Partnering for commercialisation: turning great ideas into impact

The story of innovation in Indonesia

International Cotton Advisory Committee Conference, Brisbane - 3rd December 2019
Agricultural context in Indonesia

- Agricultural production will need to increase by 60% over the next 15 years to maintain growth of 4-6%.
- Agricultural growth has plateaued – 1.5% to 0.6% (Smallholder based).
- Research institutions have many innovations but are not commercializing.
- Private sector
  - SMEs lack capacity to engage with research institutions
  - Larger corporations are reluctant to engage.
Objectives of ARISA

• Support collaboration between research institutions and private firms to accelerate uptake of new technologies to improve net incomes of smallholder farmers;

• Achieve a 30% increase in the incomes of at least 10,000 smallholder farmers in East Java, NTT, and NTB by the end of 2018:

• Strengthen the ability of research institutions to engage with the private sector and accelerate the benefits of innovation.

• Engage with and influence policy to enhance Indonesia’s ability to mobilise science and technology and entrepreneurship for wider social and economic impacts

Commencement: January 2015
Completion: March 2019
Theory of change

Outcomes

- Achieving impact at scale for smallholder farmers
- Research-private sector partnerships that endure
- Policies and practices to enable and encourage innovation

Interventions
- Scaling out and up
- Government
- Research institutions
- Agribusiness inc. Finance
- Smallholder farmers

Process/Outputs

- Technical inputs to support innovation
- Capacity building in partnerships and innovation
- Working to improve policy and practice for innovation

Enabling environment

- Capacity of Research Institutes and RISTEKDIKTI to initiate and implement partnerships
- Establishment of Intermediation Units
- Influence on development of Innovation and intermediation Regulations and Programs
Eight innovation partnerships involving research institute (RI) – private sector (PS)

1. Beef (Sumbawa) – PT Dharma Raya, PEPEHANI, UNRAM
2. Cassava (Jember) – PT BCM, local business owners, parent co-op, Uni of Jember
3. Maize (Lombok) – Syngenta, Bank NTB, UNRAM
4. Sugar (Madura Is) – PTPN X, PTGMM, P3GI (Indonesian Sugar Research Institute)
5. Dairy (Malang) – Nestle, Uni Brawijaya
6. Integrated Pest Management of Shallots (East Java) – Nufarm, Uni of Gadjah Mada
7. Pig feeding (NTT) - PT Sierad, University of Nusa Cendana
8. True Seed Shallots (Bandung) – EWINDO, Institute of Technology Bandung
**Approach**

**Innovation Partnership formed**

- **Activities / outputs**
  - Business model, results chain (impact pathway), formal training & mentoring
  - Technical / intervention specific
  - Specific to intervention, e.g., peer to peer, formal and mentoring

**Reflection – Action learning + Partnership reviews**

**Managing & maintaining / Reviewing & revising**

**Scoping & Building**

- Innovative systems capacity
- Grant negotiation & approval
- Partnership capacity building
- Partnership agreement

**Sustaining outcomes**

**Eg. Maize partnership**
- UNRAM—improved practices and inputs for maize-pulse intercropping
- Syngenta—varieties, field schools
- ACS—finance

- Sale of ACS, withdrawal of partnership
- Broker new relationship with Bank NTB

CSIRO acts as an external broker
Syngenta Learning Centre

Seed distribution

Training on production
Contract with Bank to Disperse Loans

231 loans (32%) issued to women.

Financial literacy training
Impact of Maize Intervention

Intervention generated a final outreach number of 2735 farming households.

Net Attributable Income Change (NAIC) of AUD 2.65M.

50% of participants were female.
Impact - Systemic changes

Maize cluster

Other companies copying model to scale sales (PT Bisi)

Other Banks using credit model to scale loans (Bank BRI)

Model expanded to other islands

Model expanded into horticulture

Government promoting model
Overall Impact of ARISA

- **Outreach (households):** 11,144
  - 11% above target

- **Net Income Impact (AUD):** 21.9M
  - 117% (target 30%)

- **Intervention Partners:** 18
  - 8 research
  - 10 business

- **Partner Investment (AUD):** 2.8M
  - 48% of interventions

- **Return on Investment:** 7:1 income for farmers

46%
Lessons learnt

• RI-PS partnerships need to be adaptable to meet challenges
• Large amount of capacity building is crucial (including PS)
• No one model fits all
• RI-PS partnerships offer greater opportunity for ongoing, large scale impact
• Partnering with the private sector brings new challenges and risks for RIs (and communities) – find right partner
• External brokers / intermediaries play an important role

See learning series for more details -
Thank you

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