



HORTIN II Co Innovation Programme

Towards cost effective, high quality value chains

HORTIN-II Mission Report nr. 37

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The purpose of the HORTIN-II programme is to contribute to the development of cost effective high quality value chains for vegetables and fruits. Among others this can be achieved when technology development takes place in close collaboration between public institutions, farmers and private companies.

On the Indonesian side the programme is carried out by the Indonesian Centre for Horticultural Research and Development (**ICHORD**), Jakarta, with the Indonesian Vegetable Research Institute (**IVEGRI**), Lembang, and the Indonesian Centre for Agricultural Postharvest Research and Development (**ICAPRD**) in Bogor.

In the Netherlands the Agricultural Economics Research Institute (**AEI**), Den Haag, the Agrotechnology and Food Sciences Group (**ASFG**), Wageningen, Applied Plant Research (**APR**), Lelystad, and WUR-Greenhouse Horticulture (**WUR-GH**), Bleiswijk, all partners in Wageningen University and Research centre, are involved in the programme.

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Executive summary

This mission report is based on a visit that took place from 13th until 23rd of August 2010 by Bart Doorneweert and Dave Boselie, both researchers at LEI.

The focus of the fieldtrip consisted of three key-components:

- a) a participatory workshop and bilateral meetings to design and prepare the set-up of the overall impact evaluation of the Hortin programme;
- b) a fact finding study into the current status of the IndoGap and GlobalGap food safety standards for the horticultural sector in Indonesia
- c) a fact finding study into the current developments of the national and international markets for Indonesian fruits and vegetables.

Components b) and c) are activities that are executed in collaboration with other local partners in affiliated projects including: collaboration with the EVD-Asia Facility sponsored Horti-Chain Project and the LNV – BOCI sponsored project BO-10-009-109 “Impact assessment: incentives for Good Agricultural Practices”.

The activities included a one-day field workshop at the premises of one of the sweet pepper producers in Lembang and a range of interviews with key-stakeholders in the horticultural and food industry such as: Matahari supermarkets, Friesland Dairy, the Ministry of Agriculture (DG Horticulture), IVEGRI and IPB. Furthermore a quick-scan of the local certification sector was made based on bilateral meetings with certification experts of IPB and certification bodies such as Rainforest Alliance and the Ethical Tea Partnership.

1. Design and set-up of impact assessment

1.1. Background to the evaluation

HORTIN II consists of two supply chain pilot projects. One concerns sweet pepper production, the other concerns production of shallots. The purpose of the pilot value chain projects within HORTIN II is to demonstrate value chain development to the project partners in the supply chain and to let them learn about opportunities to transform supply or production chains into value chains. Pilots have a function to escape the current stalemate and to enter into new – publicly supported - value chain configurations. Pilots will be documented and discussed and used to capture the lessons learned. Monitoring and impact assessment of various value chain configurations is therefore an important aspects of HORTIN II.

What is a 'pilot' (definition):

- An experimental initiative lasting for a limited time; all such experimental ventures are systematically evaluated;
- A pilot project serves as an advance or experimental version or sample of an operation. It provides a model for future development;
- A pilot reveals the aspects related to up scaling which is an *endeavor* of an experimental nature.

The HORTIN project is currently coming to an end. LEI has been asked by the local implementing partner IVEGRI to conduct an evaluation of the sweet pepper project . The following reports on the preparations steps which have been taken to set up the evaluation framework.

1.2. Evaluation workshop purpose and evaluation goal

In order to prepare for the evaluation of the sweet pepper project, an evaluation workshop was planned on August 19th. This workshop had a twofold objective namely:

1. To provide practical guidelines in setting up a framework for project impact assessment..
2. To work out the impact assessment framework of the HORTIN II sweet pepper project as a case example

The expectation was to realize the following outcomes:

1. Participants will have obtained practical knowledge and are able to demonstrate capabilities in making basic impact assessment approaches
2. An impact assessment framework for the HORTIN II project and a work plan for execution of assessment

The planning of the workshop and the list of participants is included in Annex 1

1.3. Method

The workshop was based on two inspiring sources of thinking on impact assessment, namely a presentation by Elliot Stern of Lancaster University (<http://www.youtube.com/watch?v=yhIJo7dQ-yw>) and a recent publication by the Kellogg Foundation called "Logic Model Development Guide". (<http://www.wkkf.org/knowledge-center/resources/2010/Logic-Model-Development-Guide.aspx>)

The first source provides good reflections on the process an evaluator goes through in assessing a project or program. This provides some interesting insights into the choices evaluators regularly encounter in arranging the approaches to their work. The Kellogg Foundation provides a flexible framework for organizing an evaluation together with the most important stakeholders, selecting the relevant indicators and sources of information that relate to the indicators.

