were available but the families we visited were so poor they could not afford them without further subsidy from AULIA. Instead of the regular price of Rp 30,000-35,000 for a package, AULIA sold the packages at Rp 4,000-5,000. Subsidized rice was sold at Rp 1,100 per kilogram, which is well within the reach of these people, but the problem was the bad quality of the rice. Mothers were especially concerned about not being able to provide proper nutrition for their young children.

According to Mr. Hidayat of AULIA, the main issue concerning children in the slum area is not hunger, despite other nutritional problems. The main concern is small criminality, due to a structural lack of basic education. Due to the negative effects of the crisis, the educational situation of the children in the area has worsened. AULIA estimates that 30 out of 300 children in the communities they work with have dropped out of school. Therefore, Mr. Hidayat believes that food aid is not the right answer to the present crisis. Instead, he stresses the need to provide people with the proper education; this is seen as the key to survival.

When asked if they knew of the existence of food aid, many respondents said that they saw it on TV but had never received any themselves.

When asked if they knew of the existence of food aid, many respondents said that they saw it on TV but had never received any themselves. To conclude our visit, we asked what they wished to convey to the politicians and to the outside world. Without hesitation, the oldest woman present in the group uttered the following sentence, 'People need to work, otherwise criminals come up; if we are hungry, we cannot compromise.'

Central Java

In Central Java, the groups that were visited were organic wetland rice farmers, fisherfolk, highland dry padi farmers, and groups of women in the urban area of Surakarta (in Solo).

We were laughed at repeatedly whenever we posed the question 'Is there starvation here?' The farmers all said that they knew of no one who was hungry, and that alternative foods or staples were always plentiful. They had never really experienced a shortage of rice, even during the brief drought of 1997. They said that the real problem was the increased cost of farming the conventional way, and that they're finding it hard to cope with paying their children's school fees and transport. They also added that the occasional subsidized rice they received did not make much of a difference in helping them with their lack of purchasing power, since they were

² *Sembako is the acronym for Sembilan Bahan Pokok (this literally translates into nine basic items). Sembako is used to refer to food packages distributed by the government or NGOs. These packages may include anywhere from one to nine food items.*

self-sufficient in daily food needs. A lot of cassava, sweet potato, and other local roots such as garut were consumed.

We visited several farmers who had recently joined Father Utomo's well-known group that practices organic farming for economic, health and sustainability reasons. We were told that all the farmers in this particular group were glad that they had started organic farming, since the present cost of fertilizers and pesticides would not be affordable. In one small village called Mangunsari, in Mangelang, Central Java, the farmers practiced intensive fish-rice cultivation, and were generally well off. A measure of this was that 22 houses were built since the start of the economic crisis.



The men in this picture are standing in front of one of 22 new homes built in Mangelang, Central Java since the start of the economic crisis. The men on the left & right are both rice farmers who breed fish intensively in their rice paddies. The high price for fish on the local market has enabled many farmers to build new homes with the extra income they have earned.

The fisherfolk we visited in Rembang on the northern coast of Central Java were enjoying a boom. They exported most of their catch of anchovies, prawns and fish to countries such as Japan, Taiwan, Hong Kong, Thailand and Singapore. The price of the anchovies was between Rp 8,000-11,000 per kilogram. Prawns could fetch up to 100,000 per kilogram. We were told that there were stories of fishermen spending their extra income on gambling and prostitution. Nearby farmers now work for the fishermen because the farmers can only plant once a year compared to the traditional two or three times a year. This is because water is more scarce now than in the time of their fathers—possibly because of deforestation, much of the original forest filled with teak three decades ago is gone.

In the urban area of Surakarta, the women we met were mainly semi-urban. They sold cassava chips or were involved in small businesses as a means of supplementing their families' income. When we asked them how the crisis had affected them, they replied that it made them more conscious of the importance of earning their own income. They were very eager to be involved in income-generating projects, and saw this as a way out of the problems of high inflation and poverty.

East Kalimantan

Due to forest fires and drought in most of 1997 and 1998, there was a problem of severe food shortage in East Kalimantan. An Anglo Australian company Rio Tinto Group (RTG)

operating in the area around Samarinda has been distributing food aid via its foundation (Rio Tinto Foundation) with aid money coming from Ausaid, the New Zealand and Canadian Embassies, and from RTG's local subsidiary Kelian Equatorial Mining. However, the Rio Tinto Foundation decided to stop the distribution of food aid in January 1999, mainly because of positive harvest prospects. A favourable rainy season, which started around April-May 1998, has in fact improved the local situation in terms of agricultural production expectations. However, there is still a lack of purchasing power due to the loss of traditional sources of income. The business of making handicrafts from rotan (rattan) has now ceased as a result of the destruction of the forests by fires.

When the villagers of Tapulang were asked to compare their situation with that of the people in Jakarta, the people present at the meeting recognized that they were better off because they could rely on different food sources. Furthermore, they said that since the onset of the crisis they had not registered any cases of starvation or of thievery in the village. This tells us that the traditional option of relying on other food crops (such as cassava, sweet potatoes etc.) makes the nutritional position of the people of East Kalimantan better than those in the rest of Indonesia, who have become reliant on rice as the only staple crop.



A view of the Kelian Equatorial Mining site, amid some of the remaining forests of East Kalimantan

In relief activities, we noticed that farmers were the only targeted group. Small tradespeople do not seem to have been impacted too seriously by the current economic crisis. One of the relief organizations working with farmers is CARE International.

CARE implements its relief activities through “food for work” activities. In the areas covered by CARE, an average of 50 kg of rice per month per family was distributed for six months. However, rumors about malfunctions in the distribution system were reported with increasing frequency, and there were allegations circulating that the actual content of the distributed sacks of rice was rarely close to the officially declared 50 kg, ranging instead between 39 and 50 kg. It was of course not clear where the rest of the rice ended up. CARE was also reported to run special programs for women and children's health.

The group that visited East Kalimantan concluded that there is not enough evidence to support talk of a food emergency situation or a food crisis.

Kupang

In Kupang, we met with NGOs, local and international relief organizations, the Governor, and various other government officials. We basically found that the impact of the economic crisis here is not significant. There is a rice crisis but not a food crisis, since the staple here is corn. However, the government does not take this into account. It considers a shortage of rice, as a shortage of food. Therefore, the relief plan is based on the need for rice. And hence, rice is distributed.

A related issue has been the process of converting traditional eaters of corn and other tubers into rice eaters over the past 20-30 years. This has had the effect of changing the diet of an entire population, creating a reliance on rice. The production of this rice is economically expensive and ecologically ill suited to the local climate. The climate is very dry and more suited to crops like tubers and corn instead of the water-hungry lowland padi. Instead, by teaching the population in West Timor – and other parts of Nusa Tenggara Timur - to shift to rice as a staple, the government has made the area dependent on rice imports from other parts of Indonesia and other parts of the world. In light of the economic crisis, this dependence is now very costly.

Furthermore, farmers are now so dependent on high input practices that they do not know how to cope with planting under stressful, natural conditions; conditions for which their forefathers had coping mechanisms. Their traditional coping mechanisms have been torn out of their hands by the agricultural policy of the New Order under Suharto.

East Timor

The chronic food shortage in East Timor is a direct result of the extreme oppression of family and community by the Indonesian army over the last 23 years. The Indonesian Government's paranoid suspicions that villagers would be a support base for the East Timorese resistance forces, led them to bar farmers from working their land, lest those farmers find ways of colluding with the resistance. Great tracts of forest were cut and hauled off by the military or other Indonesian parties – partly for profit, partly to eliminate hiding/meeting places and ambush locations for the various resistance forces. Families within and between communities were denied the basic human necessity of social interaction because of the military's fear of collusion with the resistance. This has had the effect of 23 years of forced neglect of agricultural areas. The result has been the loss of indigenous knowledge on edible, forageable, plant species - if not the loss of some species altogether - and the lack of a general agricultural development process that occurs gradually and progressively through the social interactions of the farmers in a community. In its stead these people were bottle-fed high-yielding variety (HYV) packages and novel technologies requiring tremendous financial resources for their maintenance.

We saw little evidence of food aid being distributed in East Timor. Some Catholic organizations operating in East Timor reported that they had access to small amounts of food aid that they were distributing in various community food-for-work (FFW) campaigns. However,

these activities were not in line with WFP efforts. CARE was overseeing actual WFP FFW programs with money from USAID. They were operating in 12 of 13 districts and had a quota of 50 kilogram per household. CARE's program ends in June this year.

UNICEF in East Timor took on the responsibility of distributing blended food, targeting infants aged 8-12 months and mothers. They are acting as a conduit for such food aid, from donors to the Department of Health which then channels the food to local communities through their numerous clinics and other community service sites. UNICEF brings the food aid to district warehouses for transfer to the Department of Health, but UNICEF has not received any records of distribution. UNICEF is now trying to get Bishop Belo to assist in engaging locally operating NGOs for distribution.

Families within and between communities were denied the basic human necessity of social interaction because of the military's fear of collusion with the resistance.

A discussion with a Catholic polyclinic left us with the impression that there was little food aid reaching the surrounding villages. The clinic itself reportedly received some food aid from the government. However, this little clinic had 600 visitors last month. That far exceeds the very limited capacity of human and physical resources at the clinic's disposal.



This river valley provides great potential for padi planting (as is evident from the lush padi in the centre of the photo). Unfortunately, military pressure has kept the padi fields in the background unplanted.

PART III

MANUFACTURING A CRISIS

The idea that Indonesia is suffering a massive food crisis stemmed from a grossly mistaken statistical projection based on flawed methodology. But the figures appeared to take on a life of their own, mainly because they served the interests of a government that was keen to put food aid in the service of its political interests. This was undertaken with the acquiescence of foreign governments and multilateral organizations that were either in support of the Indonesian government's aim of urban pacification or saw their interests served by the image of an emergency in Indonesia.

Methodological mistakes

Early in April 1998, the World Food Programme (WFP), in conjunction with the Food and Agriculture Organization of the United Nations (FAO), released a food and crop assessment (Special Report) based on statistics provided by the Indonesian agency BULOG. This assessment, which proved to be critical in triggering the flow of aid to Indonesia, concluded that Indonesia needed to import about 3.4 million tonnes of rice in 1998/1999. A few months later, in October 1998, the two agencies revised their estimate to a higher figure of 5.14 million tonnes. The methodology used to calculate the import requirements in both Special Reports was used again in the most recent Special Report, released 8 April, 1999.

But the joint assessment projections were contradicted by the FAO's independent projections. According to A.W. Jalil, the resident representative of the agency, their first assessment in April had a much higher figure of 5.6 million tonnes, but a second assessment conducted in September revised import requirements significantly downward to 3.2 million tonnes.³

Indeed, Dr. Elmar Mueller, Senior Food Security economist of the FAO based in Bangkok, explained why he thought the calculation of the 5.14 million tonnes figure in the October 1998 food aid crop assessment (Special Report)⁴ was problematic. He questioned the methodology used, as it inflated the actual rice shortage⁴ (for a detailed explanation of the methodology used, please see Appendix I: A Critique of FAO / WFP Methodology). But just as serious was the quality of government statistics (produced by BULOG, the National Logistics Agency), on which the joint WFP-FAO assessment was based. No less than Philip Clarke, the head of the WFP Mission, conjectured that the 5.1 million import requirement, allegedly to ward off hunger,

³ A.W. Jalil, *presentation to fact-finding mission, January 26, 1999.*

⁴ Elmar Mueller, *in an interview in Kuala Lumpur on Feb. 24, 1999. Please see appendix for figures.*

⁵ *Presentation to fact-finding mission, Jakarta, January 26, 1999.*

was actually needed for the government to reach the 10-15 per cent rise in production that it had earlier projected for 1998.⁵

False alarm attracts massive food aid

In any event, the April WFP-FAO figure raised the international alarm about impending starvation, calling for 2 million of the 3.4 million tonnes to be filled by international aid. Having closed its office in 1995, the WFP had been requested by the Indonesian government to reopen it. It then coordinated much of the relief effort, which went into motion as governments earmarked food assistance to Indonesia.

Several countries pledged to provide Indonesia with rice. Malaysia donated 750,000 tonnes of rice, to which it added some sugar and cooking oil as well.⁶ Japan supplied 500,000 tonnes of rice in soft loans⁷ and 100,000 tonnes as a grant. Taiwan promised to sell 200,000 tonnes of rice and China 250,000 tonnes, while Vietnam gave 10,000 tonnes as a grant and Thailand added a further 5,000 tonnes in grants. The US agreed to grant 12,000 tonnes of rice and sell 300,000 tonnes.⁸ The Singapore government provided S\$12 million worth of humanitarian assistance (grant) in rice and medicines. Furthermore, in January 1999, a grant of US \$1.2 million was under negotiation with the Italian Government.⁹

It soon became evident, however, that the aid being committed was a channel through which the donor countries also sought to advance their political and economic interests.

