

Independent Mid Term Review of the Indonesia-Australia Partnership on Food Security in the Red Meat and Cattle Sector

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Abbreviations

ASG	Advisory and Support Group
AUD	Australian Dollar
BKPM	Indonesia’s Investment Coordinating Board
DAWR	Department of Agriculture and Water Resources
DFAT	Department of Foreign Affairs and Trade
GoA	Government of Australia
Gol	Government of Indonesia
IACCB	Indonesia Australia Commercial Cattle Breeding
IA-CEPA	Indonesia Australia Comprehensive Economic Partnership Agreement
KEQ	Key Evaluation Question
M&E	Monitoring and Evaluation
MLA	Meat and Livestock Australia
NIAPP	NTCA Indonesia-Australia Pastoral Program
NTCA	Northern Territory Cattlemen’s Association
SOP	Standard Operating Procedures

Executive Summary

The Indonesia-Australia Partnership on Food Security in the Red Meat and Cattle Sector has undertaken a midterm review between November 2018 and January 2019. The Partnership's managing contractor (ASG) managed the Partnership's review independently and with close input from the Government of Indonesia, Government of Australia and Industry.

The Review findings were based on over 50 interviews with key stakeholders and a desktop review of progress reports, evaluations and supporting documentation. The review team had previous experience with the program having undertaken the midterm review of the Commercial Cattle Breeding Program and the completion review of the East Kalimantan Breeder Support Program.

The Partnership has achieved many positive mutually beneficial outcomes and continues to engage in policy dialogue. It has an active role in assisting trade liberalisation and contributed to greater collaboration. It funds the Commercial Cattle Breeding Program (\$9 million, 2016-2021) which aims to determine commercially viable cattle breeding business models and is beginning to demonstrate positive results. The Partnership has trained 252 Indonesians (2015-2018) in a range of short courses that support skills and build capacity, and it has helped support animal welfare through the East Kalimantan Breeder Support Program. It provides ongoing support for the development of the Joint Industry Strategy and Joint Industry Action Plan led by MLA.

Overall, the Partnership is still relevant to both countries. It is unique as a bilateral arrangement that promotes trade and industry development. Most key stakeholders consider the Partnership to have a high symbolic value which has helped build networks, relationships and trust. However, the perceived value delivered is lower than expected although there are some promising results.

The current strategic priorities are still generally supported. The common view is that the focus should be on improving the business and investment climate, supporting the commercial sector and promoting two-way investment. This has been reinforced through the Indonesia Australia Comprehensive Economic Partnership Agreement (IA-CEPA). The anticipated outcomes from the implementation of IA-CEPA will be significant for the Indonesian and Australian red meat and cattle sector. There will be significant reductions in tariffs and non-tariff barriers and increases in capacity development, skills and labour exchange.

Many stakeholders commented on the lack of overall program design to help guide the Partnership. One consequence of this is the perception that the program consists of a range of small "scattered" projects that lack overall cohesion. A Partnership design document is one way to clearly communicate the purpose and role of the Partnership to stakeholders. The timing is good for a Partnership reset through a design process for the next phase. There are upcoming elections in both countries with the potential for IA-CEPA to be ratified by both Parliaments soon after.

The current decision-making processes are perceived as being inefficient with high transactional costs given the number of stakeholders involved. There is some confusion around roles and responsibilities for overall program management including the various components of the Secretariat.

Concerns have been raised about the lack of continuity in Partnership meetings. Progress has been hampered by political uncertainty, staff and membership turnover. More decisions appear to be made at the Co-chairs meetings which is a smaller and more focused decision-making group. Delays have

subsequently impacted significantly on expenditure targets which affects the relationship between DFAT, DAWR and the managing contractor and future budget commitments.

The working groups arrangements do not appear to be effective with many members being too busy to participate regularly. They are not really “working groups” but reference groups providing industry advice on program initiatives. They should include technical experts and not just members. These groups need to be more flexible and form around key issues and projects with corresponding changing participation. This will limit involvement to projects of direct interest. They need to be agile to deal with emerging issues, well facilitated and documented, and supported by the ASG with short-term technical advisers as required.

The Subsidiary Arrangement (SA) for the Partnership has been signed but not registered within the Government of Indonesia. This registration issue discourages GoI institutions to actively participate in the Partnership. It has affected Partnership relationships. The lack of a registered SA and accompanying design document opens the possibility of the program being perceived as “illegal” within the government bureaucracy.

Stakeholders had a broad range of views about future priorities including interest in the dairy sector. There was general agreement to maintain focus on the commercial sector, capacity development and investment. An area of investment that has gained momentum amongst stakeholders is the need to support emerging industry leaders, entrepreneurs and innovators. There is also interest in developing Indonesia’s local cattle population to complement the importation of Australian cattle.

At the end of the five year period, stakeholders viewed successful outcomes as:

- IA-CEPA is implemented and the trade and investment environment are secure.
- There is confidence that trade is strong and investment is increasing.
- There are strong relationships where officials and industry players can pick up the phone and speak frankly about concerns and issues.
- Indonesia has a cattle breeding program that is growing the herd.
- There is increased pride in the industry and partners have the tools and information to be strong advocates.
- The value of the Partnership is clearly demonstrated.
- There is a program of reciprocal student placements and shared technical knowledge and expertise.
- Young industry leaders and innovators are participating in the Partnership.

Summary of Recommendations:

Governance and Management

1. **Develop a Partnership design document**, ensuring ongoing flexibility in project selection, to capture the strategies, objectives, intended outcomes and implementation arrangements for the Partnership over the next 3-5 years. This will be based on frameworks provided by the Unlocking Business Investment and Opportunities (Partnership proposal); the Joint Action Plan (MLA); and the Industry Roadmap (KADIN); and recommendations of this Mid Term Review. This document will represent a reset in terms of the Subsidiary Agreement and act as a communication tool for high level engagement. (*Immediate - 3-4 months*)

2. **Re-establish clear roles and responsibilities with respect to the Secretariat (Canberra and Jakarta) and Advisory and Support Group (ASG - Jakarta).** The ASG should perform as a more traditional managing contractor and support the Secretariat. This should reduce overall transaction costs. The Secretariat should focus on policy, strategy and high-level engagement, and use ASG to provide logistical support, administration, financial management, monitoring and evaluation, research, technical support, communication and knowledge management. *(Immediate 3-4 months as part of the design process)*
3. **Implement a consistent and predictable meeting schedule** based around:
 - a. **Annual Partnership meetings** as the focus for discussions on strategic industry development, overall progress and priorities.
 - b. **Biennial Co-chair meetings** as the main mechanism for approvals of changes in strategy, projects and annual plans.
 - c. **Quarterly technical symposiums** as joint 1 or ½ day events that bring industry together to discuss technical advances, project progress, innovation and industry initiatives.
(immediate – 3-4 months – part of the design process)

Communication and Engagement

4. **Implement an annual call for project proposals that is structured and transparent.** It should be overseen by an Industry/Technical Advisory Panel nominated by Partnership Members. It should consist of two funds: (1) **Industry funds for commercial industry development** and (2) **a smaller innovation fund to encourage young entrepreneurs and business people into the industry.** *(Immediate 3-4 months as part of the design process)*
5. **Establish project or program specific reference groups instead of “working groups”.** These will be supported administratively and logistically by ASG and form around specific project or program areas and have a start and end date. Reference groups provide strategic advice to projects and programs guided by a facilitator and with technical support associated with a project. *(short term - 1-2 year transition with the call for annual program proposals)*

Monitoring, Evaluation and Knowledge Management

6. **The Partnership commits to a joint State of the Industry Report and Dashboard** as an annual product launched at Partnership meetings. Indicators will be selected by Partnership members to reflect the state of the red meat and cattle industry between Australia and Indonesia. It will build on the work MLA has been doing, possibly support the Industry Outlook proposed in the Joint Action Plan, and be a public “announceable”. The intention is to bring together industry from Australia and Indonesia around agreed evidence-based reporting to inform policy. It will highlight ongoing Partnership progress and achievements. *(short term – 6-12 months)*
7. **The Advisory and Support Group (ASG) to continue to strengthen communication, monitoring and evaluation, knowledge management and policy analysis** to ensure industry, government and the broader community are aware of the benefits of investments. This includes capturing some of the downstream benefits and positive externalities. In particular, **there is a need to improve the communication of achievements under the Indonesia Australia Commercial Cattle Breeding (IACCB) program** and the commercial viability of the models. While it is recognized that one

production cycle is insufficient to prove commercial viability, the emerging results need to be communicated to industry early to encourage replication and scaling up. *(Short term – 6-12 months in line with the new approach to project identification and implementation)*

8. **Consolidate lessons learned from the many research programs and studies that have already occurred to support the cattle industry in Indonesia.** The Australian Government and MLA have prepared inventories of past research and investments, however, there does not appear to be a systematic review of lessons learned. Many of the lessons were raised by key informants but none appear to have been captured using a formal research method. This is urgently required to avoid making the mistakes of the past and to learn from experience. This could be completed efficiently with the assistance of MoA, ACIAR, MLA and Industry members. *(Short term – 6-12 months – presented at the next Partnership meeting)*

