

# Introduction to Project Objective 1 of the ACIAR IndoDairy Project

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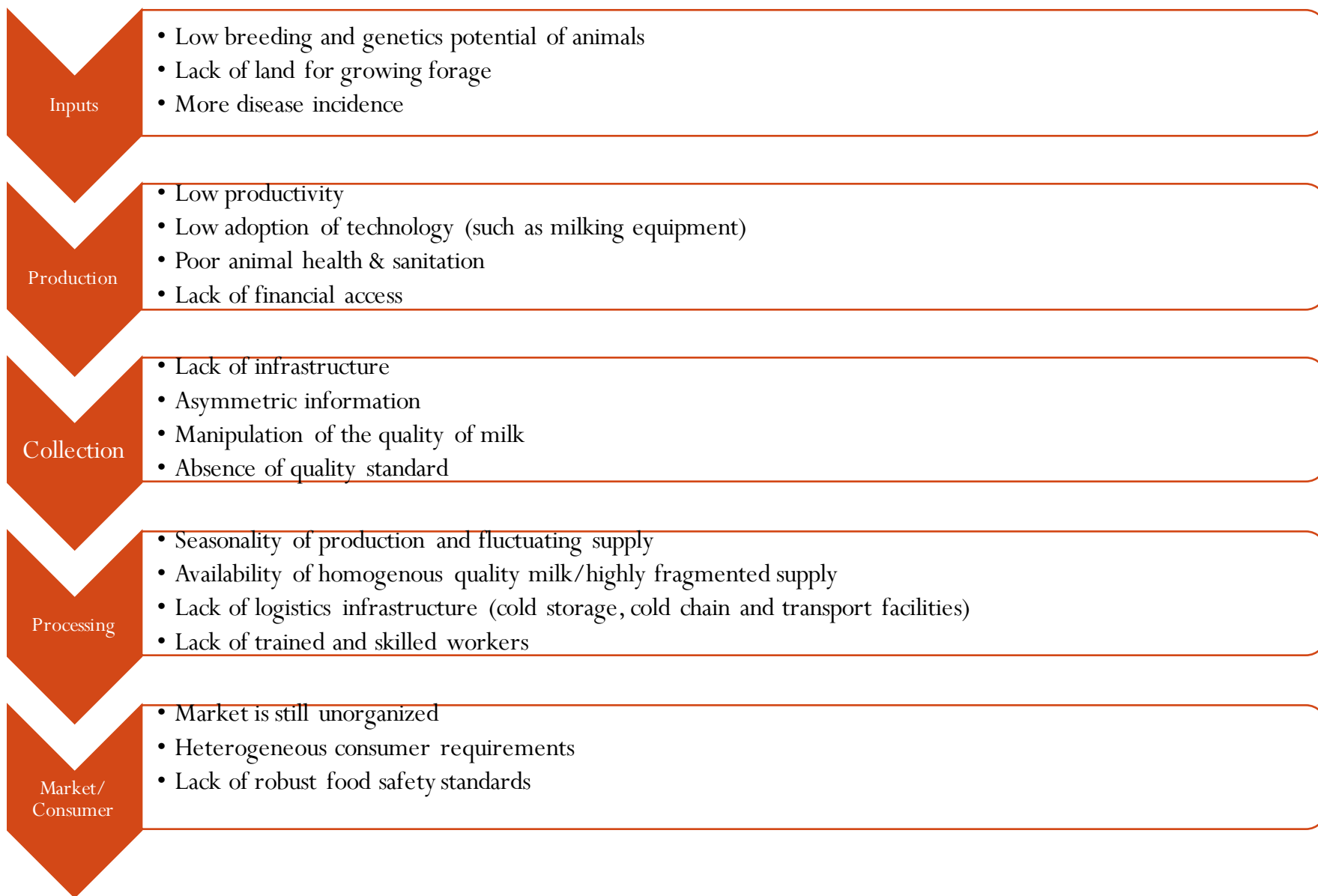
# Research Objective for Objective 1

- 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.

# Research Questions

1. What market and investment opportunities are most likely to lead to the development of new and sustainable smallholder dairy supply chains in North Sumatra?
2. How can public and private partnerships be improved to enhance dairy development programs particularly with respect to increased live imports?
3. What are the practical policy lessons that can be derived from this research and how should stakeholders collaborate in ways that will benefit smallholders and increase spill-overs?