In addition, the WFP launched a US\$ 88 million appeal for emergency aid to help meet the expected shortages in Indonesia. The fund would be used to purchase 225,000 tonnes of rice and 4.6 tonnes of food packs. This was to be directed towards people who could only manage a meal a day, pregnant women, nursing mothers, and children under the age of five. Moreover, the WFP aid would be focussed on Food for Work Community Development activities.

AUSAID, USAID, the Canadian Government, and a number of EU countries committed other large food aid loans. The upshot was that Indonesia became the largest recipient of food aid in 1998.

⁶ *Presentation of the Minister of Food and Horticulture, A.M. Saefuddin, to fact-finding mission, Jakarta, January 26, 1999.*

⁷ *With a repayment time of 29 years, and an interest rate of 3 per cent.*

⁸ *The Minister of Food and Horticulture reported to the fact-finding mission (during a meeting held on January 26, 1999) that, according to the US ambassador to Indonesia, the US Government between 1997-'98 had given Indonesia food aid totaling US \$240 million.*

⁹ *Presentation of the Minister of Food and Horticulture to the fact-finding mission, Jakarta, January 26, 1999.*

It soon became evident, however, that the aid being committed was a channel through which the donor countries also sought to advance their political and economic interests. In the case of the Japanese government, just as important as the humanitarian mission was the government's desire to dump excess stocks of rice that had become politically problematic.

In the July 1998 issue of the *International Development Journal*,¹⁰ Nagasawa Takaki showed how the provision of Japanese food aid was used by the ruling Liberal Democratic Party (LDP) to serve as an outlet for excessive rice stocks in the possession of the Ministry of Agriculture, Forestry and Fisheries (MAFF). Owing to two years of good harvest, the MAFF had excess rice stocks of 4 million tonnes. Disposing of these excess stocks, however, faced two barriers:

First, part of the excessive stocks included rice imported by the Ministry of Agriculture under GATT Agreements. This rice has been stockpiled due to stagnant domestic demand. But the Japanese faced strong pressure from the US to import more rice and importing without disposing of the excess rice would merely compound the problem.

The second problem was an internal rule that requires Japanese rice to be sold at internationally competitive prices (the international price of Thai rice is about 40,000 yen/tonne while Japanese rice is as high as 300,000 yen/tonne). To overcome these two barriers, the new mechanism formed was the category of "emergency food aid" whereby the rice is "loaned."



Fact-finding team members, Anuradha Mittal (2nd from left), & Tran Hong Truong (far-right) in Pacitan, Central Java with staff of LPTP, an NGO based in Solo.

It was under these conditions of a repayable loan, that the aid was given to Indonesia. According to Miao Touru - Assistant Director, Division of Trade and Logistics Agency, Department of Agriculture, Japan – the 500,000 tonnes of soft loan rice was repayable in 30 years (with a 10-year grace period). The repayment would take the form of rice, rather than cash or other crops. The rice to be repaid could be from Indonesia or other countries, but would have to be of a standard acceptable in the international marketplace.¹¹

¹⁰ News release from NINDJA (Network for Indonesian Democracy), an NGO in Japan. The information is obtained from Nagasawa Takaaki, "Food Aid to Indonesia Marked by 'Zeal' on Japanese Side", *International Development Journal*, No. 500, Fiji Press, July 1998.

¹¹ "Ginandjar about Japan's rice: Republic of Indonesia asks Japan to send investigation team", *Kompas newspaper, Jakarta, Friday 16 January, 1999.*

However, the Japanese rice-aid proved to be a controversial issue. The Japanese Government sent an investigating team to Indonesia in January to look into claims that the rice-aid was being misused. The team found that while some of the rice-aid from Japan had been distributed, substantial amounts were still sitting in various warehouses across Indonesia. This gave rise to cries of corruption and of commercially trading rice that had been given in aid. Sources from the Ministry of Agriculture in Japan confirmed that the rice given in aid could not be commercially traded.¹²

In the case of Singapore, its rice was specifically earmarked for the military—no doubt part of the island country’s effort to conciliate Indonesia, whose president had accused it of not having a constructive attitude towards its neighbors during the financial crisis.¹³ As for the United States, it saw aid as a way to dump wheat into Indonesia, thus opening up a previously unexploited market.

By the end of the year, however, the expected famine had not materialized - partly because the impact of El Nino and La Nina on weather conditions had been relatively slight and brief. With the rains coming back to drought-affected areas like East Kalimantan, the emergency subsided. “We’re used to Africa, and we didn’t find those conditions of hunger here,” said Clarke. “So we should probably wind up and go back to Africa, where we belong,” he quipped.¹⁴

However, Clarke and his group were not sent back to Africa. Instead, at the request of the government, WFP made a decision to “retarget” food aid to the urban areas and away from the rural areas. The reason, WFP representatives candidly admitted, was that the financial crisis was throwing people out of jobs and into poverty. “Pacification” is what one WFP official called the new policy, one that was dictated by the fact that “Hungry people are angry people.”¹⁵

“We’re used to Africa, and we didn’t find those conditions of hunger here. So we should probably wind up and go back to Africa, where we belong,”

In fact, as many observers noted, food aid - which by now was flooding into Indonesia - was manipulated by the government not only to pacify a restive urban population, but also to consolidate its electoral base.

¹² *Ibid.*

¹³ *During a meeting with the fact-finding mission in Jakarta on January 26, 1999, the Minister for Food and Horticulture confirmed that Singapore had donated 21,000 tonnes of rice to Indonesia, on the condition that it would be distributed solely to the army. He explained this by referring to the poverty of the armed forces, and by adding “If the army gets hungry, it gets dangerous.”*

¹⁴ *Presentation to fact-finding mission, Jakarta, Jan. 26, 1999.*

¹⁵ *Bill Barclay, Presentation to Fact-finding Mission, Jakarta, Jan. 26, 1999.*

Government opportunism

In response to the economic crisis, the Indonesian government put into action a range of social safety net programs. These were designed to prevent outbreaks of social problems due to the prolonged economic crisis and to safeguard long term development plans. These emergency programs were directed at education and health, food security, employment through labor-intensive projects, and the stimulation of local economies.

We investigated one of the most important programs, which was directly related to government efforts to combat food insecurity. Besides President Habibie's advice to fast in order to save rice, the government set into gear *Operasi Pasar Khusus (OPK)*, using the distribution and logistical mechanism of Bulog, the National Logistics Agency. This investigation yielded reports of corruption, inefficiency and confusion.

Bulog still maintains a monopoly over rice imports and has put into action two types of market operations. Pure Market Operation (*Operasi Pasar Murni-OPM*) - a policy to sell rice at a "normal" rice price (*HPB- harga penjualan beras*) throughout the period of the economic crisis. Special Market Operation (*Operasi Pasar Khusus-OPK*) – on the other hand, is a policy to sell rice at below the normal price, better known by recipients as "cheap rice" (*beras murah*). This second policy is widely implemented.

The OPK program distributes medium quality, unpackaged rice, at the special subsidized price of approximately Rp 1000 per kg. The OPK relies on household-level data collected by the National Family Planning Agency (BKKBN) to identify qualifying households. The targeted participants were then given vouchers identifying them as OPK beneficiaries. Only households with vouchers were able to buy the subsidized rice. Each family household was entitled to a 10-20 kg rice voucher each month.

In short, both in Jakarta and in the outer islands, food distribution had become a veritable mess.

A monitoring report by YLKI (Yayasan Lembaga Konsumen Indonesia) on OPK activities in Jakarta, Central Java, Nusa Tenggara Barat, Sulawesi Utara and Kalimantan Barat, found that a problematic distribution system resulted in non-delivery or delayed delivery of the subsidized rice. Delivery orders are also sold by those who are supposed to deliver the rice to its target, making the process expensive and causing delays. Most importantly, this jacks up the price of rice to Rp 1050 or 1100 per kilogram. The other problem was that to receive the subsidy, families were required to buy 10 kg or 20 kg bags of rice. Most did not have enough cash to purchase such large amounts of rice. Village leaders who were left with the task of handing out the rice sometimes took the decision to sell smaller portions to poorer families.

In Samarinda and Balikpapan, East Kalimantan, our team found that Dolog (the local chapter of Bulog) was selling subsidized rice at Rp 2,000-2,500 per kilogram. This price was still two and a half to three times the pre-crisis price of Rp 800 per kilogram. We were also told by PLASMA (Institute for Environment and People Empowerment) that the official reason given by the Department of Social Affairs for this price disparity was the high cost of transportation

associated with the distribution of subsidized rice in remote areas. There was a portion of World Bank aid, Rp 200, allocated for the transportation of each kilogram of rice but this was not sufficient. Thus the people in remote areas had to travel quite a distance to sub-district centers to collect the subsidized rice.

Through our interviews with some Central Java farmers, we found that the subsidized rice had not made much of a difference, since they only received it once a month - and so far just 6-7 times. It is uncertain for how long the subsidized rice will be available, some were told only until the elections.

The other major form of food distribution carried out by the government - though most of it is done through the private sector or NGOs - is the distribution of *Sembako* (*Sembilan Bahan Pokok*- nine major staple foods) which are packages of rice, cooking oil, noodles, salted fish and sugar cane. Some packages are provided free of charge, but others are provided at a subsidized price.

In our interviews, we found in Jakarta and in Kupang that as many as five packages can be offered free to the same family. There is little coordination in the distribution of the food aid that has been rushing into Indonesia. Furthermore, the quality of rice given is very poor. Some families were reported to be feeding their pigs with the Sembako rice they were receiving. Others have said that they were selling their Sembako packages since they were receiving multiple packages. In short, both in Jakarta and in the outer islands, food distribution had become a veritable mess.

PART IV

CRISIS OF A DEVELOPMENT MODEL

If there is a crisis in Indonesia, it is not so much an emergency food crisis but a generalized crisis of development.

This crisis has two dimensions, a short-term dimension and a long-term one. Viewed in the short term, this crisis may be said to be the result of the massive flight of foreign capital from Indonesia and the rest of Southeast Asia, following the floating of the Thai baht on July 2, 1997. From this perspective, the herd behavior of speculative investors was clearly a key—if not the key—reason for the quick collapse of the Indonesian economy.¹⁶ Even Stanley Fischer, the deputy managing director of the International Monetary Fund (IMF), conceded this at the time of the World Bank-IMF annual meeting in September 1997 when he said: “Markets are not always right. Sometimes inflows are excessive, and sometimes they may be sustained too long. Markets tend to react fast, sometimes excessively.”¹⁷

But the Indonesian collapse was an event waiting to happen. For it could only happen to an economy that had, over the years, implemented a model of development that made it very vulnerable to the massive exit of foreign capital. This exit was triggered by the collapse of foreign investor confidence, owing to the policies of capital account and financial sector liberalization that the Indonesian Government had implemented.

Elements of the dominant paradigm

Financial liberalization, which integrated Indonesia indiscriminately into world capital markets, was a central element of this model of development. It stemmed from the fundamental assumption that foreign capital was the strategic variable in development. But there were other, related features of this model. The most significant were the following:

- The strategy can be described as “development from above,” one pushed by an alliance between the military elite and its technocratic partners in order to gain legitimacy for the ruling regime by delivering economic growth.
- The model placed priority on industrialization, in the first phase through import substitution, but since the early eighties through industrialization geared at export markets.
- The World Bank supported this development strategy with massive amounts of funding for

¹⁶ See Nicola Bullard, Walden Bello, and Kamal Malhotra, *Taming the Tigers: The IMF and the Asian Crisis (Bangkok: Focus on the Global South, 1998)*.

¹⁷ Stanley Fischer, “*Capital Account Liberalization and the Role of the IMF*,” Paper presented at the *Asia and the IMF Seminar, Hong Kong, Sept. 19, 1997*.

infrastructure projects and agricultural projects that were meant to support this ‘industry-first’ strategy.

- Agricultural development was reoriented to serve industrial development in this model, so that not only were policy decisions taken which disadvantaged it, but its main function was to achieve higher rates of production and productivity in order to feed the burgeoning urban work force. In short, the “Green Revolution” was part and parcel of the industry-first strategy.