Strategic Priorities

The ongoing emphasis on improving the investment climate and investment opportunities is supported and should be emphasized through the evaluation of commercial industry investment proposals (call for proposals under recommendation 4). The existing strategic priorities of breeding, processing, skills development and logistics are also widely supported and should continue. Other areas for consideration in the short to medium term to support the development of the commercial sector include:

9. **Provide additional support for involvement of young agribusiness students and young professionals to enter the cattle industry.** The intern program is a good next step to provide NIAPP graduates with a career pathway but there are other opportunities for training and development of young business people including student and business exchange programs (reciprocal programs and see opportunities under IA-CEPA). *(Short term – 1-2 years)*
10. **Examine the feasibility of supporting farmers who have 50-200 head of local cattle and are yet to develop commercial operations.** Undertake an initial inventory of farmers that manage these herds. These operate predominantly in eastern Indonesia. There is an indication this group of farmers are rapidly disappearing due to land constraints and conversion to crops or other land uses. There may be an opportunity to provide them with technical and management support to encourage viable commercial operations, expansion of herds and prevent the ongoing decline. *(Short term – 1-2 years)*
11. **Support the mapping of potential cattle production areas across Indonesia.** This will benefit government, industry and investors in identifying the capacity for cattle production across the different regions based on geographical analysis and expert knowledge. This is supported by the Joint Action Plan and the “Unlocking Business Investment Opportunities” proposal. It will be fundamental to the future expansion of cattle production in Indonesia and help identify supportive policies and infrastructure investments. *(Short term – 1-2 years)*

1 Introduction

1.1 Background

The Indonesia-Australia Partnership on Food Security in the Red Meat and Cattle Sector (the Partnership) provides a vehicle to develop and discuss strategic and technical advice on Australia's and Indonesia's beef and cattle industry.

The Partnership is at the mid-point of an initial 10-year program. This Review is the Mid Term Review (MTR) which is part of the programmed performance management process for aid investments funded by the Australian Government in Indonesia.

The purpose of establishing the Partnership and underlying program is "to synergise Australian and Indonesian strengths and potential to develop the Indonesian cattle sector and improve joint competitiveness and prospects for long term investment and trade between Indonesia and Australia as part of the globally competitive supply chain in red meat and cattle".

The Partnership commenced in late 2013 through a jointly agreed heads of government initiative. This was supported with a \$60 million fund until 2023. The Partnership has members from the Indonesian and Australian Governments as well as industry representatives from both countries.

During the early-harvest phase of the program, the focus of the Partnership was on transport and logistics, breeding and processing with corresponding industry working groups established. Skills development and investment promotion were overarching priorities.

The Partnership is focussed on achieving four objectives:

1. Underpinning Indonesia's food security by improving the long-term sustainability, productivity and competitiveness of the sector.
2. Strengthening Indonesia-Australia bilateral business, investment and trade ties and supporting close engagement with the red meat and cattle sector.
3. Building and improving understanding and effectiveness and efficiency of cooperation between parties by establishing regular meetings between governments and the red meat and cattle sector.
4. Supporting the bilateral exchange of expertise, capacity building and technical assistance related to the red meat and cattle sector.

1.2 Purpose and Objectives of the Mid Term Review

The objective of the Review is to document and review the performance of the Partnership against its purpose and objectives. The review assessed governance arrangements, strategic priorities and the alignment of 2014-18 projects.

The scope of the Review covered the following aspects:

- Governance and decision-making arrangements of the Partnership
- Policy dialogue effectiveness
- Strategic priority areas of development

- Partnership design, development and evaluating processes
- Working group roles, objective and function
- Communication and engagement activities
- Budget reporting
- Effectiveness of past and present projects (2014 -2018)

The following items are outside the Terms of Reference

- Funding and contracting arrangements that are currently managed by the Australian Government

In addressing these aspects, the Review addressed the following key evaluation questions:

1. To what extent do Partnership governance, project establishment and decision-making processes meet the needs of all stakeholders?
2. To what extent have the Partnership investments contributed to mutual benefits and the purpose and objectives?
3. To what extent are the Partnership's objectives still relevant to Indonesia and Australia?
4. How can the Partnership operate more effectively? What should the strategic priorities be over the next 3 years.

2 Approach and Methodology

Oversight for the Review was through the Partnership Secretariat comprising representatives from the Australian and Indonesian governments. The Review adopted a participatory approach, involving representatives from Indonesian and Australian Governments and industry representatives.

The review of past and current projects was based on evaluations and annual reports prepared by the Advisory and Support Group (ASG) as well as current project progress reports.

The review methods included the following approaches:

- **Desk Study:** The desk study involved a review of existing documents from the Partnership. (annual reports, evaluation reports and Partnership guidelines) followed by a one-day workshop in Jakarta with stakeholders to make sure the review meets expectations and there is consensus on the purpose, objectives and review questions.
- **Interviews:** This was the main data source and included interviews with over 50 key officials, industry partners and other stakeholders. The Review objectives were addressed through written questions and responses, interviews and focus group discussions with Indonesian and Australian stakeholders. Interviews were held in Jakarta and Canberra where appropriate.
- **Observational site visits:** Site visits were conducted in Sumbawa to interview farmers with 50 – 250 cattle which was deemed necessary by the Review team to address particular issues.

ASG provided logistical support to organize meetings, focus group discussions and translation services. All reports are provided in Bahasa Indonesia and English.

The analysis of contributions towards outcomes was based on the Partnership's Theory of Change (ToC) developed in 2017 based on the strategic framework and priorities endorsed in 2016. The ToC is presented in Figure 1. It provides the frame of reference for understanding how the Partnership is progressing towards its long term goal.

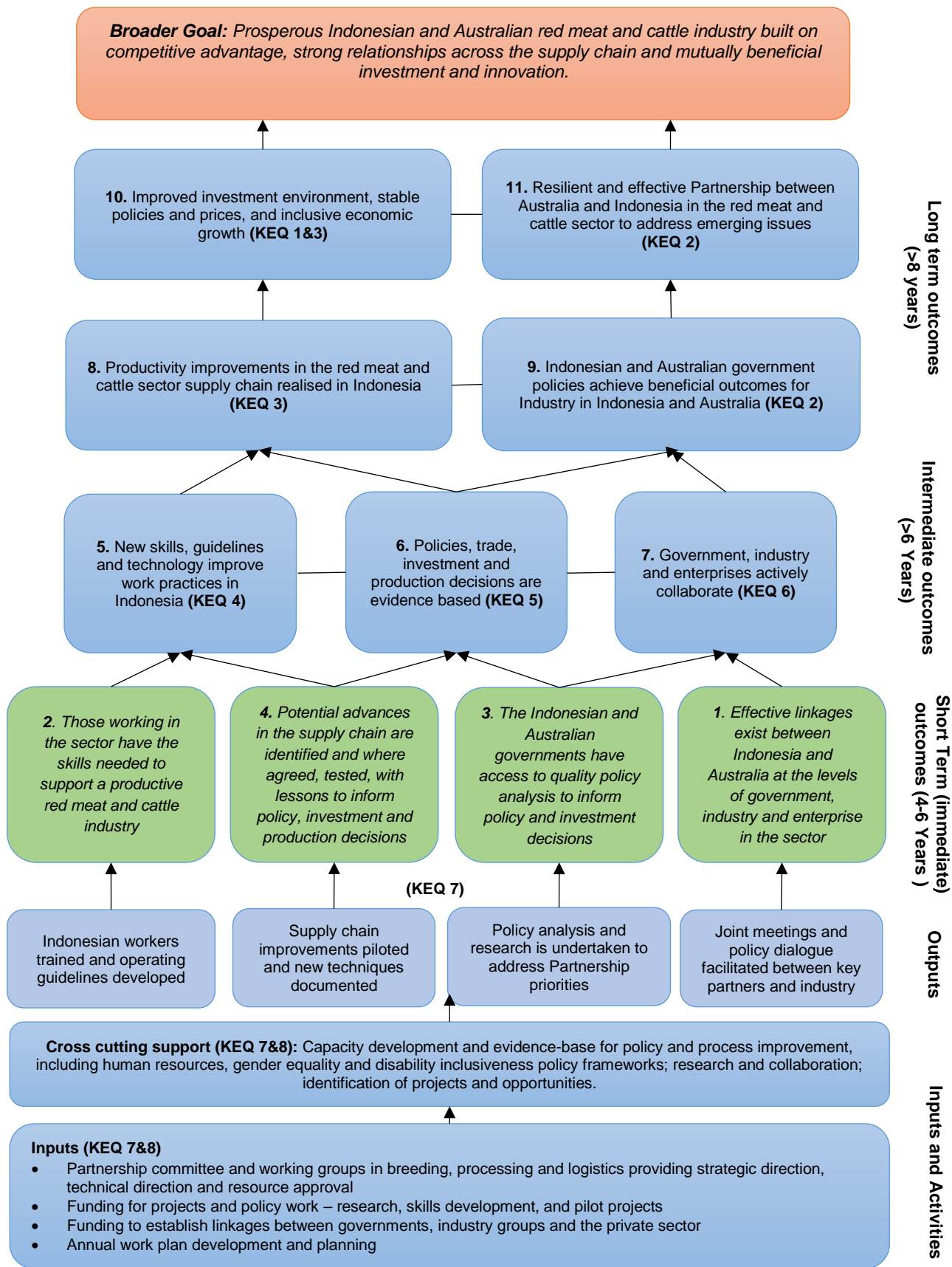


Figure 1. Program Theory of Change based on the four strategic priorities (1-4 on the diagram)

3 Key Findings

3.1 Summary of Partnership Achievements

The Partnership has achieved many outcomes that mutually benefit the Indonesian and Australian red meat and cattle sector. The Partnership also continues to engage in policy dialogue to better inform industry and government decision making, supporting and promoting stability in trade policy settings.

