

# Eastern Indonesia-Agribusiness Development Opportunities

## Potato Stakeholder Consultation

September 2013

# Eastern Indonesia Agribusiness Development Opportunities (EI-ADO)



- Research commissioned by ACIAR, implemented by Collins Higgins Consulting and Indonesian partners
- EI-ADO project objectives:
  - Identify five commodity value chains linked to NTB, NTT and East Java with most potential to increase income of poor farmers
  - Identify opportunities and interventions with most potential for improving the efficiency, competitiveness and income of poor farmers
- Information and recommendations from EI-ADO study to inform DFAT in the design of the Australia Indonesia Partnership for Decentralisation – Rural Economic Development Program (AIPD-Rural).
  - \$112 million DFAT funded development program targeting Eastern Indonesian



# AIPD-Rural



- **Goal:** Increase the net income of 1 million poor male and female farmers by at least 30% by 2022 (300,000 of which should be reached by 2017)
- **Objective:** to increase the competitiveness of poor male and female farmers
- **Strategy:** To address the “systematic” constraints of the agricultural sectors that are important to the poor in selected districts
- **Outcomes:**
  - Improved farm practices
  - Increased access to input and markets
  - An improved sub-national business enabling environment
- **Approach:** Market Development or M4P

# EI-ADO Methodology

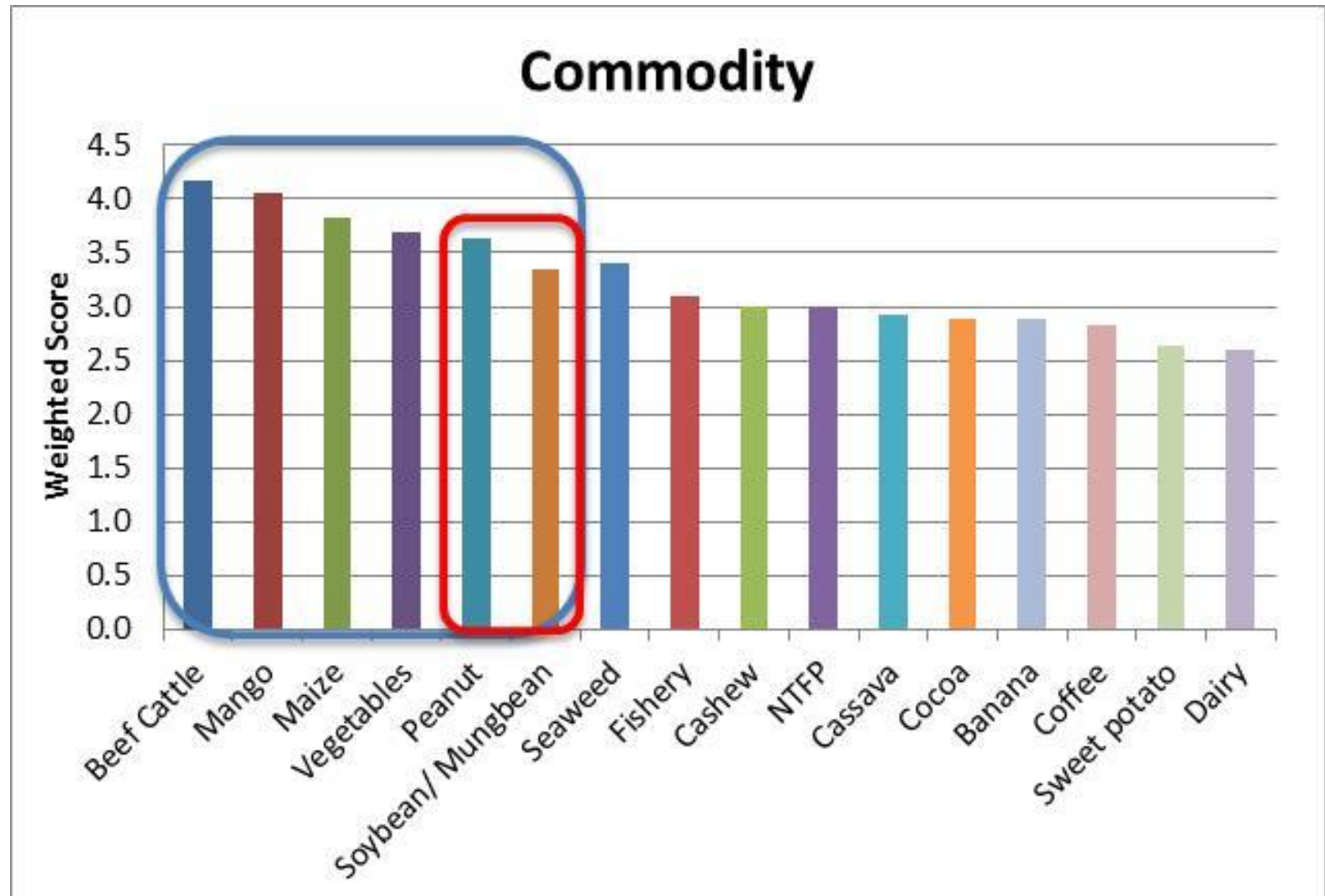


- Initial identification of 32 commodities
- Reference Group selected down to 16 commodities
- 16 commodity literature reviews preformed
- Provincial and Reference Group consultation for commodity prioritization
- Identification of 5 priority commodities for detailed value chain studies.