How agriculture was disadvantaged

In a talk with the Investigating Mission on January 25, Professor Bungaran Saragih of the Institute Pertanian Bogor provided a succinct summary of key elements of the industry-first strategy and their impact on Indonesian agriculture:

- The exchange rate was placed at an artificially high level at certain periods. This policy hindered the export of agricultural products at the same time that it promoted industry by keeping the prices of imported industrial raw materials and components low;
- The high-interest rate policy - designed to attract foreign capital - drew resources from agriculture to industry because agricultural projects took a long time to yield a decent rate of return, whereas urban investments, like investment in real estate, yielded high profits with a quick turnaround time;
- A policy of providing cheap food was clearly designed to subsidize industry by keeping the price of wage goods low for the urban working class. However, this decreased the profitability of agriculture, leading to a decline in investment, leading to decreased productivity.
- The low profitability of agriculture led to the withdrawal of wide tracts of land from cultivation and their being devoted to alternative, more profitable uses, such as real estate speculation.

Yesterday’s Green Revolution and today’s food crisis

A major concern of the Suharto government was achieving food self-sufficiency, even as the country was engaged in rapid industrialization. What this meant in practice was the application of Green Revolution technology, sparking off a process that would increase agricultural productivity, release people from agriculture to serve as the work force for industry, and bring down the price of food to subsidize industry. Central to this strategy was the backing of the

¹⁸ *The overall development of Indonesia has been carried out with an enormous amount of aid from the World Bank. Currently, the Bank is funding the social safety net program put in place in response to the economic crisis. However, critics say that the Bank is part of the problem rather than part of the solution. An internal report of the World Bank, released to the New York Times and reported on February 11, 1999, revealed that despite a marginally satisfactory performance for the past thirty years, glowing reports continued to be written by the Jakarta World Bank staff.*

World Bank, which practically bankrolled the whole effort.¹⁸

In the early eighties, the strategy appeared to be a success, with Indonesia achieving self-sufficiency in rice by 1984, an achievement that won Suharto a gold medal from the FAO. Later, however, several problems with this approach became evident, problems which are at the root of Indonesia's real agricultural crisis. Many experts and farmers interviewed placed the emphasis on several of these, the most critical being the dependence on fertilizers and pesticides and the focus on rice self-sufficiency (as opposed to food self-sufficiency).¹⁹

The account that the mission heard from farmers is very different from the rosy picture that is painted of the Green Revolution years. They reported how ABRI, the Indonesian army, forcefully implemented this green revolution technology. In many interviews, farmers recalled how they would pull out the local varieties they traditionally planted, for fear of negative repercussions from ABRI.

Thirty years of Green Revolution has left many farmers dependent on expensive external inputs of seeds, fertilizers and pesticides. The tragic results of this dependency became stark with the onset of the financial crisis in late 1997. With imports limited - owing to lack of dollars

The revelation of this report raises questions of the credibility of the World Bank. As the report suggests, 'Perhaps the bank tried to preserve the image of the Indonesian miracle for too long. Perhaps the Bank was too concerned with maintaining food relations with one of its best clients.' Outright collusion with the regime to maintain a glittering image that would attract more capital when the fundamentals of sound economic development were not there is in fact the charge of one writer:

'The World Bank softened reports on Indonesia's economy (helping the country receive higher ratings and draw in additional foreign capital, which in turn flooded out of the country, substantially aggravating the crisis); tolerated corruption in bank-funded projects (despite reports from observers chronicling the disappearance of nearly 30 percent of all Bank funding to corruption); and capitulated to government pressure to inflate figures to show "epic" improvements in living standards, while four out of five Indonesians still lived below or slightly above the internationally accepted poverty line of \$1 a day.' (Curtis Runyan, "Indonesia's Discontent", World Watch Magazine, May/June 1998.)

But this may not be the end of the matter. During our time in Jakarta, we were told that the World Bank would cut back by half the official figure of 80 million Indonesians currently living under the poverty line. By fiddling with the definition of poverty, Indonesia was able to report a phenomenal drop in poverty from 70 million in 1970 to 22.6 million in 1996. Societal stability has been unraveling with the past 30 years of economic growth. What the Bank's motivations are is unclear. What is certain is that this latest statistical slight of hand will not add to its credibility.

¹⁹ *In 1963, the Institute of Agriculture (IPB) in Bogor initiated and developed the Bimas (Bimbingan Massal - Mass Guidance) agriculture intensification program. This program provided the organizational framework for the extensive rice production intensification programs during the Suharto years. The Bimas program - widely known as the Green Revolution (GR) program - involved infrastructure rehabilitation, agriculture extension, and the distribution of fertilizer, seeds, pesticides, and credit. Furthermore, the expanded Bimas program of 1964 became known for its slogan Panca Usaha, - the five-fold way to better farming. This included improved water control, use of selected seeds, use of fertilizers and pesticides, better cultivation methods, and stronger co-operatives. Panca Usaha guided the agriculture policy throughout the Suharto era.*

- and cuts in subsidies for fertilizers since December 1, 1998 (under the policies dictated by the IMF), agricultural production faced severe threats. Indeed, many respondents said that even before the crisis the price of fertilizers had gone beyond the reach of many farmers. This has forced some farmers to return to traditional methods of agriculture. They are also returning to the local varieties of seeds and recognizing the loss of bio-diversity caused by the monoculture practice of the Green Revolution.

One group of mission members met with HPS (Hari Petani Sedunia), an organization that helps Central Java farmers obtain local Javanese rice varieties from other islands such as Sulawesi and Sumatra, and teaches them how to farm organically. This situation is ironic given that this is a centuries old tradition for most of these farmers. When we questioned farmers on their return to organic rice farming, their reasons were based on lower costs, health, the sustainability of the land, and the environment. Most of the farmers told us that they already had orders placed on their ripening rice still standing in the fields.

Part of the grand plan of rice self-sufficiency via the Green Revolution was the conversion of as many people as possible into rice eaters. Providing cheap subsidized rice in local markets assisted this transformation. But Indonesian agriculture before the Green Revolution was diverse: In upland, hilly areas, and in dry, outer lying islands, cassava, sago, corn and other local roots were the traditional staple crops. Depending on the area, rice was either eaten or not eaten together with these staple crops. The advent of the Green Revolution in these areas actually meant the introduction of a system that was not only unsuitable but also expensive - being dependent on the construction of irrigation systems - and insensitive to local preferences for staple food. The Green Revolution has resulted in many dry area communities, such as the islands of Nusa Tenggara Barat and Nusa Tenggara Timur, becoming dependent on wetland rice, which is grown through economically and environmentally unsustainable practices.



Two organic rice farmers in Ngombol, Central Java standing next to an organic rice field (bottom right corner of photo).

The encouragement of wetland rice production and consumption coincided with the “cheap rice policy.” The rationale behind the latter was that if rice were kept inexpensive, people would be able to afford it, thus ensuring political stability. But there was a contradiction between the two policies, since low farmgate prices were not an incentive to productivity. In many instances, this resulted in the smuggling of large quantities of rice abroad, owing to the huge disparity between the prices of rice in the domestic and international markets, or in hoarding for speculative purposes.

Another consequence of the cultivation of a dietary dependence on rice is that it distorted the picture of food security. If large numbers of people relied on root crops for staples in key regions, then a calculation based on the need for rice as the staple completely distorted the true picture of food security in the country. This issue of defining food security as rice sufficiency - and its connection to the cultivation of dependency on rice - are critical factors that were not taken into consideration in the declaration of a food crisis in Indonesia.

The Green Revolution not only impacted on food security, it also impacted on wealth disparity. Many micro studies have concluded that it primarily benefited the wealthy and more powerful segment of the populace, despite the general increase in rice production over the last 30 years. The Green Revolution led to the polarization of resources within and between different social strata and accentuated the division of labour, further marginalising the role of women in the community. Moreover, many smallhold farmers had to borrow from moneylenders in order to purchase the packaged seed and fertilizers which were central to the Government's agricultural strategy. This often led to poorer farmers losing their land when they were unable to repay the debt.²⁰ The Green Revolution also created new forms of poverty by closing off certain economic opportunities. Traditionally, small or landless farmers would harvest the rice fields of larger farm owners, and be paid in kind. However, with the introduction of high yielding rice varieties, to maximize yields and income, large farmers preferred to contract a team of harvesters who were paid in cash rather than in kind. Most of the members of the team of harvesters were influential individuals in the village. Thus, small farmers and landless laborers had permanently lost a traditional source of income.

In another move to maximize yields and income, large farmers also introduced the use of large sickles to decrease the number of harvesters in the field. The move displaced the traditional use of the *ani-ani* (small knife) for harvesting by older women who were usually the poorer household members. The result is the deprivation of income for older women in rural areas. *Ngasak*, the gleaning of the padi left in the fields when the *ani-ani* was used, is another source of income for the rural poor which has disappeared in the era of the Green Revolution.

Bulog's role in the food crisis

The transformation of agricultural technology via the Green Revolution has been one key source of Indonesia's agricultural crisis. Another is the impact on national life of the formidable Bulog, the National Logistics Agency. First established in 1967, Bulog was formed to procure rice for the Armed Forces and civil servants. It was only later that it gained monopoly over other goods such as flour, sugar, soybean, onions, garlic and cooking oil; and the role of stabilizing prices and ensuring food prices do not negatively affect the inflation rate. In line with this role, KUD, the cooperative village unit, would purchase rice from farmers and sell it to Bulog. Bulog was to release its stock into the market in times of scarcity to prevent sharp price increases, and

²⁰ Bruce Coppel & Edmund Oasa, "Induced Innovation Theory and Asia's Green Revolution: A Case Study of an Ideology of Neutrality", Development and Change, Vol. 18, pp. 29-67, 1987.

during times of harvest, Bulog would buy from the farmers to prevent a drop in prices. A ceiling price was also placed on basic agricultural commodities such as rice, sugar, soybean, cooking oil and flour to protect consumers.

In reality though, Bulog is seen as part of the problem of poverty in agriculture. As a result of the unlimited powers of Bulog in the mentioned commodities, prices of goods are pushed up artificially. Monopoly, or import restriction on other parties over certain agricultural commodities, provides fertile ground for corruption and collusion. Bulog has also been criticized for inefficiency and non-transparent practices in distributing the commodities it has monopoly over. It is hoped that the abolition of Bulog's import monopolies for all the above mentioned commodities - with the exception of rice (the latest IMF conditionality) - will expose domestic producers to import competition thereby forcing them to be more efficient. This however may be an impossible hope unless rice can go directly to the consumers from the producers.

In an article in the Jakarta Post on August 31, 1998, it was reported that H.S. Dillion, the Executive Director of the Center of Agriculture Policy Studies, suggested that since Bulog is still mandated to stabilize rice prices, it should streamline the intricate distribution network. Bulog should bypass the current distribution system since it causes a vast disparity between the official price and the market price. In addition, Bulog's market operations must ensure that rice goes directly to consumers without allowing speculators to buy subsidized rice and retail it at a higher price. Rice distribution should be very simple: farmers sell their rice to cooperatives or distributors who sell it to consumers.

Dillion was underlining the reality that the current distribution system is very protracted. Farmers sell rice to small traders who resell it to larger traders. The larger traders sell the rice to medium scale distributors, who then resell it to small-scale distributors, retailers and supermarkets, before the rice finally reaches the consumer. There are too many players in the rice distribution system, causing large profit margins to be concentrated in the hands of the various players of this complex distribution chain. The result is soaring prices for consumers. The farmers do not see a single cent of these profits.

What Indonesia faces is not a short-term emergency food crisis, but the unraveling of a decades-long model of development.

At the local level, even the function of Bulog is ridden with problems. The purchase of rice by Dolog, the village chapter of Bulog, was originally intended as a means of price support for farmers. However, farmers usually sell their harvest to middlemen (millers and loan sharks), because very often the price offered by Dolog is lower. Even when the price offered by Dolog was reasonable, vague quality requirements prevent farmers from qualifying to sell to Dolog. Dolog requires that water content in rice grains should not exceed 14 per cent. However, climatic abnormality, such as heavy rains and a lack of sunlight to dry rice grains, would usually result in a water content higher than 14 per cent.²¹ Traditional methods of post-harvest processing have also been blamed for the high water content.

²¹ Vidhyandika Moeljarto. *An Assessment of the Food Situation. Center for Strategic and International Studies, Jakarta, Indonesia. January 1999.*

Farmers usually consider this water content requirement as too demanding. Besides this, middlemen usually approach the farmers whereas farmers would have to approach Dolog if they want to sell their rice. Therefore, farmers usually prefer to sell to middlemen because such a network is seen as both more flexible and profitable.

A new era for Indonesian agriculture?

Under the new IMF agreement, Indonesia is supposedly in a new era of economic restructuring for the better economic health of the country. But there is increasing evidence that the cure is worse than the disease.