A total of \$60m has been allocated to the Partnership by the Australian Government over 10 years with approximately \$23m spent to date¹.

Since its establishment in 2013, the Partnership has generally contributed to a more positive bilateral trade and investment relationship, with closer collaboration. The Partnership has played an active role in assisting the liberalisation of trade and easing trade restrictions, including:

- Promoting Indonesia's re-opening the market in secondary cuts of beef and offal in August 2016
- Increasing the 350kg average maximum weight limit to 450kg for import conditions for live feeder cattle
- Extending recommendation letters and import permits to be valid for 12-months
- Increasing the age limit for live feeder cattle from 30 months to 48 months.

In response to Indonesia's request for assistance in cattle breeding, the Partnership funds the Indonesia-Australia Commercial Cattle Breeding (IACCB) Program (\$9 million over 5 years, 2016-2021). This program aims to determine commercially viable cattle breeding business models for Indonesia to encourage innovation, investment and expansion of the sector. To date, 1,315 heifers and 113 bulls were distributed to 8 projects across 5 provinces, and 1,452 calves were born. Currently the IACCB are preparing commercial viability assessments of integrated breeding models under oil palm and in small holder cooperatives to inform the industry of results.

Between 2015 and 2018, the Partnership trained 252 Indonesians in a range of short courses that support skills and capability transfer in the Indonesian government and the red meat and cattle sector. The program reached the entire supply chain, from animal husbandry students, cattle producers, meat processors to policy makers responsible for agricultural and trade policy development.

The East Kalimantan Breeder Support Program produced practical documentation of lessons learnt to guide future breeder importation and smallholder breeding programs across Indonesia. It helped support animal welfare and stressed the relationship between productivity and animal health to local farmers and local government.

The Partnership provides ongoing support for the development of the Joint Industry Strategy and Joint Industry Action Plan led by Meat and Livestock Australia (MLA) who work closely with the Indonesian Chamber of Commerce and Industry (KADIN). The Joint Industry Action Plan includes key areas of mutually agreed priority actions for industry development.

¹ DFAT February 2019. A detailed budget summary will be provided separately to Partnership Members by the Partnership Secretariat.

3.2 Relevance

Relevance within the context of the Partnership is defined as the extent to which the program demonstrates that it meets the priorities and policies of the Governments of Australia and Indonesia, and the industry. This includes analysing the level of commitment to the Partnership, and whether the objectives of the program are valid within the context of changing government priorities and if the activities and outputs are consistent with the overall goal and intended impact.

3.2.1 Relevance of current strategic objectives to Indonesia and Australia

Overall the Partnership is still relevant to industry and government in both countries. While some informants stated that it was slightly less relevant than it was in 2013, others considered it was equally or more relevant now due to the changing policies and markets.

The Partnership is unique as a bilateral arrangement that promotes trade and industry development between the two countries. There is no other program like this and much can be learned from this arrangement to support other potential economic partnerships. Most key stakeholders consider the Partnership to have intrinsic value which has helped build relationships and trust.

While many stakeholders consider the Partnership to still be relevant and highly important, they also acknowledged they had not received much value from the program, except for those directly involved (e.g. IACCB counterparts, training participants). They acknowledge that it has symbolic value to both countries, but the perceived value delivered is low, perhaps due to a lack of awareness of achievements. This is captured in Figure 1 below. Many Australian stakeholders stated they wanted to be strong advocates for the Partnerships but did not have the communication tools and key achievements to communicate with their associates or members. This represents an opportunity to promote the achievements of the Partnership (for instance IACCB) to raise its perceived value and importance amongst stakeholders.

While Australian based stakeholders had more positive views of the Partnership which aligned with the Australian Government perspective, Indonesian based stakeholders had more divergent views as indicated by the spread in Figure 2.

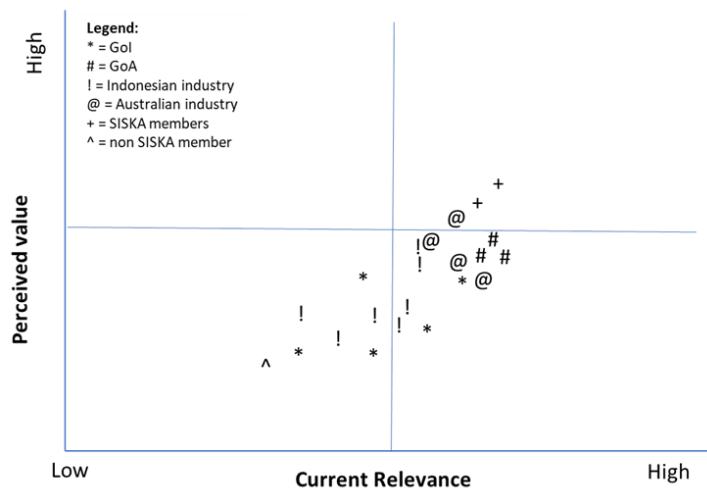


Figure 2 Stakeholder perceptions of Partnership relevance against perceived value delivered

It was widely recognized that the Partnership has established a network of stakeholders who are now talking more about the industry and trade. It has improved access to people and information. It is also delivering fundamental benefits (skills development and industry development) and helping productivity in Indonesia.

However, some industry members said they probably would not notice a difference if the Partnership arrangement ceased, indicating low value delivered; while the majority considered it would be a significant loss if it was no longer supported. Stakeholders acknowledge the following potential impacts if it ceased:

- Indonesia would not get the benefits (capacity development, investment in pilot projects) and the funding.
- Current investments will not achieve their potential.
- Australia would lose marketing opportunities. The marketing function of the Partnership would stop.
- Relationships will be affected and communication at all levels will be weakened.

3.2.2 Relevance of funded projects

Table 1 lists current and previous projects, with additional details provided in Annex 2. Each project was assessed by the evaluation team against their relevance to Indonesia and Australia based on results and past evaluations. This is not a reflection on the performance of project implementation but whether or not the projects have delivered mutual benefits to Australia and Indonesia and were therefore the right thing to do at this point in time.

The most significant investments have been to support the breeding program (AUD9.9 million) and skills and career development in the sector in Indonesia (AUD 8.8 million). Relatively little has been invested in transport and logistics (AUD 377,277) and processing (AUD 690,799). The breakdown of funds is given in Figure 3.

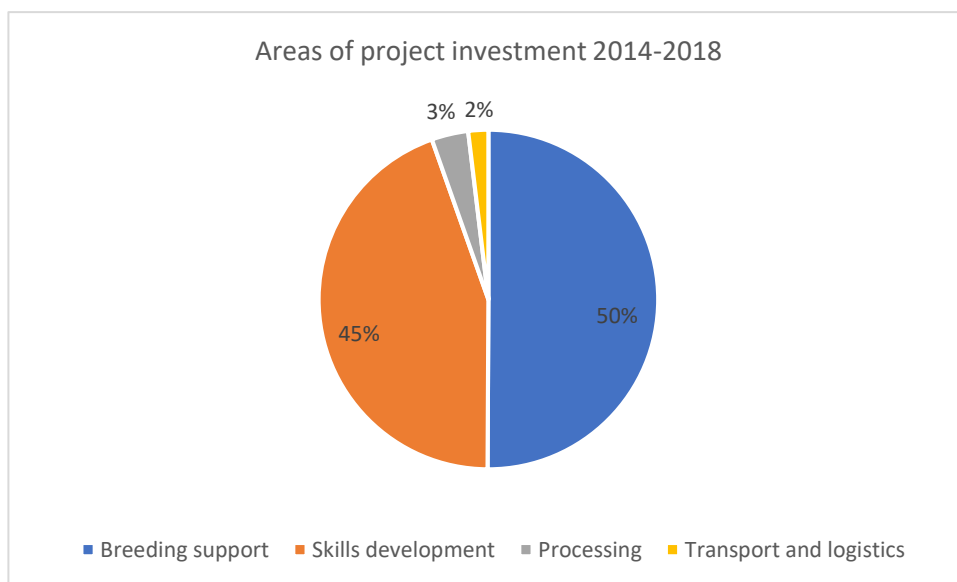


Figure 3 Breakdown of project funds by areas of investment

While the breeding support programs (breeding under palms pilot projects, support for small holders cooperatives, and supporting the distribution of breeders in East Kalimantan) have achieved their immediate objectives, this evaluation raises concerns regarding longer term outcomes:

- Although the pilot programs demonstrating viability of breeding Australian cattle under oil palms is starting to show commercial results, there still appears to be a hesitance of plantation owners and cattle businesses to invest in this concept. It may take another breeding cycle before investors are convinced and can weigh up the commercial risks.
- The support provided to small holder cooperatives demonstrated good results for local farmers, but it is unlikely to achieve commercial viability in the longer term. It will require ongoing support, subsidies and improved integrated farming practices (e.g. access to cheap agricultural by-products and sale of manure).
- The support provided to East Kalimantan achieved its main objective of addressing animal welfare issues and providing support to farmers to breed cattle. However, as a long-term breeding program the evaluation found that it will be difficult to sustain without ongoing support to farmers from local government coupled with close monitoring.