1. Beef	
2. Legumes	Soybean, mungbean, peanut
3. Mango	
4. Maize	
5. <b>Vegetables</b>	Chilli, shallot, tomato & <b>potato</b>

# Commodity Prioritisation

Commodities with most potential to increase income of the poor





# Potato Presentation



Australian Government  
Australian Centre for  
International Agricultural Research



# Study Team



- Chris Wheatley, Team Leader , Value Chain Specialist
- Tiago Wandschneider, Value Chain Specialist
- Budhi Prast, National Potato Specialist
- Teddy Kristedi, ACIAR Project Coordinator
- Yohannes Krisnady and Ketut Puspadi, Field Coordinators (BPTP)



# Potato Value Chain Study



## Scope

- West Java: Bandung/Lembang, Pangalengan, Garut
- East Java: Malang, Batu, Pasuruan, Probolinggo
- NTB: East Lombok (Sembalun)

## Design

- Field research - semi-structured interviews
  - chain actors (producers, traders, retail, industry)
  - support services (seed, agro-inputs, transport)
  - other stakeholders (R&D, government agencies)
- Analysis and reporting



# Key Findings – East Java



## Granola dominates production

- Minor presence of other varieties for fresh consumption
- 3 types of Granola (Lembang, Kembang, German) with different production, storage and morphological characteristics
- Local seed production from plantlets/G0 (BPTP and U Brawijaya) complements West Java suppliers
- No Atlantic production found in the districts visited
  - Several areas previously supplied Indofood, but have switched to Granola or other crops

# Key Findings – East Java



- Diverse fresh markets
  - Surabaya and other major East Java urban centres
  - Jakarta area (via Dieng at times)
  - Kalimantan, Batam, Sumbawa, Papua....
  - Bali (major volumes, via Banyuwangi ferry)
- Granola production may be larger than statistics report
- Produced in rotation with cabbage, carrot, spring onion, etc. (varies by location)



# Key Findings – East Lombok (Sembalun)



- Major area for Atlantic production in isolated irrigated area 1,100masl
  - 700hh in 2 groups, 500ha, off-season production
  - Tightly linked to Indofood for:
    - Supply of seed potato and delayed payment scheme for agrochemicals
    - Technical advice on production issues
    - Sale of potato at a fixed price
- Also 50ha of Granola
  - Rain-fed land mainly, rainy season production

# Atlantic vs Granola

Granola	Atlantic
Seeds	
2 tons/ha Recycle or uncertified Small tuber size	4-6 ton/ha certified large tuber size
Agro Chemicals	
10 applications Pay cash Receive technical advice from agro chemical input suppliers	13-15 applications Pay after harvest Receive technical advice from agro chemical input suppliers and Indofood field staff
Markets	
20 ton/ha Sell to local traders. Normal price range (Rp5-8,000/kg) Graded by traders Cash on delivery	20 ton/ha Sell to Indofood based on contract price Price (Rp3,850/kg). No grading. Cash 2-4 weeks after harvest



# Main Issues (Relevant for Atlantic)



- Seed supply
  - Imported from Australia, v large size increases production costs and reduces total production (as fewer ha can be planted)
  - Timeliness of seed deliveries: needed in April, supplied in June
  - Local supply (retained seed via Surabaya cold store) poor quality and low yield
- Late blight (*Phytophthora infestans*) susceptibility of Atlantic
  - agrochemical applications, yield declines
- Competitive position for income generation
  - vs Granola and
  - alternative crops (chili, tomato)

# Areas for Future Research



- Indofood processing potato supply areas in East Java
  - Bondowoso? Others?
- Demand trends
  - For Atlantic potato (raw material)
  - For processed potato products
- Understanding Indofood's strategy for further development of potato processing
  - Domestic vs imported seed potato
  - Domestic vs imported processing potato



# Potential Interventions (Atlantic)



- Local seed supply system to replace imported seed
  - PISAgro program strategy?
  - New processing varieties?
  - Aeroponics technology?

# Potential Interventions (Atlantic)



- Practices and incentives to encourage efficient use of agrochemicals with other control methods for pests and diseases (IPM, IDM, ICM..FFS)
  - Reduce agrochemical residues in harvest produce
  - Reduce contamination of water and soil over time
  - Reduce production costs, improve competitiveness
  - Health effects?  
(not just for potato – production systems issue)

# Discussion Topics



- Seed supply
- Varieties
- Contracts and producer organisation
  - Pro-poor inclusion mechanisms
- Import policies (seed and processing potato)
- Post-harvest management
  - Seed and processing potato
- PISAgro plans/programmes with potato
  - Partnerships developing?
  - Opportunities to partner with AIPD-Rural?