In the area of distribution, Bulog has been stripped of monopoly rights over the distribution of key commodities. This has resulted, in many areas, in rich and powerful traders stepping into the agency's role, achieving either monopolistic or oligopolistic control over distribution.²²

What Indonesia needs at this point is not food aid, but a fundamental reorientation of agricultural strategy and overall model of development.

One also wonders how production can be sustained when the majority of the poor farmers have had their access to cheap fertilizer cut. The government abolished all subsidies for fertilizers in December 1998, raising the price of urea by about 150 per cent.²³ In place of this cut, more credit is made available as compensation. However, to obtain credit, one must possess collateral, and pay 16 per cent interest. Most of the small farmers do not have collateral nor can they afford 16 per cent interest because they simply do not earn that much.

Previously, there were dual pricing systems for the subsidized fertilizer. One for large plantations (higher priced), and one for farmers (lower priced). But subsidized fertilizer flowed upstream to power holders - the plantation owners. So what would be different now with the new offer of access to credit? Many observers say that the channeling of such credit to KUD (village co-operation unit) will simply reinforce the pre-existing patterns of genteel elitist corruption.

In other words, the farmers are trapped in a model of development that is in crisis. In the last several decades, the Indonesian government transformed Indonesian agriculture - with active encouragement from the world's multilateral institutions - converting most farmers, either fully or partially, into dependents on intensive external inputs. Farmers were told that this was good and they believed it. So they planted the new way. They accepted the low farmgate prices and

²² "Indonesia's Agony and the Price of Rice", *The Economist*, September 19, p. 31. "Don't Cry for Suharto", *Time Magazine*, April 20, 1998, pp. 18-19. "Suharto Won't Let Achievements Go Down the Drain", *International Herald Tribune*, Friday April 3, 1998, p.6.

²³ "Farmers Resort to Detergent to Kill Pests", *Jakarta Post*, January 16, 1999.

the expensive inputs. After years of obediently following the government's directive, the farmers are repaid with further debt when the fertilizer subsidy is abolished.

In short, what Indonesia faces is not a short-term emergency food crisis, but the unraveling of a decades-long model of development - one of the components of which was the Green Revolution. What Indonesia needs at this point is not food aid, but a fundamental reorientation of agricultural strategy and overall model of development. As Mission Member Dr. A.Z.M Obaidullah Khan - former Assistant Director General, FAO Regional Representative for Asia and The Pacific - put it, "What is at risk...is the dominant paradigm of linear economic growth, which must yield to an equitable allocation of property and resources including knowledge and information for the freedom to live long and well for substantial parts of the Indonesian populace."

PART V

CONCLUSION AND RECOMMENDATIONS

The conclusion of this mission is that a food emergency definitely does not exist in Indonesia. Indonesia is nowhere near the situation that has gripped many African countries.

The threat of prolonged drought posed late in 1997 passed very quickly. Food production has recovered in many areas that were initially affected. Indeed, agricultural production in many parts of the archipelago, especially of selected export commodities, has risen over the last year.

Yet, the October FAO/WFP Special Report - which continues to call for food aid to make up for 'projected' shortfalls in demand - perpetuates the massive miscalculation on Indonesia's food security situation that was made in early 1998. Food aid continues to flow into Indonesia, but this is no longer to meet an objective situation of starvation or threatened starvation, but to serve the interests of the Indonesian Government and the powers behind various aid agencies. World Food Program officials admit food aid is being specifically re-targeted to urban areas in order to pacify people who have lost their jobs as a result of the economic crisis.²⁴ "Hungry people are angry people," goes the memorable phrase of one WFP consultant.

With control over much of the food aid distribution, the Indonesian government is also in a position to influence the results of the elections in June.

To say that a crisis of starvation does not threaten Indonesia does not mean that its agriculture is not in crisis. There is a profound crisis of agriculture in Indonesia. However, this is a crisis that is connected to Indonesia's industry-first strategy, the crisis of the Green Revolution, and the conjunctural crisis of financial collapse and IMF-sponsored economic restructuring.

What Indonesia needs urgently is not food aid but an end to the IMF restructuring program that has brought tremendous difficulties for many farmers, by cutting off the fertilizer subsidy. One cannot do this without first putting in place an alternative production strategy.

What Indonesia needs in the short term is not food aid but an economic recovery program that is expansionary, that brings down interest rates, cleans up the banking system, and puts people to work. People need jobs, not food aid.

In the longer term, Indonesia needs to undertake two major reforms:

²⁴ *In the latest Special Report, dated 8 April 1999, it is confirmed that the FAO/WFP are re-targeting food aid for 1999/2000, to children under five and expectant and lactating women in the urban areas most affected by the economic crisis. However, the call for food aid continues to be based on problematic methodology, resulting in an inflated estimate of Indonesia's rice and food aid needs.*

First, a fundamental reorientation of its agricultural technology away from the rice-intensive Green Revolution technology that has reduced diet diversity and biodiversity and lead to greater food insecurity in the face of climatic, technological, and economic changes. It should instead move towards diet diversity with less chemical intensity and less dependence on a few varieties of seeds.

Second, the industry-first strategy should be abandoned in favor of a more balanced development paradigm that will make investment in agriculture attractive once more and, even more importantly, make agriculture an occupation of which its practitioners can be proud. Changing attitudes is a central part of the solution to Indonesia's agricultural crisis.

Our final set of recommendations has to do with food aid. We strongly urge that:

- I. The projection of Indonesia as a country facing starvation must be stopped immediately.
- II. Food aid to Indonesia should be reduced and redirected to truly starving countries - of which there are many – such as North Korea.
- III. The use of food aid for urban pacification and electoral purposes must be halted immediately.
- IV. Food aid already in the country must be limited to two groups of people: women who are pregnant or nursing babies and children living below the poverty line.

APPENDIX

Appendix I: A Critique of FAO / WFP Methodology

In an interview with Dr. Elmar Mueller, Senior Food Security Economist of the FAO Asia Pacific, he explained why he believes the generation of the 5.14 million tonnes figure in the October food and crop assessment (Special Report) is problematic. The Special Report is available on the web site of an FAO project called GIEWS (Global Information Early Warning System); and the figures below are obtained from the report itself.

TABLE 1.1: RICE BUDGET NUMBERS FROM THE OCTOBER FOOD AND CROP ASSESSMENT (Special Report)

	Milled Rice (1000 tonnes)	Reference #
1. Domestic Availability	32,245	1
Opening Stocks	3,563	2
Production	28,682	3
2. Total Utilization	37,390	4
Consumption	28,787	5
Other Uses/Losses	4,303	6
Closing Stocks	4,300	7
Exportable Surplus	0	8
3. Import Requirements	5,145	9

Opening stocks is defined as available stockpiles, and production is defined as rice yield expected over the 1998 harvest. The total of opening stocks and production is considered domestic availability. Total utilization is the sum of consumption, other uses/losses, closing stocks, and exportable surplus. Therefore, the import requirement equals the domestic availability minus the total utilization, giving us a deficit of 5.14 million tonnes. This is how the need for 5.14 million tonnes of rice was arrived at. **However, rearranging these figures, we readily see a curious measure of the actual shortage:**

TABLE 1.2: REARRANGEMENT OF TABLE 1.1 FOR CLARITY

Item	Tonnes of rice	Ref #	Remarks
Opening Stocks	3,563	2	Available Stockpiles
Production	<u>28,682</u>	3	Rice Yield expected over the 1998 harvest
Domestic Availability	32,245	1	Amount of rice available to feed people and animals
Consumption	(28,787)	5	Consumption by people
Other Uses/Losses	<u>(4,303)</u>	6	Animal feed and processing losses
net reserve (shortage)	(845)	10	This is what Indonesia <i>REALLY</i> lacks in rice.

The import requirements (reference #9 in Table 1.1) should be only 845,000 tonnes (Figure #10 in Table 1.2) since only consumption and other uses/losses should be subtracted from domestic availability. In the October Special Report, closing stocks, which are government *stockpiles* (in store reserves), have been included as part of the *total utilization*. The pre-crisis reserves are estimates at 3.563 million tonnes (reference #2), but the FAO, in its October Special Report has taken the move of strengthening the figures upwards to 4.3 million tonnes (the amount of the government's desired closing stocks?). So, this raises a crucial question: Why was this category of "closing stocks" strengthened from the opening stock (#2) to a more desirable 4.303 million tonnes (#6) and then ultimately included in the count for import requirements?

Appendix II:

FIELD REPORT ON EAST TIMOR

28 JAN - 4 FEB, 1999

By John-David Comtois

Food Security in East Timor: A Matter of Freedom From Oppression

The initial words spoken to us by our first interviewee were uttered repeatedly by others throughout our time in East Timor: *The political situation directly affects food security*. One simply could not discuss food production without discussing the presence of the military, and the effects that presence has on the villagers' ability to produce adequate food. The violence and oppression communicated to us over the course of each interview drew a picture of the systematic and sustained destruction of East Timorese self-reliance. In East Timor, food security is an issue of re-building an agricultural production system that over the course of the last two decades has been murdered, raped, burned, tortured, disenfranchised, divided, exiled, neglected and otherwise kept from taking root.

For the East Timorese who reside in the Northern areas of the Island, poor rainfalls over the past several years have destroyed the farmers' already small stock of seed, and reduced families to eating far less than is nutritionally adequate. However, villagers and others working with and among the villagers, say the drought only made a naturally poor situation worse. Coping with all of the oppressive taunts and attacks of the Indonesian military has hardened them for a life filled with disease, hunger and death. When we visited one family, who in my opinion was one of the poorest families I have seen in my 4 years in Southeast Asia, and asked how they were, they immediately answered 'Oh, doing alright.' The human spirit protects its own. But who protects the human spirit?

One simply could not discuss food production without discussing the presence of the military, and the effects that presence has on the villagers' ability to produce adequate food.

Destroy the Land, Destroy the People

I was given a set of photos picturing the tortures and murders of villagers near Suai in the Kovalima district approximately 90 km Southeast of Dili. In these photos two men and one woman lay dead in a cornfield. They are burned, shot through the knees, stabbed in their sides and their throats have been slit. A woman - it remains unclear whether it is the woman in the picture or a victim at another site - who was pregnant at the time, had her fetus cut out of her and discarded some ways away from the murder site. Whether she or any of the other victims were alive to witness this macabre expression, this purposeless act, we will probably never know.

In the immediate vicinity of this atrocity, the cornstalks are beaten to the ground. The surrounding stalks, seemingly standing vigil, would surely be speechless were they not voiceless. It is a picture that captures the fall of agriculture with the fall of the people.

This type of scene has been the controller of the people since Indonesia's violent annexation of East Timor. It is the Bogeyman that keeps people in their homes or constantly in flight. It is this kind of fear that disrupts life. It is this kind of fear that has cut asunder the social and psychological benefits of their once daily routine of agriculture. The 800,000 people of East Timor are not only refugees from the military's physically oppressive actions; they are victims of livelihood deprivation. Social psychologist M. Jahoda had this to say on the effects of being denied the daily activities of work:

“There are latent consequences of employment as a social institution, which meet human needs of an enduring kind. First of all is the fact that employment imposes a time structure on the working day. Secondly, employment implies regularly shared experiences and contacts with people outside the family. Thirdly, employment links an individual to goals and purposes which transcend his own. Fourthly, employment defines aspects of status and identity. Finally, employment enforces activity.”²⁵

He goes on to say that these consequences “...help us to understand the motivation behind work beyond earning a living...even when conditions are bad; and by the same token, to understand why unemployment is psychologically destructive...”

This provides tremendous insight into why many people in Southeast Asia put themselves into the situation of working in the huge metropolitan centres, even if the conditions are horrible in the extreme. For the East Timorese who lost not only their livelihood but also the basis of their culture, Dr. Jahoda's reflection on the matter certainly helps the observer appreciate just what it takes to see oneself through the oppression of a military occupation. The East Timorese people have been psychologically oppressed through, among other horrific actions, the systematic denial of access to agriculture; which means the denial of access to their livelihood and culture.

The end result of 23 years of forced neglect of agricultural areas has been the loss of indigenous knowledge on edible, foragable, plant species - if not the loss of some species altogether.

Destruction of the Agricultural System

For the East Timorese, the last 23 years has been a period of fight and flight. The military - largely the Indonesian military - has been identified as the culprit for extreme oppression of family and community. Indonesia's paranoia of villagers interacting with the East Timorese resistance forces led them to bar farmers from working their land, lest those farmers find ways of colluding with the resistance. Great tracts of forest were cut and hauled off by the military or other Indonesian parties - partly for profit, partly to eliminate hiding/meeting places and to eliminate ambush locations for the various resistance forces. Families within and between communities were denied the basic human necessity of social interaction because of the military's fear of collusion with the resistance.



