

# Linking Dutch companies and knowledge institutions to bilateral programs

*Background paper for session 2 by Jean Rummenie, EKN Indonesia*

## Introduction

In the Summer of 2012, EKN Jakarta received permission to start up a food security program for 4 years, until end 2016, with a budget of 17 million.

To improve food security, Indonesia has a need for more food crops that are locally produced. Of all the proteins, fish is the most important one.

IDH in Indonesia has a budget of 20 million to improve the sustainability of the production of commodities (tropical timber, palm oil, cocoa, coffee, teak, shrimps and spices). A small part of the budget has been allocated to a project in good nutrition practices, which aims to improve the nutrition in the field of the poor man crops (cocoa, coffee and tea). As a positive side effect the project has led to more economic independence of women.

## Food crops

Improving the sustainability and improving the chain as a whole has been our main focus.

Three programs are running:

1 horticulture

2 fisheries and aquaculture

3 dairy and poultry

All programs have been elaborated in close cooperation with the relevant DG in the Indonesian administration and with an eye on the programs that Government of Indonesia (GOI) is running in the area of food security. For instance, for horticulture we looked into their horticulture business program, in fisheries into the strategic Plan and the Minapolitan Program which aims at regional economic development. In dairy and poultry, apart from direct communications with DG Livestock, EKN also took into account the FDOV project run by Friesian Flag, to see where our dairy program could have an additional value. In Indonesia it was not a problem to get the private sector involved in the different projects.

## View on the topic

Only by improving the sustainability of the Indonesian agricultural and fisheries sector we can improve the food security in Indonesia. The Netherlands with its expertise in agriculture and fisheries has a lot to offer both knowledge wise, in the field of capacity building (WUR/CDI), as well as through the private sector (quality seeds and seedlings, technology, production and processing, feed).

By involving the private sector as well we can make use of their capacity and extension services. Projects become economically sustainable because there needs to be a business case in the project.

Identification missions have proven to be very useful in preparing the first work plan for the various projects. The field visits and the contact with GOI made sure that our projects are very well anchored in the food security program of Indonesia and well connected with the commercial interests of the private sector. The second stage, the inception phase (6 months) has also proven to be a good opportunity to work out the multiannual implementation plan in more detail. It gave the embassy the possibility, before the start of the program, to discuss and change the program with implementing partners and private companies.

## **Structure programs**

All three programs consist of several work plans. To give you an example, the horticultural program includes the following work plans:

- Development of Product Market Combinations (PMC, new marketing configurations for farmers), for example hot peppers, shallots, sweet peppers, carrots, tomatoes.
- Potatoes, development of the Indonesian sector, which currently has a lack of good varieties for processed products.
- Development of Permanent vegetable production systems (Permveg).
- Knowledge Transfer (training farmers in sustainable production and marketing).
- Occupational Health (reduction of health risks especially with regards to pesticide use).
- Monitoring and Evaluation (baselines, monitoring and evaluation of results).
- SMART indicators have been developed such as vegetable area increase, vegetable productivity increase in tons, increase in potato production, import of Dutch seed potatoes, reduction in pesticide use, reduction in production costs per kg, reduction in occupational health risks for women, increase in employment and an increase in women's employment.

In Fisheries, the institutional setting is worth mentioning. We have anchored the program in the top of the Ministry of Marine Affairs and Fisheries, and this has led to a doubling of the budget from the Indonesian side for our program with another 4.5 million euro.

## **Lessons learned**

- The Food Security program in Indonesia has been built on the knowledge and network of the embassy's agricultural section. This has allowed the embassy to easily bring together all relevant partners – government, private sector and knowledge institutes – within the FS program. It also enabled a clear understanding of how to create synergies between commercial and development goals.
- Both parties, knowledge institutes and private sector should contribute same amount for pilots, and this is formalized in bilateral agreements with implementing partners.
- Companies should have a clear picture of the business case before setting up a partnership.

- If subsidy is the main reason for a company or a knowledge institute to participate there is no relevant basis for an effective cooperation.
- To serve the interests of the various partners (private sector, government and knowledge institutes) preparation through thorough preparation and in the end an agreement of cooperation is essential for a successful cooperation.
- For facilitation of this process an independent party without interest should be in the driver's seat.
- There is always a danger that the focus will be too much on capacity building only, even if this is an essential element in all the programs. By introducing the demand of concrete Product Market Combinations and through the participation of the private sector, a guarantee is built in that concrete results in the field need to be reached. Thus, the risk is avoided that not only in theory knowledge will be obtained, but that it will be also applied in practice.

### **Conclusions and results of the discussion during the FS Exchange week**

- The business cases needs to be viable.
- 50/50 % financial participation private sector knowledge institutes.
- Programs in line with national programs for food security.
- Excellent opportunity by introduction of new technology, plant material and knowledge to serve also the commercial interest of Dutch companies and knowledge institutes.
- Development program becomes more economically sustainable through participation of the private sector. Private sector is also the vehicle through which to reach small holder farmers, in order to scale up the pilot projects executed by WUR.
- Programs can be very useful in obtaining market access for Dutch products.
- Programs are all examples of crossing of development cooperation dimension with commercial interests of Dutch companies and knowledge institutes which lead to a win-win situation.
- Identification missions are very useful.
- Inception phases give the implementing partners and the embassy more time to work the projects out in more detail.
- Projects should not only be about capacity building and training.
- Dutch investors are more eager to come to a country which is new to them, if there is already the beginning of a local (Dutch) network. Mouth to mouth advertisement works best to convince them to come. To organize such a network seed money at the Embassy is a necessity.
- Time horizons of investors are flexible. Sometimes they think in timeframes of 10 years, at other moments they react on a very short notice. These timeframes are not always our timeframes, e.g. if we work with fixed procedures.