

PROJECT FACTS



Aceh Partnerships for Economic Development (APED)

• Total budget	
- Phase I	: USD 1,310,318
- Phase II	: USD 694,057
• Available budget	: USD 2,004,375
• Project period	: June 2006 – June 2008 (Phase I)
	: July 2008 – June 2009 (Phase II)
	: July 2009 – June 2012 (Phase III)
• Implementing partner	: Provincial Development Planning Agency (Bappeda NAD)
• Donors	: UNDP, Decentralization Support Facility, UK DFID
• Location	: Province of Aceh

Background

While current support to Aceh focuses mainly on rehabilitation and reconstruction, there is a need to consider the impact of these activities on the local economy, and to provide support for longer-term economic recovery and development in the region. For this purpose, UNDP is supporting the Aceh Partnerships for Economic Development (APED) programme, in collaboration with the National Development Planning Agency (BAPPENAS) and the Aceh Provincial Development Planning Agency (Bappeda NAD).

Funding for the project is through the Decentralization Support Facility and the Department for International Development, managed through UNDP's Emergency Response and Transitional Recovery programme and its Bureau for Crisis Prevention and Recovery.

APED currently operates in two coffee districts (Aceh Tengah and Bener Meriah) and four cocoa districts (Pidie, Pidie Jaya, Bireuen and Aceh Utara). It will extend to additional clusters and districts as funding permits.

Objectives

The project aims to create productive jobs and raise household incomes for the people of Aceh. Its main objective is to strengthen the capacity of local government, the business community and other stakeholders to collaborate in promoting economic development in the region. This is to be achieved through:

1. Studies, plans and guidelines prepared for the promotion and development of clusters of export-oriented economic activities, such as coffee production.

2. An institutional framework to promote economic growth in the region, based on a network of public-private partnerships associated with clusters of economic activities. These extend from the province to districts and small-scale producer groups at the sub-district level.
3. Partnership initiatives and actions to promote production, trade and marketing in these clusters, mobilise resources and collaborate with partners on implementation.
4. The adoption by provincial and district governments of new models and procedures for supporting local economic development in the region.

Key Results

Cluster

The APED approach to economic development is based on support to selected clusters of economic activities. They are related to agricultural commodities with a strong potential for export to other regions in Indonesia and countries abroad. Clusters are selected on the basis of economic analysis, and criteria reflecting the potential for growth and the creation of productive jobs and benefits for victims of natural disasters and conflict.

The project builds on initial support for the coffee industry, which began in September 2005. This expanded to the cocoa industry in 2008. In anticipation of additional funding, APED has prepared further studies on market feasibility and competitiveness for clusters related to rubber, aquaculture and livestock.

Stakeholder Empowerment

A second component of the APED strategy is to establish and empower public-private partnerships for each cluster. These comprise representatives of key stakeholders in each industry, namely the business community, small-scale farmers and producers, cooperatives, exporters, research

Donors:



bodies, local government, donors and NGOs. Their task is to identify problems and opportunities, propose initiatives for strengthening the local industry, mobilise resources and coordinate implementation.

To date, public-private partnerships (locally known as Forums) have been established for the coffee and cocoa clusters. APED's goal is to build the Forums' capacity so they can become self-sustaining bodies to promote each industry. The Coffee Forum was legally established in July 2008, with its own elected governing body and rules of conduct.

Mobilising Resources

The Coffee Forum illustrates the capacity of the public-private partnerships to mobilise resources for cluster development. Total budget allocations from central, provincial and district governments in 2006 for the coffee sector amounted to Rp 10.8 billion (\$1.17 million) and a similar amount in 2007. Funds were used for farm rehabilitation, provision of seedlings for farmers, disease control, infrastructure and support for the government corporation PD Genap Mufakat. The Agency for Reconstruction and Rehabilitation in Aceh and Nias (BRR) has provided substantial funds for the rehabilitation of coffee and cocoa farms. Independently, other organisations participating in the Coffee Forum have invested their own resources in initiatives to support farmers, raise productivity and improve the quality of Aceh Arabica coffee. Recently, APED collaborated with UNDP's Strengthening Sustainable Peace and Development in Aceh (SSPDA) project to distribute tools and equipment to Internally Displaced Persons, most of whom are coffee farmers.

Promoting the Clusters

APED provides the Forums with intensive technical support to help them take the lead in promoting each industry's development.



Cup testing for coffee quality

Coffee sector in Aceh

The Coffee Forum has developed initiatives including:

- A coffee manual for the use of extension workers.
- An assessment of coffee seedlings. This has been undertaken in collaboration with the Indonesian Coffee and Cocoa Research Institute in Jember, Central Java. It provides guidance to those farmers now rehabilitating their coffee plantations after years of neglect.
- A bimonthly newsletter. This contains news on the coffee and cocoa industries, and can be downloaded from: http://www.aped-project.org/about/new_newsletter.php.
- A dedicated website <http://www.aped-project.org/>.
- An SMS-based price information system. This was launched in 2007, providing information such as bi-weekly coffee prices in local markets.
- The distribution of tools and equipment. This was carried out in collaboration with UNDP's SSPDA project. The recipients were coffee cooperatives and some 11,846 farmers.
- Strengthening coffee supply chains. APED awarded grants totalling USD 268,246 to two business consortia in late 2007. The consortia included farmer groups, cooperatives, a processor and foreign importers. Over a period of six months, the grants were used to strengthen the management capacity of a coffee cooperative, purchase machinery and equipment, and link local producers directly with a big US importer of specialty coffees. The initial investment of these grant funds has resulted in purchase orders for Aceh specialty Arabica coffee, estimated at almost USD10 million.

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