This East Timorese man is proud of the stand of corn that he grew without fertilizers or pesticides. But the food produced in this small garden is not enough to feed his entire family. It's a shame he can't expand his garden to an area right across the dust path from where this photo was taken (alternate page).

This has had the effect of 23 years of forced neglect of agricultural areas. The result has been the loss of indigenous knowledge on edible, forageable, plant species - if not the loss of some species altogether - and the lack of a general agricultural development process that occurs gradually and progressively through the social interactions of the farmers in a community. In its stead these people were bottle-fed high-yield crop variety (HYVs) packages and novel technologies requiring tremendous financial resources for their maintenance. This was conducted under the Indonesian government's Repelitas (4-year development plans) that embraced the Green Revolution paradigm. Unfortunately, those high yield varieties demand a great deal of water, can not withstand much competition for nutrients from weeds and other plants, and are more susceptible to insect and disease attacks because they lack the fine tuning to the local [micro-]habitat that the indigenous varieties held for the East Timorese.

What the farmer now has is an imbalance of HYVs, the disappearance of the forest (a source of foraging), the reduction of local varieties, a vastly changed and thereby unpredictable local meteorology, a bad and costly dependence on herbicides and insecticides and an altered consumption pattern of water that exceeds the region's supply.

²⁵ Linda McQuaig, *Shooting the Hippo: Death by Deficit and Other Canadian Myths*, Penguin Books, Toronto, 1995.

The Forced Abandonment of Agricultural Land

Huge areas of reasonably arable land have been overtaken with densely growing woody weeds 6-7 feet in height. This is a result of the years of forced neglect. To clear these weeds now is apparently a near impossibility without the use of mechanical aid or huge amounts of able-bodied labour. Even if these weeds could be cleared to allow expansion of local agriculture, the resulting massive weed biomass would present the smallhold farmer with new problems.

The loss of huge swatches of forest cover has resulted in dry, very hard soils. To expand agriculture into these areas - if by odd chance they have not been consumed by the woody weeds - would require great amounts of very able-bodied labour or tractors to be able to prepare a seedbed in time for the rains.

Much of Northern East Timor is barren land. Only a thin veneer of soil covers the stony subsoil - if a subsoil is present at all - that pervades most of the rolling hills and steeply sloping landscape that typifies the Northern flank of the island. It is useful only for grazing and only barely at that.

As we witnessed in an area of Eastern East Timor, farmers are either too scared or are simply denied the right to expand their agricultural area beyond their small family garden. The soil is a very heavy clay soil but promises seemingly high yields. Manually working the soil would require a healthy and strong family. A nearby lake has water 12 months a year. In fact it has so much available water that it is a target for a hydroelectric generating station. Yet the people of East Timor have been denied access to this source of potential food production.



Fear of military reprisal keeps the farmer (opposite) on his small plot of land.

In the one particular region, reasonably large areas of land are being farmed, but production suffers from poor quality soils and lack of water. Expansion is also hindered by the aforementioned weed infestation. Under the Portuguese there was approximately 80,000 hectares (ha) of rice planted. Now, although the Indonesian Government still claims approximately 80,000ha of rice has been planted, the reality sits somewhere between twenty to thirty thousand hectares with the demand (before the droughts) being satiated with rice from other parts of Indonesia.

Corn farmers (the highlanders) have fled to both the lowlands and the coastal areas, taking refuge in 'safe areas' or taking up labour in the cities. Rice farmers (the lowlanders) have followed suit. So in the lowlands we have corn farmers now competing with rice farmers for land and other very sparse resources or corn farmers simply taking up planting rice. We also

have some corn and rice farmers trying to eke out a living sea fishing, although they generally lack the tools and skills to make a successful go of it. Finally, and worst of all, we have a great many people who were once producers who are now consumers. This latter double barrel gun both reduces net yield while simultaneously increases net demand.

Labour is largely unavailable. Malnutrition, the prevalence of malaria and tuberculosis, as well as the flight or murder of pockets of local populations has greatly reduced the family labour pool. The division of communities that once helped one another has further reduced the general labour availability at the community level. Draft animals - buffaloes - have been killed in an outright tactical strategy or have been taken for food by the military or paramilitary on either side of the conflict. Tasks that were once left to the buffalo, now often fall on what remains of the family labour pool.

Finally, there was a seemingly defeatist attitude, at least in the Baucau area villages, as regards the weed problem (not just the inundation of those dense woody weeds generally at large but even the far less imposing grassy and broadleaf weeds amongst the crops). There was a noticeable lack of attention paid to controlling them by hand. This can readily be ascribed to the years of dependence on insecticides and herbicides which has left the farmers seemingly unable to recognize the potential in their own hands to control farm pests. The inability to purchase herbicides, owing to the inflation created by the economic crisis, and the reduced yields resulting from consecutive years of drought has seemingly left them thinking there is no alternative but to endure. Such an attitude can also be justifiably ascribed to the military's incessant agricultural offensive leaving the farming population feeling resistance - be it to oppression or to pests in the field - is futile.



This natural spring flows year-round, providing drinking water, irrigation and a cool & comfortable place for social exchange. However, many areas of East Timor do not have the same agricultural potential as here (next photo).

Food Aid in Timor Timur

We saw very little evidence of food aid being distributed in East Timor. Some Catholic organizations operating in East Timor reported that they had access to small amounts of food aid which they were distributing in various community food-for-work (FFW) campaigns, but not in line with WFP efforts. CARE was overseeing actual WFP FFW programs with money from USAID. They were operating in 12 of 13 districts and had a quota of 50kg/household. CARE's program ends in June this year.

In East Timor, UNICEF took on the responsibility of distributing blended food for infants aged 8-12 months and mothers. They are acting as a conduit for this food aid from donor to the Department of Health which can channel the food to local communities through their numerous clinics and other community service sites. UNICEF brings the food aid to district warehouses for transfer to the Department of Health, but UNICEF has not received any records of distribution. Yayasan HAK, a Human Rights Abuses center in Dili has reported that there has been infant food stolen for sale and profit by government officials. UNICEF is now trying to get Bishop Belo to assist in engaging locally operated NGOs for distribution.



Like this area, there are large tracts of land that are unsuitable for the planting of crops. Thus, the efficient distribution of food is a crucial element in food security in East Timor.

A discussion with a Catholic polyclinic left us with the impression that there was little food aid reaching the surrounding villages. The clinic itself reportedly received some food aid from the government. This little clinic, however, had 600 visitors last month. That far exceeds the very limited capacity of human and physical resources at the clinic's disposal. The clinic is just about the last resort for the desperately ill (government hospitals being the last). The people believe that to go to a hospital is to recognize your imminent end. Those who feel they still have hope seek help from traditional sources (usually healers or midwives, etc) or rest at home trying to convalesce. In recent times patients at the clinic have included a 30-year-old woman weighing a mere 29 kgs and three children who at three years of age weighed just 3.5 kgs. These are some of the worst cases, but just how many more are not coming to the clinic because it is up to two hours away? How many are 'convalescing' at home? This puts the ill, the pregnant or recently post-natal women and the very young at a distinct nutritional disadvantage.

Closing Notes

In a subsequent talk back in Jakarta with a World Bank representative, I was told that Indonesian rice farmers (East Timorese included) were much better off this year because rice prices were up 300 per cent. I tried to ask him if this 300 per cent made any kind of difference when there was already such a shortage of rice that nothing remained to be sold - 300 per cent increase of zero sales was still zero. It did not compute with him. I asked him if he had any idea how many farmers this increase would benefit. He just kept repeating that the rice farmer's produce was 300 per cent more valuable and that this could only leave the farmer better off. The World Bank has no grasp of the issues at work in East Timorese food security, or worse, they have chosen to ignore the factors and continue to support the destruction of the East Timorese. Either way, the World Bank is yet again a persistent part of the problem.

We were lucky to be there in the rainy season when everything was green and lush. The farmers were lucky there was a rainy season at all- even though many were caught unprepared at the earlier than usual commencement of the rain. Over the last few years there has been only enough rain to make the farmers think the rains had come for good. They planted their seedstock only to have the rains disappear and their seedstock forfeited to dried out soil. This little game played itself out three times last season! The amount of greenery and the pleasant weather experienced on this mission could easily have left the visitor with the impression that all is looking well. But for the greater part of East Timor there is only one brief growing season - from late November to early March. Outside of that we were told it becomes desert - tremendously hot and dry and the whole vista turns to brown and black.

There is a food problem in East Timor. There is no doubt about that, nor can there be any argument to the contrary. Whatever food aid did ultimately reach the needy was not enough. The acuteness of the food shortage is drought related. The chronic shortage has its roots in the political situation. East Timorese need not face chronic food shortages.

The focus of any lasting solution must be the production system at the family and community levels. It will have to consider the real productivity of shallow, stony soils in the north and rich volcanic soils in the south. It will have to consider improved internal distribution systems for the produce. It will have to consider the malnourished, weakened state of East Timor's agricultural human resources. It will have to consider The Have's versus The Have Not's - If it becomes a case of pro-integration Vs pro-independence East Timorese then the chronic food shortage may never be overcome through an improved internal production system. East Timor would then be largely dependent on buying Indonesia's agricultural production ... coincidentally, Indonesia recently said it would be 'happy' helping East Timor gain access to the trade-focussed ASEAN grouping ... Indonesian farmers would be happy indeed to have the East Timorese market in their back pocket!

Appendix III:

FIELD REPORT ON EAST KALIMANTAN

28 JAN - 4 FEB, 1999

By Marco Mezzera

Introduction

This report presents the main findings from a mission investigating the food security situation in an area of East Kalimantan.

The mission was organized by the Southeast Asian Council for Food Security and Fair Trade and took place between the 29th of January and the 4th of February. The team members were Indra Tata Purwita of Walhi Indonesia; Marco Mezzera of Focus on the Global South, Thailand; and Simon Karunagaram of ERA Consumer, Malaysia.

The field visits and interviews took place in an area of the Kutai district, which was selected with the help of local NGOs. In fact, the whole mission in East Kalimantan would not have been possible without the active involvement and assistance of Koesnadi Wirasapoetra of the Yayasan Padi Indonesia (Rice Foundation Indonesia), and PLASMA (Institute for Environment and People Empowerment) who helped us make initial contact with informants, relief organizations and other institutions. They also assisted by sending a member of their staff with us into the survey area.

Although the collected information cannot be considered statistically representative, and therefore cannot be used to draw scientifically tested conclusions, we believe that it offers a snapshot of the food security situation in this area of East Kalimantan. The report's value lies in its objectivity, and because the facts reported below accurately reflect the words and thoughts expressed to us by the people we had the fortune and pleasure of interviewing during our mission.

The structure of this report reflects the issues that were raised by those we interviewed, and reveals the characteristics and nature and of the alleged "food crisis" in Indonesia.



Some of the Benung villagers interviewed by the East Kalimantan team, relaxing inside their long-house.

Assessment of the food security (diet) situation at the local level.

A survey conducted by a consortium of 11 NGOs between August and October 1998 indicated that around 60 per cent of the 1008 villages in the province of East Kalimantan were affected by food shortages. The same survey also showed that the most affected villages were in rural areas. Due to a lack of reliable and accessible data on the food situation in the province, this was the only “hard” data we had at our disposal when we began the field survey. Therefore, subsequent interviews with villagers and other actors involved in this issue were essential in providing the mission with the means to determine whether or not there was a food crisis in East Kalimantan, and if there was a crisis, how bad was it?

The mission first visited the village of Jengan Danum. Our host there said that although the Rio Tinto Foundation – the philanthropic wing of mining giant Rio Tinto Group – had discontinued its food aid activities, the villagers felt they were still in need of rice for their daily consumption. Rice is the staple food in the area and is not easily replaced by other food crops. However, we sensed that the issue at stake was one of preference, rather than real need. The people in the village could easily rely on other products to meet their daily nutritional needs, especially since the rainy season had stimulated the cultivation of a whole range of crops. Though far from ideal, the situation could not be defined as one of food emergency.

We sensed that the issue at stake was one of preference, rather than real need, and that the lack of rice there was being seen as a lack of food.

The same scenario was played out in Tapulang, the second village we visited. Our host there also expressed the need for food aid, and in particular for rice. Rice and cassava are the two staple foods in the villagers’ diet. Since the 1998 production of cassava was satisfactory, the lack of rice there is being seen as a lack of food. However, our host said that there had been a genuine deterioration in the villagers’ diet since the onset of the crisis, but this is mostly due to decreased purchasing power. Before the crisis, villagers were able to buy 1 kg of rice for Rp 800, but at the time of this interview the actual market price of husked rice had increased to Rp 3000 per kg. Villagers generally felt that, even if incomes had increased with prices, they were still faced with a much more restricted diet. Along with the decreased variety of foods that they were consuming, villagers also declared that they were eating less in absolute terms.