# Figure 1. Key sector constraints across the value chain



# Table 2. Common constraints and opportunities in in dairy sector development

Constraints	Opportunities
Small farms and small volumes of raw milk supply	Strong market demand for milk: up scaling of farms
Underutilization of capacity of dairy plants	Start-up of professional processors
Inadequate transport facilities	Improve infrastructure: roads, transport and trade
Lack of testing facilities	Set up milk-testing laboratories
Insufficient cold-chain facilities	Investments in cold-chain equipment, storage and transport
Food safety and milk quality regulations absent or not enforced	Set up legislation and enforcement on food safety quality assurance and quality-based payment systems
Weak cooperation within dairy chain	Set up institutions for collective improvement of quality and efficiency
Moderate technical and entrepreneurial skills	Training and education, improve farmer entrepreneurship
Insufficient poor-quality fodder	Commercial feed and fodder supply with better inputs and services
Low reproduction rates	Improve young stock rearing Improve animal feed supplements Improve animal health and veterinary services
Poor access to finance (& other services)	Improve finance facilities Improve regulations around collateral
Research and extension not tailored to needs of chain actors	Tailor-made practical training and extension Research and development, Training of trainers

Source: van der Lee and Westenbrink, 2014

# Activities and Outputs / Milestones

No. of Activities	Activity	Output / Milestone	Application of Outputs
1.1	Development and annual review of business guidelines and opportunities for heifer importation from Australia to Indonesia	Guidelines for sustainable public private joint ventures for dairy heifer importation to be reviewed annually;	Increased heifer numbers will contribute to overall project objectives
	<p><b>Sub-activity 1.1.1.</b> Re-engage partners, including processors, KUDs and government to update scope of activities .</p>	A completed trip report	Findings from trip will provide insight into the design of activities and partners

No. of Activities	Activity	Output / Milestone	Application of Outputs
1.2	<p>A whole-of-chain analysis of the North Sumatra and West Java dairy industries</p> <p><b>Sub activities include:</b></p> <ul style="list-style-type: none"> <li>➤ Development of a tablet based application using CommCare software to collect baseline and monitoring data at the household level.</li> <li>➤ Farmer survey in North Sumatra</li> <li>➤ Value chain analysis in North Sumatra and West Java including semi-structured interviews and focus group meetings with processors, retailers, cooperatives (in West Java), and other relevant bodies.</li> </ul>	<ol style="list-style-type: none"> <li>1. Data set on farmers' production practices based on purposive sampling in North Sumatra.</li> <li>2. A tablet-based application to be used by research team for data collection for the baseline survey and ongoing monitoring</li> <li>3. Data sets and notes of results of interviews and focus group discussions with cooperatives (in West Java), processors and retailers in West Java and North Sumatra</li> <li>4. Detailed report highlighting the key findings from dairy value chain analysis in North Sumatra and West Java.</li> <li>5. The report will address research questions posed under Objective 1 including market and investment opportunities which will lead to new and sustainable smallholder dairy supply chains.</li> </ol>	<p>Data used for analysis in Activity 1.4 and 1.5.</p>

# Activities and Outputs/Milestones

No. of Activities	Activity	Output / Milestone	Application of Outputs
1.3	Evaluation of regional dairy industry development policies in North Sumatra and West Java	<ol style="list-style-type: none"> <li>1. Information and data from government agencies on existing dairy industry development programs.</li> <li>2. Detailed report on the effectiveness of regional dairy industry development policies and strategies to improve public and private partnerships to enhance dairy development programs.</li> </ol>	Data used for analysis in Activity 1.4 and 1.5. Ideas for policymakers and stakeholders on how to optimise the targeting, monitoring and evaluation of dairy development programs.
1.4	Identify existing and future market opportunities for the North Sumatra dairy sector	Report on existing market dynamics and future opportunities for the dairy sector in North Sumatra.	Data used for analysis in Activity 1.5. Ideas for smallholder and processors to better meet consumer demand and, therefore, increase profitability.



# Activities and Outputs/Milestones

No. of Activities	Activity	Output / Milestone	Application of Outputs
1.5	Identify whole-of-chain opportunities for industry and government in North Sumatra and West Java	Report and/or chapter on whole-of-chain opportunities for industry and government in North Sumatra and West Java including options to promote improved economies of scale and efficiency in the smallholder-dominant dairy production sector. These may include changes in farmer organisation, industry restructuring and structural re-adjustment approaches.	Ideas for policy makers to investigate the competitive capacity of North Sumatra dairy supply chains and potential policies to optimise industry development in North Sumatra and West Java.

# Activities and Outputs/Milestones

No. of Activities	Activity	Output / Milestone	Application of Outputs
1.6	Encourage development, policy dialogue and industry advocacy in ways that benefit smallholder dairy farmers and improve research capacity of lead agencies	1.6.1. Participation and contribution of local researchers; 1.6.2. Conference papers prepared by Indonesian researchers; 1.6.3. Report on inception workshop 1.6.4. Report on Annual workshop – Year 1 (e.g. survey design training); 1.6.5. Report on Annual Workshop – Year 2 (e.g. statistical analysis training); 1.6.6. Report on result dissemination workshop in North Sumatra and West Java; 1.6.7. Report on final workshop	Results of the projects are reviewed by relevant stakeholders and have potentials to be implemented by smallholders, industry bodies and policy makers.

# Thank You

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