There was consistent support amongst stakeholders for ongoing skills support and capacity development in the industry in Indonesia. The main criticism was the overall cost per student (estimated at around \$30,000 including all on-costs) and the value of sending Indonesian students to study in Australia. However, this evaluation and previous evaluations found that the added value resulting from these courses was significant:

- Most of the students interviewed after the courses stated that they had either trained others in the workplace on new approaches and more efficient processes, or had instigated changes in work practices and equipment based on what they had learned.
- Agricultural advisers that had studied in Australia commanded a higher level of respect when they returned and were more influential with co-workers and the farmers they were advising. Some had been given more responsibilities as a result and had been able to have a greater impact on changing behaviours.
- The Northern Territory Cattlemen's Association Indonesia-Australia Pastoral Program (NIAPP) has resulted in improved relationships and people to people links in industry and government. Social media has raised the profile of the industry and student opportunities. It has been reported by universities that this course has had an impact on increasing enrolments in animal sciences because of the opportunity to participate and the profile the program has.

Table 1 Partnership projects and relative benefits

Priority area	Program	Value	Start/End	Relative Benefits		Outcome area
				Australia	Indonesia	
Breeding	Indonesia-Australia Commercial Cattle Breeding (IACCB) Program	\$9,071,061	Feb 16 / Jan 21	***	****	2,3,4
	East Kalimantan (EK) Breeder Support Program	\$881,944	Apr 16 / Feb 18	****	****	2,4
Transport / logistics	Development of Best Practice Guideline	\$79,000	Apr-16 / July 2017	**	**	4
	Indonesia's Logistics and Supply Chain Study	\$298,277	Jun 17 / Jun 18	*	*	3
Skills development and training	Skills Development Program - Phase 1	\$4,163,359	Jun 14 / Jun 17	**	****	1,2,3
	Skills Development Program – Phase 2	\$1,500,000	Jan 18 / Jun 20	*	****	2
	Northern Territory Cattlemen's Association (NTCA) Indonesia Australia Pastoral Program (NIAPP) – Phase 1	\$1,697,452	Jun 14/Dec 16	****	****	1,2
	NIAPP Phase 2	\$1,350,000	Jan 18 / Dec 20	****	****	1,2
	Internship Program	\$120,000	Aug 18 / Dec 20	*	****	2
Processing	Beef Bonded Zones Study	\$168,799	Jun 17 / Apr 18	**	**	3
	Beef consumption Study	\$347,000	Jun 17 / Jun 18	**	*	3
	Standard Operating Procedures (SOPs) in Indonesian Abattoirs	175,000	Jan 16 / Dec 16	**	****	1,2

Outcome areas:

Outcome 1 - Effective linkages exist between Indonesia and Australia at the levels of government, industry and enterprise in the sector. Effective Partnership linkages are ones in which both parties actively seek to collaborate to address issues of common interest.

Outcome 2 - Those working in the sector have the skills needed to support a productive red meat and cattle industry. Training and other forms of capacity development outcomes include an increase in the knowledge, skills and experience of those working in the sector.

Outcome 3 - The Indonesian and Australian governments have access to quality policy analysis to inform policy and investment decisions. Having access to quality policy analysis should lead to better policy formulation and investment decisions.

Outcome 4 - Potential advances in the supply chain are identified and where agreed tested, with lessons to inform policy, investment and production decisions. The intended outcome is that pilot programs and innovations to improve the supply chain can be implemented and scaled up to have a significant impact on beef production.

3.3 Efficiency

Efficiency relates to the efficient use of resources to create products and services that support the Partnership and program. This is difficult to measure in the absolute terms given the dynamic and evolving nature of development. This evaluation assessed areas where stakeholders identified potential for improvement.

3.3.1 Partnership governance and decision making

Many stakeholders commented on the lack of overall program design to help guide the Partnership towards its intended outcomes. One consequence of this is the perception that the program consists of a range of small “scattered” projects that lack overall cohesion leading to inefficient implementation and progress towards intended outcomes.

A Partnership design document (PDD) is one way to clearly communicate the purpose and role of the Partnership to stakeholders including showing a line of sight between inputs and intended outcomes. The rationale for not having a design was the need for flexibility in programming and the evolving nature of the program under the Partnership. However, a program design can still maintain inherent flexibility within an overall implementation framework.

The timing is good for a Partnership reset and redesign for the next phase. There are upcoming elections in both countries with the potential for IA-CEPA to be ratified by both parliaments soon after. The Joint Action Plan led by MLA, Indonesia Industry Roadmap led by KADIN and Unlocking Business and Investment Opportunities documents designed under the Partnership all provide frameworks from which to build the new design. These are all based on industry consultation.

There will also be a requirement to reset the relationship after the elections irrespective of the outcomes. This presents a good opportunity to engage politically and promote the work of the Partnership and its importance to industry to the incoming governments. A design document will be a useful communication tool.

3.3.2 Project establishment, design and implementation

The Partnership has delivered a wide range of projects and some significant achievements. These are presented in Table 1 with an assessment of relative benefits² to Indonesia and Australia. Most projects have now been subject to independent evaluations to demonstrate their value and effectiveness.

Many stakeholders did not understand how projects were selected, approved and implemented. Many would like to have access to funding for innovative ideas and projects to support the industry. The mechanism for gaining funding support was not clear. Stakeholders want a more predictable and transparent process around how projects are developed, funded and implemented. This responsibility should be given to ASG to manage to allow Indonesian and Australian firms to bid for projects³.

3.3.3 Advisory and support services

The Advisory and Support Group (ASG) was established in 2016 to provide administrative and logistical support, monitoring and evaluation, communications and technical assistance to the Partnership. This is a contracted arrangement between DFAT and Coffey International on behalf of

² This assessment was done by the Review Team and based on the independent evaluations. It is not a reflection of performance of project implementation but the relative benefits each project delivers to Indonesia and Australia.

³ It is difficult for companies in Indonesia to bid for projects using Australian Government procurement systems. These companies do not have the necessary ABN and insurances. A managing contractor operating in-country can perform this function more effectively.

the Partnership. The ASG operates under the direction of the Partnership Secretariat which also undertakes similar functions depending on requirements.

Under the new contract amendment for Coffey International, more responsibility will be given to ASG to manage projects approved by the Partnership. However, this needs to extend to establishing an annual call for proposals that is structured around annual budgets and Partnership/Co-chair meetings.

The most significant issue relating to efficiency has been delays in program planning and approvals for a range of political and administrative reasons. Delays have impacted significantly on expenditure targets which affects the relationship between DFAT, DAWR and the managing contractor and future budget commitments. The need to spend money quickly on various studies has led to questions about the decision-making processes and transparency. Although efficient, the outcome has not been effective. The rationale was to ensure future budgets and commitments from Australia. The negative perspective is that it does not always represent value for money or consider the views of all stakeholders.

The current decision-making processes are perceived as being inefficient with high transactional costs given the number of stakeholders involved. Some observers note that it is “expensive to run but not much actually happens.” There is some confusion around roles and responsibilities for overall program management including the components of the Secretariat that operate in Canberra and in Jakarta, including ASG. In this regard, roles and responsibilities of the Secretariat and Managing Contractor need to be clarified. The rationale for involvement in some of these processes is to maintain strong interdepartmental and industry relationships. These relationships could also be maintained through more targeted and strategic engagement. An example of this is the recent field visits to cattle breeding programs by Australian counterparts. The value of these visits should not be underestimated.

Many stakeholders were not aware of project evaluations or had not seen final reports from projects. These results were not being widely communicated. Many of these results are now available on the website.

Monitoring and evaluation needs to be improved at the project level to capture project outcomes and positive externalities. This needs to be captured in future contracts and monitored by ASG.

There is a sense amongst many stakeholders that many of these programs have been tried in the past and were not successful for various reasons. There is concern that we are not learning as much as we could from previous programs before we embark on new initiatives. MLA are currently developing a stocktake of projects over the last 5 years. The Australian Government has previously completed an inventory of projects and investments. It would be useful to harvest the lessons learned from these to inform future designs and the broader industry.

Staff and membership turnover have resulted in a loss of knowledge from the Partnership and its operation. This needs to be anticipated. ASG should strengthen its role in knowledge management and the preparation of briefing materials at the strategic, tactical and operational levels.