Our main informant in the third village²⁶ confirmed changes in rice consumption since the crisis. While before the crisis the average individual consumption of rice in the village was about 15 kg per month, during the crisis that figure decreased to a level of 4 kg per month. However, the villagers of Benung showed signs of endurance that was apparently missing in the previous two villages. In fact, they had quickly learned to substitute the shortage of rice with cassava and sweet potatoes. This meant a fairly major adjustment in their dietary habits, since before the crisis they used to feed those products to their livestock.

In absolute terms it might be interesting to mention that, at the time of the interview, 10

²⁶ *The village of Benung.*

families out of 57 (17 per cent) reported serious problems because of the lack of food.

Although the majority of the people interviewed in the various villages were still asking for food relief or support, they seemed to have a clear understanding of the impact of the crisis on their food situation. For instance, when asked to compare their situation with that of the people in Jakarta, those present at the meeting in the village of Tapulang recognized that they were better off, mainly because they could rely on different food sources. Furthermore, they stressed the fact that since the onset of the crisis they had not registered any cases of starvation or of thievery in the village.

However, the seriousness of the alleged food crisis in East Kalimantan was again reinforced during a later interview with Mr. M.M. Osman, the Logistic Coordinator of CARE, East Kalimantan. In fact, at the time of the meeting Mr. Osman was waiting for the latest nutritional report made by CARE staff, which he believed would present a situation more bleak than previously expected. The main reason for that, he assumed, was the recent crop failure, due to pest attacks (insects). Mr. Osman was essentially of the opinion that there was still a food shortage and a situation of food insecurity in East Kalimantan.

Assessment of other impacts of the economic crisis on local communities (e.g. health, education)

From the different interviews we conducted during the mission, it seemed that there were no problems with breast-feeding. However, the government was not implementing any programs directed towards baby nutrition and health.

In terms of assessing the impact of the crisis on the school attendance of the village children, our informants in the village of Tapulang told us that the situation had remained unchanged. Children were still helping their families in the same way as before the crisis, and there were no cases reported in the village of children dropping out of school.

Our main informant in the village of Benung, however, had a different opinion of the impact of the crisis on the educational and the health situation of the villagers. The villagers had in fact reported increasing difficulties in the ability to pay for health and education services. He informed us that, only recently had government officials started collecting data about children dropping out of school.

Main causes of food insecurity/shortages

The previously mentioned survey, which had been carried out by a consortium of 11 NGOs between August and October 1998, in the province of East Kalimantan, gave as the main reason for the food shortages, a lack of purchasing power (*rawan daya beli*). Failing production and distribution (*rawan pangan*) was deemed as a less relevant cause.

Lack of purchasing power, resulting from the long and consecutive droughts, and from the fires that affected the area, was also declared as the main problem affecting the population of the village of Jengan Danum. The fires of '97 and '98 were estimated to have destroyed about 70 per cent of the 2.224,63 km² representing the total amount of the village area. Sixty per cent of it was land owned by local people, where they used to grow *rotan*, rubber and mixed fruit orchards (*Simpong*). The remaining ten per cent was public forest land. The only crops not affected by the fires had been cassava and corn. The fires had also affected the production of rice for local consumption. After all that, another plague appeared - an infestation of grasshoppers.

Long and persisting drought, leading to harvest failure, was the main problem still threatening food security in the village of Tapulang.

In a kind of self-sufficient production cycle, rural villagers had learned, through time, to become independent from external sources of income and food.

With regard to the previously reported situation faced by the 10 families in the village of Benung, our host there was convinced that these families had the same problems before the crisis or the droughts. He believed their problems stemmed from the age composition of the families. Most of the family members were of a considerable age, and there was a very high proportion of children, babies, and even some people with intellectual disabilities. The relationship between active and non-active family members was completely unbalanced, with less than 30 per cent of the family members actively involved in farming activities.

Mr. Osman, of CARE East Kalimantan, believed that the main reasons for the persistent situation of food insecurity in the province were both a lack of purchasing power and a lack of production. Farmers could not easily commercialize their products because of the limited accessibility of most of the rural areas in the province. Farmers were therefore dependent on local markets. The increase in prices for a lot of agricultural products observed throughout the rest of Indonesia, as a result of the devaluation of the Rupiah, had not reached them.

Assessment of the local agricultural production system (e.g. impact of the Green Revolution approach; rice dependency, etc.)

Previously reported rumors of shortfalls in the agricultural production of the province were in contrast with the results of the above-mentioned survey by the 11 NGOs. The local agricultural production system, after two consecutive years of oppressive droughts, was in fact reported to be back on track to a full recovery. The abundant rains of the last months had improved expectations for the next harvests. The harvest of intensive rice varieties in the province had in fact already been collected during the months of December and January, while the local rice varieties were expected to be ready for the months of February and March.

Regarding the overall agricultural practices of the rural communities of East Kalimantan, PLASMA staff stressed the strong dependence of these communities on the forest and its products.

In a kind of self-sufficient production cycle, rural villagers had learned, through time, to become independent from external sources of income and food. *Rotan*²⁷ - which they collect from the forest - was, before the extensive fires of '97 and '98, the main source of cash for most of the people inhabiting the rural areas of East Kalimantan.

Their agricultural system was described as being based on the rotation of organic farming, together with mulching practices. Farmers were reported to grow their main crop (rice) by periodically shifting the plot of land cultivated, though remaining within a predetermined and delimited area. PLASMA staff specified that the local rural population normally relied on dry and up-land rice, plus cassava, corn and vegetables (tomatoes, cucumber, etc.). It added that the self-sufficient system was complemented by the customary maintenance a *Simpong*, or fruit orchard, near the home. It was also mentioned that about two or three weeks before the meeting, the first rice crops - obtained with seeds distributed by the consortium of NGOs - had been harvested.

PLASMA's accurate description of the main features of the local agricultural system found confirmation in an interview with our host in the village of Benung, who told us that the basic subsistence activities of the local population were mainly concentrated around:

- Padi rice
- *Simpong*²⁸ (mixed fruit orchard)
- *Rotan*

He further specified that normally they used *rotan* to produce handicrafts for sale, but they also collected it to sell by weight. One kilogram of the best variety (*Sega*) could be sold for Rp 400.

Previous attempts by local authorities to stimulate the adoption of high yielding varieties of rice by local farmers were suddenly bolstered during the crisis, by the intervention of different aid and philanthropic organizations. In particular, we discovered that Rio Tinto Foundation had started intense programs of rice seed distribution in the area of our survey. Their supply of seeds came exclusively from a company based on the island of Sulawesi, and the seeds were the same varieties that the government was sponsoring. According to RTF representative Mr. Limberg, given the large quantities of seeds needed for such an operation, it was impossible to rely on suppliers from East Kalimantan.²⁹ He said that after the new, abundant, rainy season had started in August 1998, the Foundation had begun to distribute the improved variety IR 64. Through the hiring of an external FAO expert and a graduate from the agricultural University of Samarinda, RTF had planned to implement an Integrated Pest Management system in the production practices of the IR 64. However, while they thought that the local farmers had become almost solely

²⁷ *There are two major types of rotan growing in the province: one growing along the rivers, and the other growing in the forest. Besides, the variety of rotan with the highest market value is called Sega.*

²⁸ *In that area there were 10 different varieties of rotan, the most valuable of which was the variety Sega.*

²⁹ *Actually, they had initially bought the rice from the government, through the agencies Bulog and Dolog.*

dependent on the distributed IR 64 variety for their following harvest, Mr. Limberg had to admit that just recently he had discovered that around 50 per cent of the most recent harvest was coming from local varieties. Where the seeds for those local varieties came from, it was still not very clear, but he supposed that they came from within the households themselves. He had noticed that people in the area had the habit of storing their rice, originally meant for consumption, for periods up to 2 or 3 years. That could explain the sudden appearance of seed varieties that were not supposed to be available. It also became quite clear that local farmers considered non-local varieties of rice, like the ones being distributed by the different relief agencies, as not suitable for the ecological conditions of the area. Soil and topography were mentioned as limiting factors, as well the capacity to cope with competition from weeds.

As part of its long-term strategy, RTF had also decided to develop irrigation schemes in those villages where the conditions would have been considered right. The selection procedure had to happen on a case by case basis. In some of the selected villages, the villagers themselves had already started working on an irrigation system, even before RTF had gotten involved. The final aim of RTF, declared Mr. Limberg, was to address the real needs of the communities and to make them completely self-sufficient.

In the village of Jengan Danum - where RTF had been particularly active in its efforts to “improve” local agricultural practices - the potential changes in the agricultural and life habits of the local farmers could not be foreseen or assessed at the time of the inspection. In the past, people in the village had always grown dry land products, such as rice, corn, cassava and mixed fruit. With this new system they hoped to harvest rice two or three times a year, instead of only once a year with their traditional methods. The differences in yield between irrigated rice and dry land rice were also expected to be quite remarkable. In fact, while an average harvest of irrigated rice could easily reach three or four tonnes per hectare, a dry land harvest only averaged something like 0,5 tonnes per hectare.

Our main informant in the village of Benung had a different opinion on the suitability of HYVs and the related technologies to the local conditions. He believed that the distributed seeds were unsuitable for the ecological characteristics of the area. Those seeds had been distributed by KEM (Kelian Equatorial Mining – the local “brand” of Rio Tinto Mining) and Plasma. The production costs for the latest harvest, obtained through the distributed seeds, were perceived as very high and were estimated to be equal to the value of the harvest itself. The distributed variety was *Chirata*. The breeding of this variety had to happen in lowland areas, but the actual planting was supposed to take place in the up-lands.



Two members of the East Kalimantan team on their long way to Melak, by river boat

The statements previously collected in the village of Tapulang reinforced the arguments of this informant. There, although it was not clearly formulated, it seemed that the failure in the latest harvest was ascribed to the varieties of non-traditional seeds that had been distributed. The villagers said that they did not normally have any problems with the local varieties of rice, which could be grown without the need for irrigation.

The strong linkage between the regular recurrence of fires with the agricultural production system of the province was made clear to us during our visit to the village of Jengan Danum. The villagers participating in the meeting declared that last years' fires were not the only ones in the long burning history of East Kalimantan. In 1982 there had been huge fires that had destroyed most of the forest in the area. When asked about the possible origin of the more recent fires, they said they believed local agricultural practices had been the main reason for them. In fact, they said it was customary in the area to apply slash and burn practices before starting to grow a new crop. They thought that some of these "innocent" fires could have easily escaped the control of their initiators and expanded into an immense and devastating fire. Companies involved in plantation businesses could not be counted among the usual suspects this time, they said, because there were no such companies active in the area. Small farmers carried out all the agricultural activities.

Because they depend so heavily on the surrounding forests, the villagers felt the forests had to be protected - not only from fires, but also from human agents such as logging companies.

The impact of the fires on the agricultural production of the area was not felt equally in all the villages. According to our host, the agricultural activities of the villagers of Benung had been only slightly affected by the fires. In fact, the fires had incinerated only 15 hectares of their land. The real natural disaster that had struck their area, had been the 13 months of drought between 1997 and 1998. A comparable drought could only be traced back to the year 1982, when it went on for a period of about 10 months. However, in response to the fire emergency, they asked authorities to implement protection programs for the forest. Because they depend so heavily on the surrounding forests, the villagers felt the forests had to be protected - not only from fires, but also from human agents such as logging companies.

Coping mechanisms of local communities (e.g. alternative food sources; alternative income generating activities; etc.)

PLASMA staff believed that the huge damage caused by the forest fires had seriously compromised the possibility of local communities to rely on rotan for their cash generating activities. First, the rotan destroyed by the fires had to be replanted, then potential users had to wait for at least 6 or 7 years before they would be able to utilize the new plants. At the time of the survey, some planting activities had already started.

One of the first consequences of the loss of such a cash-generating product had been the increase in local people looking for gold. Before the fires, the percentage of gold-diggers in the area was much lower. The increase in this activity was also justified by an improvement in revenue prospects due to the economic crisis. In fact, at the peak of the crisis, a gram of gold could be traded for Rp 124,000/g, and even at the time of the survey when the price had come down to Rp 70-80.000/g, people could still make enough money from this business.

