



Introduction to the IndoDairy Project and Overview of IndoDairy Policy Roundtable Discussion

09th October, 2018, Bogor

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Australian Government
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Background

- Dairy consumption in Indonesia is increasing
 - Increasing per capita income.
 - Increasing urbanization.
 - Emerging middle class.
 - Westernisation of diets.
 - Expansion of modern retail outlets (with refrigeration cabinets).
- Dairy production in Indonesia is regionally consolidated
 - Highest concentration of dairy farmers in Java.
 - Increasing competition for land and other resources.
 - North Sumatra has potential due to close proximity to feed inputs.



Pre farm gate challenges in Indonesian dairy supply chain

- Information access
 - Market signals (price, quality, quantity) are often not clear for farmers.
- Feed resources
 - Quantity and quality, highly variable.
- Animal productivity
 - Low animal reproductive performance.
 - Poor mastitis management.
- Smallholder farmers
 - Dairy farming dominated by smallholder farmers (approx. 2-3 milking cows).
 - Small land holdings.
 - Low milk production.
 - Poor adoption of improved management practices/technology.
- Business management
 - Lack of business management skills.
 - Lack of adequate infrastructure.



Post farm gate challenges in Indonesian dairy supply chain

- Domestic supply of fresh milk (quantity and quality) does not meet growing demand for short shelf-life dairy products.
- Farm gate price is linked to international market price
 - Because of products manufactured e.g. sweet condensed milk, processors can substitute non fresh dairy ingredients.
 - It is very difficult to transport fresh milk.
 - Lack of refrigeration in the fresh milk supply chain.
- Lack of understanding (across chain) of market dynamics, including price signals.
- Many on-farm technical and supply chain challenges are interrelated.



The IndoDairy Project- ‘Improving milk supply, competitiveness and livelihoods in smallholder dairy chains in Indonesia’

- Interdisciplinary research project.
- Duration: June 2016 to May 2020 (4 years).
- Funding
 - Australian Centre for International Agricultural Research (ACIAR).
- Commissioned Organisation
 - Centre for Global Food and Resources (GFAR), University of Adelaide.
- Project Partners
 - Dairy Australia.
 - Indonesian Center for Animal Research and Development (ICARD).
 - Indonesian Center for Agricultural Socio Economic and Policy Studies (ICASEPS).
 - School of Business, Bogor Agricultural University (SB-IPB).
- Engagement with five leading dairy cooperatives, policy makers, research institutions and smallholder dairy farmers.
- Project Website: <https://www.indodairy.net/>

IndoDairy project aims and objectives

Aim

- The overall aim of this project is to contribute to increasing milk supply (quantity and quality) by **25% by 2020 for at least 3,000 dairy producers in West Java and North Sumatra.**

3 Objectives

- Identify and recommend strategies and policies to support development of sustainable, profitable and smallholder-inclusive dairy supply chains in North Sumatra and West Java.
- Identify barriers to adoption of profitable management practices and farm business models and develop strategies to inform development of extension programs in West Java and North Sumatra.
- Develop, pilot and evaluate innovative extension approaches in West Java that improve on-farm profitability of smallholder farmers.



Objective 1

- Identify and recommend strategies and policies to support development of sustainable, profitable and smallholder inclusive dairy supply chains in North Sumatra and West Java.
- Key Activities
 - Review of business guidelines and opportunities for heifer importation from Australia to Indonesia.
 - Whole-of-Chain analysis of dairy sector in West Java and North Sumatra.
 - Review and evaluation of regional dairy industry development policies.
 - Identifying existing and future market opportunities for North Sumatra dairy sector.
 - Identifying opportunities for development of Inclusive Business Models (IBMs).
 - Encourage development of policy dialogue and industry advocacy.



Objective 2

- Identify barriers to adoption of profitable management practices and develop strategies to inform development of extension programs in West Java and North Sumatra.
- Key Activities
 - IndoDairy Smallholder Household Survey (ISHS) using digital data collection methods (Commcare) – 600 smallholder dairy households.
 - Identification of profitable management practices, business and extension models.



Objective 3

- Develop, pilot and evaluate innovative extension approaches in West Java that improve on-farm profitability of smallholder farmers.
- Key Activities
 - Co-design an integrated training program.
 - Milk hygiene training for cooperative staff and farmers.
 - Pilot and evaluate training programs with extension staff and dairy service providers.
 - Embed, monitor and evaluate the delivered training programs and practice change activities.
 - Assess the short-run and potential long-run impacts of project activities.



IndoDairy Policy Roundtable Discussion

Aim of the IndoDairy Policy Roundtable discussion is to review findings of IndoDairy project activities and discuss policy options to support the sustainable development of smallholder dairy farmers in West Java and North Sumatra.

- Discussion of major findings and recommendations from key IndoDairy project activities:
 - IndoDairy Smallholder Household Survey (ISHS).
 - IndoDairy Value Chain Analysis.
 - Business guidelines and opportunities for Dairy Heifer importation in Indonesia.
 - IndoDairy Policy Review.

IndoDairy Policy Roundtable Discussion (Continued)

- IndoDairy Policy Roundtable Discussion topics:
 - Improving the profitability and commercial viability of smallholder dairies (SHD).
 - Processor SHD pricing and supply policy - what are some options to promote farm growth and improve milk quality?
 - Product and marketing development support policy for KUDS or SHDs.
 - How to meet the increasing demand in Indonesia for safe milk supply?
 - Labelling (especially regarding products made from fresh milk versus those from reconstituted or UHT products) and how this could be monitored?
 - Support for refrigeration/cold chain development.

Acknowledgements

- The Australian Centre for International Agricultural Research (ACIAR)
 - AGB/2012/099: Improving Milk Supply, Competitiveness and Livelihoods of Smallholder Dairy Chains in Indonesia
- Contributors to this research:
 - The Centre for Global Food and Resources (CGFAR), The University of Adelaide:
 - Rohan Yargop, Jack B. Hetherington, Wendy J. Umberger, Julianne Haensch, Rida Akzar
 - The Indonesian Centre for Agricultural Socio Economic and Policy Studies (ICASEPS), The Indonesian Agency for Agricultural Research and Development (IAARD), The Ministry of Agriculture:
 - Erwidodo, Handewi S. Purwati, Ening Ariningsih, Erma Suryani, Iwan Setiajie, Tuti Bastuti
 - Australasian Dairy Consultants / Subtropical Dairy:
 - Brad Granzin
 - Bogor Agricultural University (IPB)
 - The Indonesian Centre for Animal Research and Development (ICARD), IAARD



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Thank you!

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