3.3.4 Subsidiary Arrangement

The Subsidiary Arrangement (SA) for the Partnership has been signed but not registered within the Government of Indonesia. There is reluctance for any one agency to be responsible for the Partnership expenditure. This registration issue discourages GoI institutions (especially MoA) to actively participate in the Partnership. It has affected Partnership relationships and created some

delays and uncertainty around programming and engagement. The efforts to get the SA registered have been time consuming.

The lack of a registered SA and accompanying design document opens the possibility of the program being perceived as “illegal” within the government bureaucracy. These documents are needed to ensure accountability and transparency in the use of funds from the perspective of the Indonesian Government.

3.4 Effectiveness

In the context of this Review, effectiveness is the extent to which intended outcomes are being achieved based on the resources being invested. The frame of reference for this assessment is the updated Theory of Change (see Figure 1) captured in the revised M&E Plan (May 2017). Figure 4 represents the Evaluation teams’ overall assessment of progress towards intended outcomes based on the strategic priorities. The assessment is based on a scale of “red” – no progress, re-evaluation of approach and investment required; “orange” – needs improvement and refocus; yellow – progress is being made; green – good progress being made.



Figure 4 Assessment of progress against strategic priorities by the evaluation team – green indicates good progress. Yellow indicates progress is being made and orange indicates more focus is needed and more work needs to be done.

3.4.1 Contribution of project investments to strategic priorities and intended outcomes

The current strategic priorities are still generally supported:

1. Underpinning Indonesia's food security by improving the long-term sustainability, productivity and competitiveness of Indonesia's cattle sector.
2. Strengthening Indonesia—Australia bilateral business, investment and trade ties, and supporting closer engagement with the red meat and cattle sector.
3. Supporting the bilateral exchange of expertise, capacity building and technical assistance related to the red meat and cattle sector.

4. Building and improving understanding, effectiveness and efficiency of cooperation between parties by establishing regular meetings between governments and the sector from both Indonesia and Australia.

Within these priority areas the focus should be on improving the investment climate and promoting two-way investment between countries to continue to improve the supply chain and market access.

This has been reinforced through the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) and has been considered during this Review. Anticipating that the Agreement will be ratified by both Parliaments soon, it is expected that the Partnership will come under the IA-CEPA framework during the next 2-3 years. The benefits to the industry from this Agreement address many of the issues identified as part of the Partnership's agenda around investment and trade certainty.

To provide context for the next phase of the Partnership, the anticipated outcomes from the implementation of IA-CEPA for the sector are given below.

The key outcomes for Indonesia will include:

1. Australia will immediately eliminate all remaining tariffs on Indonesian imports into Australia.
2. Australia's open investment settings, encouraging further investment from Indonesia.
3. Reciprocal Skills Exchange, allowing professionals from both countries to gain 6 months experience in the other's market.
4. A certain number of Indonesians (200) to engage in 6 month work training opportunities in Australia – this will help build the capacity of Indonesia's workforce in key sectors, including those of interest to Australian investors.
5. An increase in the number of Australian work and holiday visas (from 1000 today to 4100 in year one, growing to 5000 over six years). This will provide useful work experience for young Indonesians as well as assist regional Australia to meet seasonal labour requirements.
6. A framework for trade and investment-related cooperation through a jointly-funded work program. The joint work program will support technical assistance and capacity building activities across a range of trade related areas to strengthen commercial links and help stimulate two-way investment.

The key outcomes for Australia include:

1. Duty free (from 5% tariff) for 575,000 cattle in year one and 4% growth volume reaching 700,000 by year 6.
2. Tariff cut to 2.5% (from 5%) and access for unlimited volume for frozen beef and elimination of tariff after 5 years.
3. Duty free access to 500,000 tonnes of feed grains with 5% annual growth in volume thereafter.
4. Elimination or reduction of tariff across a number of dairy lines.

Stakeholders generally agreed that the Partnership focuses on the right things. It should not directly focus on smallholders as Indonesia and Australia already support many capacity building projects that involve smallholders (see Figure 5). It may, however, assist in scaling up smaller operations to commercial scale.

It needs to be reiterated that the Partnership is focusing on commercial breeding and processing to attract investment and increasing the cattle population in Indonesia. Animal welfare is a high priority for Australia, representing the biggest risk to live trade.

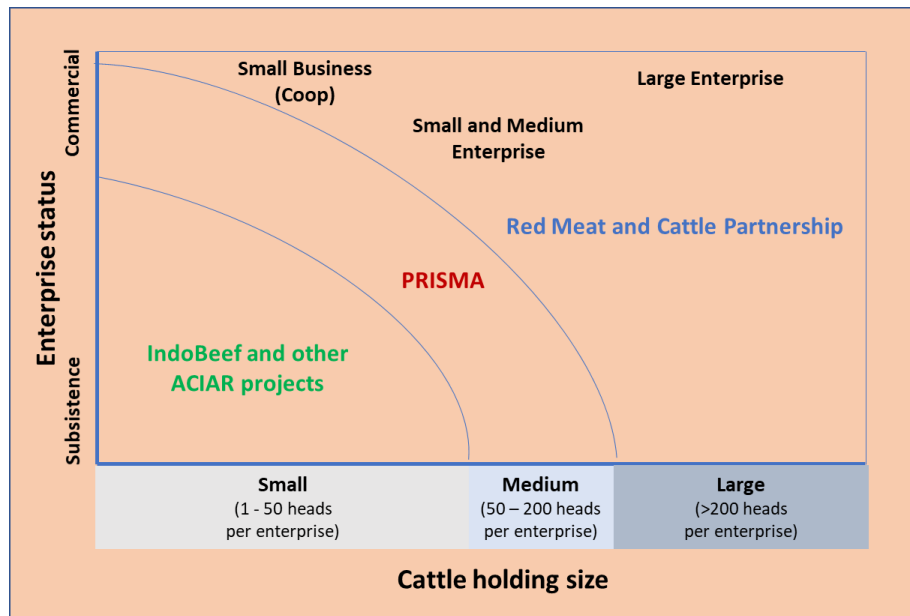


Figure 5 Programs and areas of support in the sector provided through bilateral cooperation

There is a need to clearly articulate the purpose of the Partnership and its role. Some stakeholders see it playing more of a coordination role to address gaps and barriers to trade and production. Others see it as having an important role in building industry and government linkages based around transparency, consistency and mutual benefit. These are consistent with the original objectives.

Industry members acknowledge there is a strong and increasing market and Indonesia cannot meet the current demand. Other sources of protein (Indian buffalo meat) are being imported to offer a cheaper red meat option. Importation from Brazil is also being considered to diversify the market in Indonesia, but the shipping costs are high. It is recognized that the Partnership has a role to play in understanding the implications of the shifting markets and different importation scenarios.

There are many traditional breeding farms with cattle between 50 to 200 heads that are still in operation in the traditional source of cattle (Timor, Sumbawa and Sulawesi). Their existence is “endangered” by the rapid land conversion and increasing land price. They receive almost no support in either technical and business management. If this continues, these farms with a great culture of breeding cattle, will disappear in the near future. As indicated in Figure 5 there may be opportunities to work with programs like PRISMA to elevate these operations to a more commercial footing.

There is also an opportunity to work with the plasma (small holder farmers) surrounding palm oil operations and feed-lotters to give the access to by-products, technology and markets. This supports the strategic objectives of MoA with the potential to develop more commercial and sustainable

operations involving small holders around commercial operations. However, the transactions costs to commercial operations can be high with an increased risk to production.

3.4.2 Meetings: Partnership meetings, Co-Chair meetings and Working Group meetings
Concerns have been raised about the lack of continuity in Partnership meetings. The decision making has been problematic with the Partnership meetings being too big to get consensus. Progress has also been hampered by political uncertainty, staff and membership turnover. More decisions appear to be made at the Co-chairs meetings which is a smaller and more focused decision-making group.

Some stakeholders would like the Partnership meetings to be open to a broader audience for discussion to establish better business to business linkages. They would like the meetings to be held in two sessions: membership discussions and then a broader open forum for the broader industry stakeholders.

3.4.3 Policy dialogue and strategic advice

Policy discussions within the Partnership have not always had a positive influence. Publicly criticizing existing Indonesian government policy harms the relationship. Although many want the Partnership to be able to provide policy advice it needs to be conveyed from a mutually beneficial perspective and common understanding. Evidence to support policy formulation would be welcomed but how and when this evidence is communicated is the main issue.

The working groups are not effective with many members being too busy to participate regularly. They are not really “working groups” but reference groups providing industry advice on program initiatives. These groups need to be more flexible and form around key issues and projects with corresponding changing participation. This will limit involvement to projects of direct interest. They need to be agile to deal with emerging issues, well facilitated and documented, and supported by the ASG with short-term technical advisers as required.

3.4.4 Communicating and engaging with stakeholders

A common perception, particularly in Indonesia, is that the Partnership is something “you whisper about when it should have been a fanfare” and an “underground Partnership”. There is still some confusion amongst members and stakeholders about what the Partnership is trying to achieve and its overall purpose, even though it holds high symbolic value to others, including many Australian industry partners.

While the Partnership has a range of programs that are helping industry it is not viewed as an integrated package of support. To some degree the IACCB program is viewed as a separate program. In other respects, it is regarded as the flagship program under the Partnership.