Besides destroying their crops, the villagers of Jengan Danum reported that fires had also annihilated their main source of cash: *rotan*. At the time of the meeting, approximately 90 per cent of the villagers had no purchasing power. In response, they were looking for alternative cash generating activities by working for logging companies, fishing, or selling the young and recovering rotan as a food product. Non-farmers and part-time farmers often worked in food stalls, workshops, or sold petrol.

In terms of cash generating crops, the village of Tapulang was luckier than Jengan Danum. There was in fact some rotan left in the area that the villagers could sell. Quite surprisingly however, traders from Damai were offering lower prices for rotan than before the fires. The fixed price for 1 kg of rotan was now Rp 500, while normally it was Rp 700. The other people present at the meeting had absolutely no idea what the reason for this decrease in price was.

Unlike the previous village, in Tapulang people were not redirecting their activities towards alternative jobs. They were still practicing their traditional activities of farming and gathering from the forest.

The central position of rotan as a cash generating item was again confirmed by our host in the third village we visited. He said that the people of Benung had sold rotan or rotan products to pay for the rice distributed by the government the previous year.

Ethnic aspects of the crisis

In the course of our investigation we did not observe any specific characterization of the crisis along ethnic lines. The only difference we observed among the various ethnic groups was in the performance of agricultural practices. The people coming from South Sulawesi, concentrated mainly in the area around Balikpapan, generally did not know how to perform shifting cultivation properly.

The Dayak ethnicity is dominant in the inner territories of East Kalimantan. The majority of the Dayak population is Christian, whether Catholic or Protestant, while the Muslims originally came from Java or South Sulawesi.

Accessibility and reliability of data

The accessibility and availability of reliable data on the food situation in the province, both in terms of agricultural production and of consumption, was deemed by PLASMA as one of the main constraints in designing assistance strategies for the local population. In response to this situation, a consortium of local NGOs involved in food security issues had decided to carry out their own survey, although they also got some help from government officials. The 11 NGOs utilized about 100 people in the collection of the data, and the findings of the survey - already presented to government representatives - were reproduced in a couple of the documents our group received during the trip.

Lack of confidence in official data had also motivated other actors involved in relief activities in the area of our survey, to procure data for themselves. The RTF, for example, had to collect their own data, especially to make a rough distinction between farmers and non-farmers. Farmers became the target group of the food relief operation. RTF decided not to rely on government data because the only data available at the sub-district level dated back to 1996. They had started collecting data in February 1998, during the second month of the second drought. The first drought had taken place in 1997. The data collection was completed by the end of April 1998.

CARE conducted their own survey too, and in some cases they rejected the suggestions made by the government. Figures given by the government about family composition and numbers were considered inaccurate, both in excess and in defect. A nutritional expert from CARE had also been training 30 people on nutritional survey issues.

The role of international (relief) organizations

In a tentative graphic representation of the international agencies involved in relief intervention in East Kalimantan, along with their local and international partners involved in the distribution of aid, PLASMA staff outlined three different levels of intervention. The highest is represented by the financial source of the aid, the second by an international organization translating the received financial support into production and consumption inputs, and the third level is given by the organization or institution actually implementing the distribution of the inputs. There are also three different lines of intervention, referring to three distinct international donors: AUSAID, WB, and CIDA.

1st Level	AUSAID	WB	CIDA
2nd Level	NGOs/Rio Tinto Foundation	WFP	CARE
3rd Level	NGOs/Rio Tinto Foundation	Dept. Social Affairs	Local Authorities

The World Bank, according to PLASMA, was mainly involved in relief activities through

subsidies for the transportation of rice - about Rp 200 for each kilogram. However, according to PLASMA, that amount was not sufficient to cover the high transportation costs in the remote areas of the province.

CARE International Indonesia started its operations in East Kalimantan in September 1998. The original area covered was the district of Kutai, and from the very beginning the CARE initiative was conceived of as an emergency project. At that time CARE encountered huge and extensive food shortages in the area. They had initially targeted a group of 20,000 families, spread around 15 sub-districts³⁰ of the Kutai district. At the time of the meeting they had reached 17,000 families. They also distributed rice seeds to the same targeted group, plus some others. Its funds were said to come totally from CIDA. At the time of the interview the CARE staff consisted of about 100 people, including two expatriates.

The whole project was implemented according to a “food for work” principle. The minimum requirement they posed on the targeted beneficiaries was a contribution by each individual of at least 4 hours of work per day, for an uninterrupted period of 5 days. The reactions of the villagers on the “food for work” principle were judged as positive. To support this statement, Mr. Osman mentioned that sometimes, although the requirement was to commit one member of each family, people offered to work all together in the projects proposed by CARE. The activities implemented under this scheme were chosen by the recommendations of an ad hoc “Project Committee”, set up in each community. CARE engineers checked the viability of the selected works.

CARE also implemented special programs to assist 15,000 children under the age of five and 5,000 pregnant and lactating women.

The first phase of their project was due to be completed at the end of February 1999. Mr. Osman was talking about a first phase because he was almost sure that an extension of at least 6 months would be granted to the project. Besides, CARE intended to expand its activities to the districts of Berau and Pasir, raising the total amount of villages covered to 118. This move was in reaction to a written request by the Provincial Governor. The second phase of the project would focus on rehabilitation and development activities in the agricultural and educational sectors, depending on the donor’s interests.

The main criteria in the selection of beneficiaries for the program were:

- They had to be farmers
- They had to be reached logistically
- Whether they had land or not
- The number of meals per day that they were enjoying
- The local government was not supporting them.

In the areas covered by its operations in East Kalimantan, CARE was believed to have

³⁰ *The 15 sub-districts were: Boloro; M. Kaman; Sanga Sanga; M. Pahu; Long Hubung; Kota Bangun; Seurboja; M. Jawa; M. Wanong; Songkulirang; M. M. Aalung; M. Bengkal; Anggawa; M. Lawa; 4 villages (M.=Muara).*

distributed an average of 50 kg per month per family, for a period of about six months. However, rumors about malfunctions in the distribution system were increasingly reported and, more specifically, there were allegations circulating that the actual content of the distributed sacks of rice was rarely close to the officially declared 50 kg, ranging instead between the 39 and 50 kg. It was not clear where the rest of the rice had ended up.

The role of the State (different agencies: e.g. Bulog, Dolog, Provincial Government, etc.)

When putting together the different information on the involvement of official authorities in relief activities in East Kalimantan, the general picture was one of a multiplicity of actors and strategies.

First, there is the reference by PLASMA staff to the interruption of subsidized rice distribution by the Department of Social Affairs, about three weeks before our meeting. The insufficient amount given by the WB for transportation costs was the official reason given for having stopped the operations. The Department, according to PLASMA, said they were confronted with a substantial lack of funds, and were unable to continue the distribution of cheap rice. Therefore, people living in remote villages had to come to collect their rice at the sub-district centers (i.e. Melak, Lambing, etc.). The quantities of rice being distributed by the Department authorities were believed to be inferior to those being distributed by CARE, but PLASMA did not know the exact figures.

We also heard (through PLASMA) that the local government of East Kalimantan, under the national Social Safety Net Program and through the mediation of *Dolog*, was providing subsidized rice at a price of Rp 2,000 per kilogram and was giving financial support to local traders for their transportation costs.

The government presence in the territory was, to a certain degree, confirmed by some of the people we interviewed in the villages. Their information, however, revealed the disunity and the shallowness of such intervention. For example, one of our informants told us that local authorities were active in the territory through *Dolog*, which had been distributing 10-kg sacks of subsidized rice to each family every now and then, with no regular scheme. The major problem encountered by the villagers in purchasing this rice was the fact that they had to pay the whole amount all at once. Only 45 per cent of the 300 villagers (135) were reported to have done so regularly. *Dolog* had distributed the rice three times during the last year. The quality of the rice distributed the first time in March 1998 was reportedly of good quality. After that, the quality of the rice worsened and a lot of people refused to buy it. Moreover, according to the same informant, the presence of the government in the territory was reinforced by the deployment of two extension workers for each sub-district - one in charge of rice and a second crop; and one in charge of rubber.



*A view of the newly irrigated rice fields
in the village of Jengan Danum – East
Kalimantan.*

Our host in the village of Tapulang told us that the local authorities had distributed rice for consumption during 1998 in that village as well. The distribution of subsidized rice took place twice in that year, with a fixed quantity of 10 kg per family, as in the village of Jengan Danum. The Government rice had been fixed at Rp 1,100 per kg. Besides these sparse contacts, the villagers had not received any help from government officials. They thought the main reason for this was the bad accessibility of the area.

Finally, to give a clear example of the often-controversial nature of government intervention in the area, we will report the interesting story that our host in the village of Benung told us. Our informant said that during the crisis some government officials had shown up in the village and, under the umbrella of the widely publicized Social Safety Net Program, proposed to undertake road improvements in a joint venture with the villagers. The government would guarantee the repayment of the improvement costs. Unfortunately, months after that promise had been made, and the agreed 9-10 km of road had been improved, nothing of the committed 24 million Rupiah had been seen by any of the villagers. On the 15th of January 1999, the agreed payday, none of the officials from Samarinda came to the village. This inexplicable situation had a huge impact on the already unstable and weak economic balance of the village. Our host himself, because of his leading role in the village and in that undertaking, was being confronted with harsh consequences. A remarkable group of 73 villagers had been working full time on the road for a period of 12 days. He had taken care of part of their daily allowance, according to the standard daily wage paid under the Social Safety Net Program: Rp 7,500. He had decided, therefore, to pay at least Rp 5,000 for each day, to each worker. But in order to get the funds he had to borrow from the local government. He even borrowed additional money from his neighbours to buy daily necessities for himself and his family during this time. At the time of the interview, he confessed, he had no idea how much money he had actually borrowed.

The role of local NGOs

It seemed that local NGOs were involved in relief activities in the area, essentially, through the consortium of 11 NGOs that has previously been mentioned in the report. In response to the emergency situation in agricultural production, the consortium had offered help to the village through the distribution of rice seeds for dry, upland farming³¹. The consortium distributed 20-25kg of seeds per family. The host of our meeting in the village of Tapulang, was a participant in the program of food relief promoted in East Kalimantan by the consortium.

With regard to the role played by PLASMA, from the meeting we had with its staff we got the impression that the organization was mostly involved in environmental issues and that might explain the organization's emphasis on the Rio Tinto mining company. The first time that PLASMA raised the pollution issue regarding the company was in 1982. In 1995 PLASMA started a national campaign against Rio Tinto. This was transformed into an international effort in 1997, when Community Aid Abroad and Oxfam Australia joined the campaign.

The role of other actors involved in the “food crisis” (i.e. companies, army, religious groups/institutions, etc)

Rio Tinto Foundation is probably the most relevant actor, in the area covered by our survey, which cannot be placed in one of the previous categories.

Rio Tinto Foundation (RTF) was founded in 1995. The decision came directly from the management of the “mother company”: Rio Tinto Group. The management was interested in creating an environmentally and socially friendly image for the company, and it was definitely committed to avoiding environmental critiques or attacks on its various local operations. When they decided to set up RTF, they could already rely on seventeen years of similar experience in Namibia, which was considered a successful undertaking. Kelian Equatorial Mining (KEM) started to set up the necessary facilities in 1989 and became operative in 1992.

Out of the first survey, which was conducted by RTF between February and April 1998, there came two main proposals:

- The need to address the basic needs of the local people in terms of rice consumption.
- The need to provide longer-term solutions to the food security situation of the local people.

Mr. Limberg considered the nature of RTF's current intervention in the area as exceptional. Until 1997 its main activities in the agricultural sector had been centered on training. Due to the extraordinary characteristics of the crisis, RTF decided to develop a new emergency strategy. The target area of RTF operations covered 104 villages distributed across four sub-districts. Originally, RTF hoped to supply food aid to 65 – 70,000 people, but eventually settled on a more manageable number of 55,000 inhabitants.

³¹ *Variety Chirata.*

Many people believed that the Rio Tinto Foundation had just been a smooth facade for the less legitimate business of the mining corporation

Land ownership and compensation issues in the area were also very hot topics with regard to the activities of KEM. There had been a lot of complaints from the villagers around the mining site, about ownership rights and accurate delimitation of land properties. The debate had recently moved to the national level and the whole issue had been taken under consideration by the government. RTF, according to Mr. Limberg, was aware of the problematic situation, but because the “mother” company was involved in it, RTF had received clear instructions not to get involved in those issues of land reclamation. Its mission had to remain focussed exclusively on health, agriculture and education.

The general perception of RTF operations in the area was quite diverse. According to Mr. Wirasapoetra, the acceptance at the local level of the Foundation - and its operations - had been controversial since the beginning of its activities in 1995. The main reason for this was the apparently widespread feeling that the Foundation had been set up to improve the name of the mother company and to make its intervention in the area more acceptable to the local people. In other words, many people believed that the Rio Tinto Foundation had just been a smooth facade for the less legitimate business of the mining corporation. Other people, during a meeting in the village of Jengan Danum, were convinced that RTF’s involvement in relief activities had been motivated by a national law which forced foreign companies to devolve at least 2.5 per cent of their profits to social activities.

Notwithstanding these doubts about the motivation of RTF’s involvement in the area, it was a fact that the involvement was substantial. First of all, RTF had started extensive programs of distribution of seeds and consumption rice to villages in four sub-districts surrounding the mine site. The total amount of villages involved was 104. Outside the four sub-districts, other relief agencies were also active.

The distribution of rice and rice seeds took place between April 1998 and January 1999 and it stopped when the first yields of dry land rice were about to be harvested. The average quantity of rice for consumption distributed by RTF was 5 kg per person.

According to the information obtained during the meeting in the village of Jengan Danum, RTF got its consumption rice mainly through the financial support of AUSAID and KEM (Kelian Equatorial Mining³²). The rice was initially purchased directly from Dolog, while after a while (and for reasons that were unknown to the informants), RTF decided to buy it from local traders in Samarinda. The rice was coming from Sulawesi. The seeds instead were bought with money coming only from KEM.

The distribution of free rice prioritized farmers, while government officials and local

³² *The official name of the local operation of Rio Tinto.*

businessmen were excluded from it from the very beginning.

The two main varieties of rice-seeds that RTF was distributing to the local farmers were:

- IR 64³³
- Chirata³⁴

Kelian Equatorial Mining Corporation³⁵ distributed one kilogram of seed per person per month, and did so for nine months, from April 1998 to December 1998. In the village of Tapulang we were informed that K.E.M. had also been distributing the same variety of seed to the villagers, but because of an insect pest, the rice plants that developed were not carrying any fruits.

There appeared to be evidence that these companies had been offering money to villagers to set fire to the forest.

Secondly, RTF had been involved in resolute efforts to develop irrigation systems for the cultivation of rice, to prevent local agriculture from being too dependent on shifting cultivation and on dry up-land rice farming. The main project was being executed in the village of Jengan Danum and it was also expected to include the construction of a dam, although at the time of the visit, RTF was still waiting on the opinion of the irrigation expert.

The actual execution of the irrigation works at the village took place through the common effort of about 150 villagers joining their forces for a period of one month and digging all the needed channels. During that time they got rewarded through a “food for work” system. The result of that undertaking had been the clearance and irrigation of 100 ha of previously uncultivated land, which, when divided by the number of inhabitants of the village (around 300), gave a tentative figure of 0.3 ha for each farmer. The final aim of the program was to clear and irrigate at least 320 ha of land.

The land already cleared had been divided and each plot had been given to an individual farmer. However, they still carried out most of the needed activities in the field through communal efforts, based on reciprocity. Only one farmer was reported to have worked his land through a small rice-tractor which was owned by the community.

Thirdly, RTF also had a quite well developed health program (mainly focused on tuberculosis) which had been implemented in the area for some time already.

³³ *HYV developed for irrigated farming.*

³⁴ *Dry land variety originally coming from Sulawesi.*

³⁵ *I do not think that it was a coincidence that a lot of the people interviewed showed some problems in separating the mining company from the foundation. That would have explained why the same activities were sometimes reported as being carried out by RTF and other times by KEM. In the eyes of most of the people living in the area, there was no actual distinction between the two entities. RTF was basically perceived as a cover-up for KEM. This perception was certainly not contradicted by the fact that the headquarters of the RTF were based inside the mine compound.*

Other relevant actors in the area, playing an important role in the access and use of natural resources, were the different logging and palm oil companies. In an investigation recently conducted by PLASMA and WWF it was concluded that the main cause of the extensive fires that destroyed thousands of hectares of forest and agricultural land in the province would be found in the illegal activities of palm oil companies. There appeared to be evidence that these companies had been offering money to villagers to set fire to the forest. One of the companies mentioned in the investigation was the *London-Sumatra Company*, in which shareholders from the local government were supposed to be involved.

Logging companies, on the other hand, were identified as the main wrongdoers with regard to their environmental impact. People in the village of Jengan Danum felt that the logging companies were responsible for most of the erosion and flooding taking place in the area. Besides, the companies were also involved in issues of territory management among the different villages and in problems of disputed territorial control. At the end of the discussion at the village of Tapulang even the name of one of these companies was mentioned to us: *Bophasa*.

Interactions between International (relief) organizations and the other mentioned actors

The landscape of organizations actively involved in relief activities in the province did not seem to be very transparent. The first organization that was brought immediately into the discussion with PLASMA was CARE International. CARE had originally started its operations in the area with PLASMA, but about six months before our arrival, CARE interrupted all cooperation with PLASMA without any warning or explanation. Since then, CARE has been reportedly working with the local authorities.

According to Mr. Osman of CARE, the organization decided not to work with local NGOs because they could not reach the remote areas, and therefore they were not useful in terms of project implementation³⁶. He also declared that they had never used any government channels for distribution either³⁷. CARE was indeed meeting once a month with local authorities, but purely because the latter had required CARE to deliver a monthly report on the status of the relief activities.

PLASMA had initially joined a consortium of 7 local NGOs³⁸ - later to be extended to 11 - which received financial support from USAID, CARE and Rio Tinto Foundation to purchase and distribute food aid and rice seeds for planting. The first phase of the distribution took place between June and August 1998 and the second between September and October of the same

³⁶ *This statement by Mr Osman seemed quite contrasting with previous information from local NGOs about a sudden interruption, with no explanations, of a cooperation in the distribution activities between some of them and CARE. It was impossible for us, during the interview, to discover the real version of the story.*

³⁷ *And this was also in contradiction with previous news.*

³⁸ *Plasma; Putijaji; HSK; Yayasan Padi; Bikal; Komhan; YKM.*

year, each phase concentrating on different areas within the province. The operation was started and conducted according to the need for food as revealed by the villagers themselves. Each NGO took care of a different area.

RTF had started its operations in April 1998, thanks to a major grant given by AUSAID. RTF got the necessary funds to run its emergency relief program through three international aid agencies and through contributions coming from the Rio Tinto Group itself. The amounts of the single contributions, as revealed by Mr. Limberg, are as follows:

- AUSAID: AUD \$ 500,000
- New Zealand Embassy: Rp 200 million
- Canadian Embassy: Rp 200 million
- Rio Tinto Company: US \$ 200,000

An FAO volunteer working with RTF, who joined the meeting in the village of Jengan Danum, told us that the FAO was also supporting RTF through an Integrated Pest Management (IPM) Program carried out in 25 villages in the area. Local villagers were already meeting once a week, to discuss the technical aspects of the program. Initially the program would have applied only to rice farming, but in later stages other crops had been included.

The Asian Development Bank reportedly sponsored, through government assistance, a 5,000 ha rubber plantation project in the area. Seeds had been given for free, while fertilizers were distributed on credit. That part of the deal eventually turned out to be quite tricky for the farmers. In fact, when they could not repay the incurred debts, they were often forced to cede their land, or it was directly confiscated.

Mr. Osman of CARE: East Kalimantan, informed us that the World Food Program, through the Ministers of Agriculture and Welfare, was also involved in food aid in other areas of East Kalimantan.

Alleged price and distribution distortions of food aid

The diversity of actors operating in East Kalimantan is matched only by the diversity of prices and quantities of rice distributed. According to PLASMA, the local government of East Kalimantan - under the national Social Safety Net Program and through the mediation of *Dolog* - was providing subsidized rice at a price of Rp 2,000 per kilogram and was giving financial support to local traders for their transportation costs. The market price of husked rice in Samarinda was, at the time of the meeting, around Rp 3,500 per kilogram, while in the village of Tapulang it was just Rp 3,000 per kg. In the village of Jengan Danum the price of the subsidized rice was reported to be Rp 2,500/kg. *Dolog* distributed the subsidized rice to the local cooperative. It

³⁹ *As already mentioned before, also in this case it seemed that the informant could not make a distinction between the two actors.*

was then the cooperative that fixed the final distribution price for the village. The local market price of husked rice was equal or higher than Rp 3,000/kg.

In the village of Tapulang, we were told that the local authorities had distributed subsidized rice for consumption during 1998 with a fixed quantity of 10 kg per each family. The price of the rice had been fixed at Rp 1.100 per kg. But, unlike the village of Jengan Danum, this village had no cooperative that could coordinate the distribution of subsidized government rice. The only cooperative that they could refer to was at the sub-district level. Therefore, distribution happened in a quite disorganized way, and the final price was higher than the price fixed by the government (about Rp 1.300 per kg). Consequently, the district cooperative suddenly decided to stop all operations.

The villagers of Benung were receiving rice and rice seeds from KEM and RTF.³⁹ A 25 kg bag of rice for consumption, with the KEM name impressed on it, was visible at the entrance of the long house. In the case of that specific household, KEM had been distributing 52 kg of rice each month, to be divided among the 13 members⁴⁰. The government had also been distributing rice, but not for free. The price of the subsidized rice was Rp 2,400/kg. Rice was distributed three times during 1998, and each time a 5 kg bag of rice was sold for each person. From our host's account, we understood that they "had to buy that rice", but it was not very clear whether the purchase was coerced or compulsory.

RTF had initially distributed rice rations of 5kg per person per month, but eventually brought down the quantity to 4 kg. RTF realized that it was not enough for the monthly food intake requirements of an average person, but it considered its contribution as a complementary one. The Foundation had never distributed low-price rice. The main criterion for the choice of the operation area had been the influence zone of the Kelian Equatorial Mining (KEM) site. All the villages somehow affected by the activities and the existence of the mine were considered as part of the targeted zone. It was therefore not a coincidence that the actual distribution of rice and of rice seeds had been organized and carried out through the joint efforts of RTF and KEM.

We considered the meeting with CARE East Kalimantan as very relevant for our mission in the province. Not only because of the big role played by CARE International in relief activities, but also because of their controversial role in the area. Unfortunately we were not able to get any consistent information about the above-mentioned issues, except quantitative data on the implementation of their relief programs and other already known facts. During the entire one-hour interview, Mr. Osman behaved quite evasively and he showed a constant uneasiness in answering very specific questions. He also refused to be taped.

The information we got from him showed that CARE distributed 50 kg of rice per month to each family. The total quantity of rice for consumption they could use was 3,000 metric tonnes, while they had 150 metric tonnes of rice seeds⁴¹. All the rice for consumption distributed by CARE had been purchased from Java and had been national rice. The distribution was organized,

⁴⁰ *That makes an average of 4 kg for each person per month.*

⁴¹ *The variety distributed was Chirata. After the completion of the various irrigation works, CARE was planning to introduce lowland varieties of rice, and some vegetable seeds.*

in each sub-district, through the assistance and monitoring of one CARE staff member and four field assistants (sometimes six) hired directly from the villages. The major task of the field assistants was to check the correct implementation of the food for work part of the project. They had to be in possession of at least a high school level education, and they were given a one-week training course by CARE staff.

General Conclusions

- The first general conclusion that Group B can formulate is that there is not enough evidence to talk of a food emergency situation, or a food crisis.
- However, during most of 1997 and 1998, there had indeed been a severe situation concerning food security and food shortages, which can almost entirely be ascribed to the forest fires and the droughts.
- Donor organizations and other agents involved in food relief activities in the area have recently (Dec.-Jan.) decided to stop the distribution of food aid, mainly because of positive harvest prospects.
- The favorable rainy season that started around April-May 1998 has in fact improved the local situation in terms of agricultural production expectations.
- However, there is still an evident lack of purchasing power due to loss of traditional sources of income, since the *rotan* plant from the forest (traditionally used for the production of handicrafts that are sold to local tradesmen) were seriously depleted by the forest fires.
- Reliance on other food crops (such as cassava, sweet potatoes, etc.) means that the people of East Kalimantan are in a better nutritional position than many of their compatriots who have grown increasingly dependent on rice as their sole staple food source.
- Farmers are the only targeted group for food relief activities in the area. Small businesses do not seem to have been impacted too seriously by the current economic crisis.
- The geographical isolation of the area has created a fairly autonomous and self-reliant agricultural system. Production and consumption of agricultural goods are normally locally based. Cash for the satisfaction of other needs is, as mentioned before, usually earned through alternative activities, be they in the handicrafts sector, or in the delivery of various micro services.

The Southeast Asian Council for Food Security and Fair Trade



“Every person has a right to food. Food that is safe and nutritious. Food that is adequate, accessible and affordable. Food that is culturally acceptable and produced in a sustainable manner.”

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