Engagement with the Ministry of Agriculture (MoA) has been difficult due to the nature of the Subsidiary Arrangement and the overall relevance of the program to their strategic needs. MoA are predominantly interested in the breeder importation program. The Partnership is commercially focused rather than working with smallholders to increase the cattle population, however, animal welfare issues are of vital importance to both, and scaling up small farms to commercial operations are also of mutual interest.

Stakeholders in Indonesia would like to see Australia engaging as a genuine partner and not just as an exporter. There is a perception that the trade emphasis meant it was all about “winning” for Australia in terms of trade when the focus should have been on building the relationship. Many Indonesian and Australian informants have noted that the recent projects have been Australian

driven and Australian run. Similarly, many Indonesian stakeholders are hearing “no” from the Partnership leading them to question its value.

Some key partners in Indonesia have observed that the Partnership does not appear to have built a close relationship and improved trust for many stakeholders. Some Australian and Indonesian observers have a contrary view and believe the Partnership has been invaluable in strengthening relationships and trust. This highlights the disparate views amongst actors and their varied experiences within the context of the Partnership.

4 The Way Forward

4.1 Strategic priorities

Stakeholders had a broad range of views about future priorities including interest in the dairy sector. There was general agreement to maintain focus on the commercial sector, improving the climate for investment and on skills development. Where small holder farmers were discussed this was in the context of opportunities for scaling up business or efforts to ensure animal welfare.

An area of investment that has gained momentum amongst stakeholders is the need to support emerging industry leaders, entrepreneurs and innovators. There is a widespread concern that the Industry has been dominated by the same players for some time and that there is no obvious next generation of industry leaders coming through.

Future priorities will be governed by the ratification of the Indonesia Australia Comprehensive Economic Partnership Agreement (IA-CEPA) with an emphasis on:

1. Focusing on the broader context within the agricultural sector and continuing to build the foundations for improving the supply chain and two-way investment.
2. Working on the right policies to encourage healthy and effective trade and investment.
3. Sustaining interest in investment opportunities in both countries by connecting Australian and Indonesian investors.
4. Broadening dialogue with peak industry bodies and all relevant government agencies.
5. Providing holistic support to implement the trade agreement.

Of specific note is the ongoing focus on:

1. Capacity building across the industry with a focus on innovation, breeding and processing.
2. Targeting the development of young farmers, innovators and entrepreneurs to build the industry.
3. Supporting improved financial access for the cattle industry.
4. Identifying areas where industry could be developed to commercial scale, for instance farmers who currently manage over 50 head.
5. Improved promotion of the “cattle under palm” integrated business model and its commercial viability.

There is also significant interest in developing Indonesia’s local cattle population to complement the importation of Australian cattle. They are more fertile and resilient than imported Australian cattle

and could be used to build the local population at a faster rate than importation. There is also some interest in improving the genetics of this breed through cross breeding.

The targets for the next five years for the Indonesian and Australian sectors have been expressed as:

1. IA-CEPA is implemented and the trade and investment environment are secure with a higher degree of certainty.
2. There are strong relationships where officials and industry players can pick up the phone and speak frankly about concerns and issues.
3. Indonesia has a cattle breeding program that is sustainable and growing the herd.
4. The industry has high political support with a trusted trading relationship. Confidence that trade is strong and not subject to political interference and activists. Australia has a “public license” to continue to operate the live export trade.
5. Increased pride in the industry and partners have the tools and information to be a strong advocate for the industry and promote the benefits of the Partnership.
6. Being able to demonstrate the value of the Partnership through improved metrics.
7. A significant investment in young industry leaders supporting innovative ideas and reciprocal student placements between countries to encourage long term industry links. Young industry leaders are participating in the Partnership.

4.2 Recommendations

These recommendations are based on the key findings in this report and the progress made with IA-CEPA, and assume that the Partnership will continue to support the enabling environment for trade and investment.

Governance and Management

1. **Develop a Partnership Design Document**, based on a flexible facility arrangement, for the Partnership for the next 3-5 years to provide some clarity around its purpose, objectives, scope and implementation going into the next phase. This should be a “light touch” design process based on lessons learned to date and projects already implemented. The design should represent a new phase in the program (cut off from previous expenditure) to support the registration of the Subsidiary Arrangement. It should use the “Unlocking Business Investment” framework and involve a consultation process with key stakeholders. It should take into account the Joint Action Plan (MLA) and Industry Roadmaps (KADIN). The design will be a consolidation of current industry direction and plans, and will use the results of the Mid Term Review to guide implementation. The design document should ensure the program can be incorporated under the IA-CEPA.
2. **Re-establish clear roles and responsibilities with respect to the Secretariat (Canberra and Jakarta) and the Advisory and Support Group (Jakarta).** The ASG should perform as a more traditional managing contractor and support the Secretariat. This should reduce overall transaction costs. All projects, including IACCB, should come under the Partnership umbrella and be supported by clear program management arrangements through ASG. The ASG will support, monitor and evaluate all projects under the Partnership, and ensure all projects are designed to required standards and delivering clear benefits to the industry. The Secretariat, as a collective between Australia and Indonesia, should guide implementation

policy and strategy and delegate implementation to ASG such as logistical arrangements, procurement and day to day management and communications.

3. **Implement a consistent and predictable meeting schedule.** Rearrange the meeting structures to serve specific purposes and improve predictability for Partnership members to attend.
 - a. **One – two Partnership meetings** – one to two Partnership meetings (as required) for discussions on the current state of the industry and trade, progress of investments, policy and technical advice. This forum welcomes wide ranging industry, trade and investment discussions within an environment conducive to collaboration based on the principles of respect and reciprocity. It guides the overall strategy for Partnership investment. It will not detract from its overall purpose of bringing together industry and government to synergise strengths and improve joint competitiveness. It will continue providing strategically focused advice and recommendations on areas of priority in the red meat and cattle sector.
 - b. **Biannual Co-chair meetings** – this is a smaller focused decision-making body to raise policy issues, and approve projects based on Partnership member recommendations. The Co-chairs will elevate key issues to bilateral heads of government meetings through a joint communique when and if required.
 - c. **Quarterly technical symposiums** – 1 or ½ day industry forums to discuss specific issues of interest to the industry and brief the wider industry on Partnership initiatives. This encourages industry to industry engagement around technical issues and investment. These could be joint forums with the MLA and IndoBeef on specific areas of interest.

Communication and Engagement

4. **Implement an annual call for project proposals that is structured and transparent.** It should be overseen by an Industry/Technical Advisory Panel nominated by Partnership Members. It should consist of two funds: (1) **Industry funds for commercial industry development** and (2) **a smaller innovation fund to encourage young entrepreneurs and business people into the industry.**
5. **Establishment of program specific Reference Groups (instead of Working Groups)** driven by Partnership members according to the needs of the program. These will be supported administratively and logistically by ASG and form around specific project or program areas and have a start and end date. Reference groups provide strategic advice to projects and programs guided by a facilitator and with technical support associated with a project.

Monitoring, Evaluation and Knowledge Management

6. **The Partnership commits to producing an Indonesia-Australia “State of the Industry Report⁴” and dashboard** based on a dashboard of indicators selected by the Partnership members for Indonesia and Australia. This is a joint public document (an “announceable”) building on the work MLA is doing, that demonstrates the current state of the industry from both perspectives and highlights the achievements of the Partnership and its program. It is expected to demonstrate the mutual benefits to both countries through the Partnership and

⁴ This supports the Joint Action Plan suggestion of having an Industry Outlook conference. A state of the industry report and dashboard could be used to support an industry outlook approach.

subsequent implementation of IA-CEPA. The intention is to bring together industry from Australia and Indonesia around agreed evidence-based reporting to inform policy. It will highlight ongoing Partnership progress and achievements.

7. **The Advisory and Support Group (ASG) to continue to strengthen communication, monitoring and evaluation, knowledge management and policy analysis** to ensure industry, government and the broader community are aware of the benefits of investments. This includes capturing some of the downstream benefits and positive externalities. While significant progress is being made there is a recognition that ASG needs to work more closely with projects to improve monitoring and outcome based reporting. There is also a need to ensure projects are not completed until the policy implications are understood and findings and recommendations disseminated effectively to decision makers. In particular, **there is a need to improve the communication of achievements under the Indonesia Australia Commercial Cattle Breeding (IACCB) program** and the commercial viability of the models. While it is recognized that one production cycle is insufficient to prove commercial viability, the emerging results need to be communicated to industry early to encourage replication and scaling up.
8. **Consolidate lessons learned from the many research programs and studies that have already occurred to support the cattle industry in Indonesia.** The Australian Government and MLA have prepared inventories of past research and investments, however, there does not appear to be a systematic review of lessons learned. Many of the lessons were raised by key informants but none appear to have been captured using a formal research method. This is urgently required to avoid making the mistakes of the past and to learn from experience. This could be completed efficiently with the assistance of MoA, ACIAR, MLA and Industry members.

Strategic Projects

The ongoing emphasis on improving the investment climate and investment opportunities is supported and should be emphasized through the evaluation of commercial industry investment proposals (call for proposals under recommendation 4). The existing strategic priorities of breeding, processing, skills development and logistics are also widely supported and should continue. Other areas for consideration in the short to medium term to support the development of the commercial sector include:

9. **Provide additional support for involvement of young agribusiness students and young professionals to enter the cattle industry.** The intern program is a good next step to provide NIAPP graduates with a career pathway but there are other opportunities for training and development of young business people including student and business exchange programs (reciprocal programs and see opportunities under IA-CEPA). (Short term – 1-2 years)
10. **Examine the feasibility of supporting farmers who have 50-200 head of local cattle and are yet to develop commercial operations.** Undertake an initial inventory of farmers that manage these herds. These operate predominantly in eastern Indonesia. There is an indication this group of farmers are rapidly disappearing due to land constraints and conversion to crops or other land uses. There may be an opportunity to provide them with technical and management support to encourage viable commercial operations, expansion of herds and prevent the ongoing decline. (Short term – 1-2 years)

11. **Support the mapping of potential cattle production areas across Indonesia.** This will benefit government, industry and investors in identifying the capacity for cattle production across the different regions based on geographical analysis and expert knowledge. This is supported by the Joint Action Plan and the “Unlocking Business Investment Opportunities” proposal. It will be fundamental to the future expansion of cattle production in Indonesia and help identify supportive policies and infrastructure investments (Short term – 1-2 years)

Annex 1. Partnership timeline: Key events and decision points 2013-2019

Date	Event
April 2019	Partnership Program Design Workshop in Bintaro, South Tangerang, Indonesia.
February 2019	Seventh Indonesia-Australia Partnership Meeting on Food Security in the Red Meat and Cattle Sector in Melbourne, Australia
November 2018	Partnership Co-chairs meeting and supply chain visit in Queensland, Australia.
October 2018	The Partnership conducted the 2 nd Joint Alumni Symposium in Jakarta.
September 2018	Indonesian Partnership members held an intersessional meeting in Jakarta to introduce Pak Wisnu as the new Co-chair and agree on Breeder Importation Support Project and mid-term review of the Partnership.
September 2018	The Partnership conducted the first Cattle Breeding Symposium in Jakarta.
July 2018	Mr Wisnu Wijaya Soedibjo, Deputy for Investment Cooperation, BKPM was appointed as the Indonesian co-chair of the Partnership.
March 2018	Mr Tamba P. Hutapea, Deputy for Investment Planning, BKPM was appointed as the Indonesian co-chair of the Partnership.
January 2018	The Indonesian Partnership members held an intersessional meeting in Jakarta to appoint Ms Musdhalifah Machmud as an acting Indonesian co-chair of the Partnership until the new Deputy for Investment Promotion of BKPM is appointed.
December 2017	The new phase of Partnership's Skills Development portfolio commenced: <ul style="list-style-type: none"> • Indonesia Australia Pastoral Industry Student Program • Policy Development for Livestock Production and Supply Chain Training • Commercial Cattle Breeding in Indonesia Training Program
December 2017	Dr Himawan Hariyoga (Indonesian co-chair) concluded his secondment as Deputy for Investment Promotion, BKPM and was re-assigned to BAPPENAS as a Special Staff to the Minister. The Indonesian co-chair position was vacant.
December 2017	ASG held a series of consultations with Indonesian stakeholders on the design of future activities under the Partnership, including: <ul style="list-style-type: none"> • Analysis of inter-island value chains and logistics in Indonesia's cattle sector • Processing sector gap analysis • Unlocking business and investment opportunities in Indonesia's commercial cattle breeding sector
November 2017	Mr Sugiono was appointed as Director, Livestock Breeding and Production (Ministry of Agriculture) to replace Mr Surachman Suwandi
November 2017	Partnership co-chairs meeting in Perth, Western Australia

Date	Event
September 2017	ASG designed three training courses (student, policy and producer courses) as part of the Partnership's Skills Development portfolio.
September 2017	Mr Surachman Suwandi was moved from his position as Director, Livestock Breeding and Production to Secretary, Agricultural Extension and Human Resources Development Body. Ms Fini Murtiani (Director, Processing and Marketing of Livestock Products) was acting in this position.
August 2017	Sixth Indonesia-Australia Partnership meeting on Food Security in the Red Meat and Cattle Sector in Yogyakarta, Indonesia
June 2017	<p>Three new projects commenced:</p> <ul style="list-style-type: none"> • Survey of Indonesia's Beef Consumption and Preference Trends • Indonesia's Logistics and Supply Chain Study • Feasibility Study of a Cattle Bonded Zone in Indonesia
June 2017	Management of East Kalimantan breeder support project extended to March 2018
Jan – June 2017	<p>ASG conducted reviews of Partnership projects including:</p> <ul style="list-style-type: none"> • Skills Development Program (all four components) • NTCA Indonesia-Australia Pastoral Program (NIAPP) • Management of East Kalimantan Breeder Support Project
February 2017	The Indonesian Government made changes to feeder cattle importation. The permit cycle was changed from four months to a rolling 12-month cycle, giving the industry more certainty about supply. In addition, the weight limit specifications for feeder cattle were increased from 350 to 450 kg in an attempt to reduce cost per kilogram of Australian feeder cattle.
December 2016	The successful importation of 450 high quality productive heifers and 33 bulls into Surabaya and 250 heifers and 13 bulls in to Lampung. These cattle complete the herds for the initial four IACCB projects
November 2016	Fifth Indonesia-Australia Partnership meeting on Food Security in the Red Meat and Cattle Sector in Perth, Western Australia
November 2016	Mr I Ketut Diarmita was appointed as Director-General of Livestock and Animal Health (Dirjen PKH) to replace Dr Muladno (Oct 14 – Jul 16).
October 2016	First delivery of cattle (300 heads of heifers) to IACCB project site Buana Karya Bhakti (BKB)/Santosa in South Kalimantan
September 2016	Indonesian Government plans to import 700,000 live cattle in 2017
September 2016	Indonesian Government lifts quotas on live cattle imports but introduces a regulation that 20% of imports must be breeding cattle
September 2016	Third Joint Industry Vision Workshop in Brisbane, Australia

Date	Event
August 2016	500 heads of Australian Cattle (heifers) selected and procured for IACCB Projects.
July 2016	First shipment of Indian buffalo meat is imported into Indonesia in an effort to provide low cost meat
July 2016	Director-General Livestock and Animal Health, Ministry of Agriculture, Dr Muladno, was removed from his position. Secretary-General, Mr Hari Priyono was acting in this position.
July 2016	The Chairman of BKPM was changed from Mr Franky Sibarani (Oct 2014 – July 2016) to Mr. Thomas Lembong
July 2016	Second Joint Industry Vision Workshop in Jakarta, Indonesia
July 2016	Advisory and Support Group (ASG) commenced to support the Partnership
May 2016	Indonesia allows “zone based” meat imports to allow the import of meat from Brazil and India - countries known to have foot and mouth disease, but contain unaffected or disease free “zones”
April 2016	Development of Best Practice Guidelines for Improving Cattle Handling and Transportation Facilities at Dedicated Cattle Seaports project commenced
April 2016	Management of East Kalimantan breeder support project commenced
April 2016	Fourth Indonesia-Australia Partnership meeting on Food Security in the Red Meat and Cattle Sector in Jakarta, Indonesia
March 2016	First Joint Industry Vision Workshop in Jakarta, Indonesia
February 2016	Development of SOPs in Indonesian abattoirs 2016 batch commenced
February 2016	Indonesia Australia Commercial Cattle Breeding program commenced
January 2016	Skills Development Program 2016 batch commenced
November 2015	Indonesia implements Regulation 85 on Bonded Logistics Centres crucial to reducing logistics costs. Companies setting up operations in Bonded Logistics Centres will be allowed to postpone import duty payment and be exempted from VAT, Sales Tax on Luxury Goods and excise duty.
September 2015	Change of Australian Prime Minister from Mr. Tony Abbott (Sept 2013 – Sept 2015) to Mr. Malcom Turnbull
August 2015	Extension of the Skills Development Program to 2016-2017 and Development of SOP in Indonesian abattoirs to 2016 was endorsed.

Date	Event
August 2015	Third Indonesia-Australia Partnership meeting on Food Security in the Red Meat and Cattle Sector in Jakarta, Indonesia
January 2015	Development of SOPs in Indonesian abattoirs commenced
January 2015	ESCAS Report on its implementation released by the Department of Agriculture and Water Resources (as recommended by the Independent Review conducted in 2011)
October 2014	Change of Indonesian President from Mr Susilo Bambang Yudhoyono (Oct 2009 – Oct 2014) to Mr. Joko Widodo
August 2014	Second Indonesia-Australia Partnership meeting on Food Security in the Red Meat and Cattle Sector in Jakarta, Indonesia
April 2014	First Indonesia-Australia Partnership meeting on Food Security in the Red Meat and Cattle Sector in Jakarta, Indonesia
December 2013	Australia-Indonesia Partnership on Food Security in the Red Meat and Cattle Sector commences with \$50m from DFAT and \$10m from Department of Agriculture and Water Resources
September 2013	Change of Australian Prime Minister from Mr. Kevin Rudd (June 2013 – September 2013) to Mr. Tony Abbott
July 2013	Release of the MLA Boxed Beef and Live Cattle Indonesia Strategy
June 2013	Change of Australian Prime Minister from Ms. Julia Gillard (June 2010 – June 2013) to Mr. Kevin Rudd
July 2012	Indonesia maintains live cattle and beef quotas (Ministerial meeting in Darwin)
July 2012	Indonesia introduces 5 % tariff (retrospective to January 2012)
August 2012	Indonesia introduces the need for pedigree information on all breeding cattle sent to Indonesia
May 2012	ABARES releases northern beef study
August 2011	Independent Review of Australia's Livestock Export Trade is completed with 14 recommendations
July 2011	The Export Supply Chain Assurance System (ESCAS) is implemented
July 2011	The Australian Government lifts the ban on live cattle exports and imposes strict conditions on Export Permits through a supply chain assurance regulatory model

Date	Event
June 2011	The Australian Government reacts to public pressure and suspends live exports of cattle to Indonesia due to animal welfare issues.

Annex 2. Summary of projects 2016-2018

Project Name	Implement. Agency	Total Cost	Date		Location	No. of Participants	Project Status - Summary	
			Commencement	Completion			(Key Stakeholders and Direct/indirect Beneficiaries)	
Indonesia Australia Commercial Cattle Breeding Program	Coffey International Development	\$9,071,061	Feb-16	Jan-21	South Kalimantan, Central Kalimantan, Bengkulu, East Java, Lampung, NTB	9 organisations	Key stakeholders	: Breeding Working Group members
							Direct beneficiaries	: project partners
							Indirect beneficiaries	: Cattle industry
							Next Steps (proposed extension / change to program / downstream programs)	: In January 2019, the program was extended to February 2021 (two-year extension).
Skills Development Program 2018 - 2020	Coffey International Development	\$1,500,000	Jan-18	Jun-20	West Java, South Kalimantan, Lampung, Darwin, Katherine	40 (8 female, 32 male)	Key stakeholders	: GAPUSPINDO
							Direct beneficiaries	: cattle breeders
							Indirect beneficiaries	: Oil palm plantation
							Next Steps (proposed extension / change to program / downstream programs)	: N/A
Indonesia Australia Pastoral Industry Student Program	Northern Territory Cattlemen's Association (NTCA)	\$459,000	Jan-18	Dec-18	Northern Territory	20 (10 female, 10 male)	Key stakeholders	: Ministry of Agriculture, Australian host stations
							Direct beneficiaries	: Indonesian students and host station representatives
							Indirect beneficiaries	: N/A

Project Name	Implement. Agency	Total Cost	Date		Location	No. of Participants	Project Status - Summary	
			Commencement	Completion			(Key Stakeholders and Direct/indirect Beneficiaries)	
							Next Steps (proposed extension / change to program / downstream programs)	: N/A
Internship Program 2018 - 2020	Coffey International Development	\$120,000	Jan-18	Jun-20	Central Kalimantan, Lampung	4 (2 female, 2 male)	Key stakeholders	: PT Agro Menara Rahmat, PT Great Giant Livestock Company
							Direct beneficiaries	: Interns, cattle companies
							Indirect beneficiaries	: Broader red meat and cattle industry
							Next Steps (proposed extension / change to program / downstream programs)	: The program will be expanded to cover up to 50 interns in 2019.
Survey of Indonesia's Beef Consumption and Preference Trends	EY Sweeney	\$347,000	Jun-17	Jun-18	N/A	N/A	Key stakeholders	: Processing Working Group members
							Direct beneficiaries	: meat industry, Ministry of Agriculture, Ministry of Trade, BPS
							Indirect beneficiaries	: consumers
							Next Steps (proposed extension / change to program / downstream programs)	: N/A
Indonesia's Logistics and	KPMG Australia	\$298,227	Jun-17	Jun-18	N/A	N/A	Key stakeholders	: Logistics Working Group members

Project Name	Implement. Agency	Total Cost	Date		Location	No. of Participants	Project Status - Summary	
			Commencement	Completion			(Key Stakeholders and Direct/indirect Beneficiaries)	
Supply Chain Study							Direct beneficiaries : port operators, cattle breeders, cattle traders, feedlotter, abattoirs	Indirect beneficiaries : local farmers
							Next Steps (proposed extension / change to program / downstream programs) : N/A	
Feasibility Study of a Cattle Bonded Zone in Indonesia	ProAnd Associates	\$163,181	Jun-17	Jun-18	N/A	N/A	Key stakeholders : Logistics and Processing Working Group members	Direct beneficiaries : feedlotter, abattoirs
							Indirect beneficiaries :	Next Steps (proposed extension / change to program / downstream programs) : N/A

Annex 3. Key informants

Name	Role	Organisation
Australian Government Members		
Darryl Quinlivan	Departmental Secretary	Department of Agriculture and Water Resources
Louise van Meurs	First Assistant Secretary, Trade and Market Access Division	Department of Agriculture and Water Resources
Malcolm Thompson	Deputy Secretary	Department of Agriculture and Water Resources
Jodie McAlister	Assistant Secretary	Department of Agriculture and Water Resources
John Southwell	Former Director, Indonesia and South Asia	Department of Agriculture and Water Resources
Erin Payne	Former Director, Indonesia and South Asia	Department of Agriculture and Water Resources
Mirianne Jovanoski	Australian Partnership Secretariat	Department of Agriculture and Water Resources
Rodney O'Meara	Australian Partnership Secretariat	Department of Agriculture and Water Resources
Ian Mortimer	Former Director, Indonesia Middle East South Asia	Department of Agriculture and Water Resources
Sam Malfroy	Former Australian Partnership Secretariat	Department of Agriculture and Water Resources
Dan Heldon	Director, Indonesia Economic and Trade	DFAT
Syed Haider	Assistant Director	DFAT
George Hughes	Agriculture Counsellor	Australian Embassy
James Ghaeni	Economic Counsellor	Australian Embassy
Esther Ooi	Policy Officer	Australian Embassy
Ade Johansyah	RMCP Manager	Australian Embassy
Australian Industry Members		
David Foote	Group Managing Director	Australian Country Choice
Troy Setter	CEO	CPC
Liz Ritchie	General Manager, Strategy and Partnerships	Regional Australia Institute
Other Industry Stakeholders		
Margo Andrae	CEO	Cattle Council Australia

Sam Brown	CEO	Livecorp
Anna Campbell	CEO	RMAC
Simon Westaway	Former CEO	ALEC
Will Evans	CEO	NT Livestock Exporters Association
Dick Slaney	Program Director	IACCB
Dr John Ackerman	Director	PT Mitra Lestari Asia
Valeska Valeska	Country Manager, Indonesia	Meat and Livestock Australia (MLA)
Helen Fadma	Livestock Services Manager	Meat and Livestock Australia (MLA)
Siti Nur Aini	Policy Officer	Meat and Livestock Australia (MLA)
Isye Iriani	Marketing Manager	Meat and Livestock Australia (MLA)
Indonesian Government Members		
Wisnu Wijaya Soedibjo	Deputy for Investment Cooperation	BKPM
Fajar Usman	Director, Foreign Investment Cooperation	BKPM
Faisal Suralaga	Indonesian Partnership Secretariat	BKPM
Musdhalifah Machmud	Deputy for Food and Agriculture	Coordinating Ministry for Economic Affairs
Jafi Alzagladi	Assistant Deputy for Livestock and Fisheries	Coordinating Ministry for Economic Affairs
Muhammad Mawardi	Head of Livestock Policy Analysis Section	Coordinating Ministry for Economic Affairs
Himawan Hariyoga	Special Adviser to the Minister	BAPPENAS
Indonesian Industry Members		
Dicky Adiwoso	President Director	PT Juang Jaya Abdi Alam
Samuel Wibisono	General Manager	PT Santosa Agrindo
Kris Sulisto	President Director	PT Trimitra Hasanah Prima
Juan Permata Adoe	Vice Chairman	KADIN
Jody Koesmendo	Secretary General	National Meat Board
Jimmy Halim	President Director	PT Intraco Penta Wahana
Other Industry Stakeholders		

Joni Liano	Executive Director	GAPUSPINDO
Didiek Purwanto	Chairman	Indonesian Society for Animal Science (ISPI)
Pak Suhandri	Secretary-General	Indonesian Meat Importer Association (ASPIDI)
Asnawi	Chairman	Indonesian Meat Seller Association (APDI)
Widayanto	General Manager, Livestock	PT Astra Agro Lestari
Sandi Sastra Surya	President Director	PT Buana Karya Bhakti
Rian Alisjahbana	President Director	PT Bio Nusantara Teknologi
Satia Pratiwi	Strategic Development Manager	PT Bio Nusantara Teknologi
Rochadi Tawaf	Senior Lecturer	Padjadjaran University
Farmers		
Farmers	2 Traditional farmers with over 200 head of cattle	Small scale cattle farms in Sumbawa

Annex 4. Documents reviewed

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