The core principles from these two sources were merged into a powerpoint presentation that functioned as a program roadmap for the workshop. Practical exercises relating to the designing the evaluation for the HORTIN sweet pepper project were built into a general presentation about how to work out an evaluation framework. (powerpoint presentation is included in the Annex 2)

1.4. Workshop outputs

The workshop started with an ex-ante schematic overview of the HORTIN. This overview was drafted by Bart Doorneweert, based on the project documents relating to HORTIN and interviews which were conducted during the visit in May, 2010. This ex-ante schematic overview was discussed in detail with the stakeholders present. It was amended where needed, to finally produce an overview of the status-quo of the implementation of the sweet pepper project. (both the ex-ante and the status-quo overviews are presented in the Annex 3)

Based on the status-quo overview, a discussion was started on the evaluation framework. The first conclusion of this discussion was that it was appropriate to conduct an outcome evaluation of the project. This contradicts the prior assumption of doing an impact evaluation. However, given the short time between the evaluation and the end of the implementation of the HORTIN project, the stakeholders concluded that it would be more fitting to do conduct an outcome evaluation.

In the next step of the workshop, each of the project stakeholders could pose questions, which they would like to see reflected in the evaluation report. The stakeholders that weren't present during the workshop (the Agricultural Attaché and PPO, and WUR Horticulture) were approached afterwards to provide their questions of interest. The list of questions was condensed by merging the related questions and questions that demanded similar kinds of answers. For each defined question, an indicator was developed, which could be used to verify the outcome of the HORTIN project. The resulting evaluation framework can be found in Annex 4.

Subsequent to this workshop, Bart got together with IVEGRI to compile a time- planning for conducting the evaluation (annex 5).

1.5. Conclusions

The workshop was considered to be a useful moment of reflection to all stakeholders. There were still some questions remaining with IVEGI on how to design an evaluation and decide on its' purpose. In the end they were very content with the resulting evaluation framework. Based on the collaborative exercise, the evaluation now has framework that will satisfy the information demands of all stakeholders involved.

2. Fact finding IndoGap and GlobalGap food safety standards in Indonesia

2.1. Assessment of market requirements: food safety and consistency of supplies

During the fieldtrip in August 2010, the team paid explicit attention to the actual status of Good Agricultural Practices and certification from both a producer and retailer perspective. Two main objectives to specifically address this issue were: a) to create linkages between existing/ongoing BOCI and EVD sponsored projects with focus on the development of the fruit & vegetable sector and b) to explore the future possibilities to link the programs with an emphasis on food safety assurance to the horticultural sector development plans. Interviews were held with the Ministry of Agriculture, private sector food companies and certification bodies.

In Indonesia economic development programs have led to a shift in production from traditional export commodities towards non-traditional products from high value agriculture (HVA). These include sweet pepper that show a quite fast growth in agricultural trade. Field observation suggests that products such as sweet pepper have started to move from a niche phenomenon to the mass market including the penetration of the modern retail segment of predominantly urban supermarkets and out of home services. Producing sweet pepper is profitable and smallholders can earn significantly more than by growing traditional staple food crops. The production of this crop is also labor intensive and has the potential to provide significant employment as well as income.

The main export markets for sweet pepper are Singapore and Malaysia. Discussions with exporters suggests that there is still export demand for this crop that has not been fulfilled yet. The challenge is not only increasing the quantity, but also complying with the food safety and food quality requirements enforced by the importing countries. It can be difficult for smallholders to comply with ever rising standards and to participate in this demanding business environment.

Currently we see a number of initiatives in the Indonesian horticultural sector that try to enhance systems of good agricultural practices and food safety for both domestic and export markets. Based on experiences in other countries and observations regarding the work on subsequently IndoGAP, national (public) SOPs per crop and the GlobalGAP standard, we have come to the conclusion that there is space for improvement in terms of synergy, efficiency and effectiveness of those efforts. The potential impact of such improvements upon the horticultural sector in Indonesia are significant if we look at a number of key macro trends:

The food expenditures will continue to rise:

Indonesia: Total Food Spending, 2005-2014

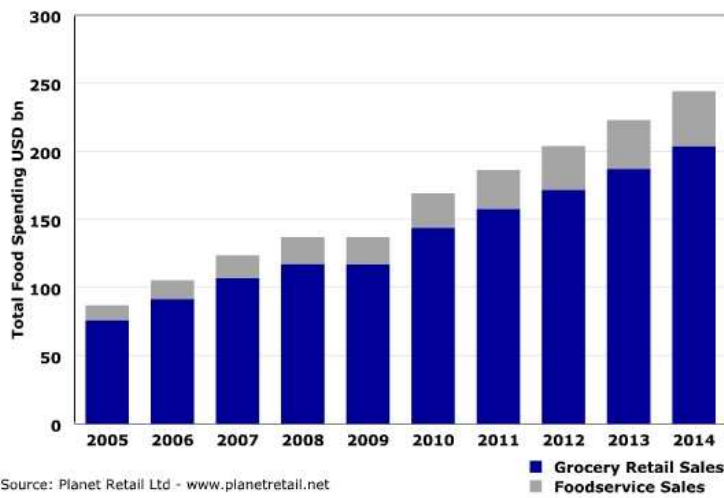
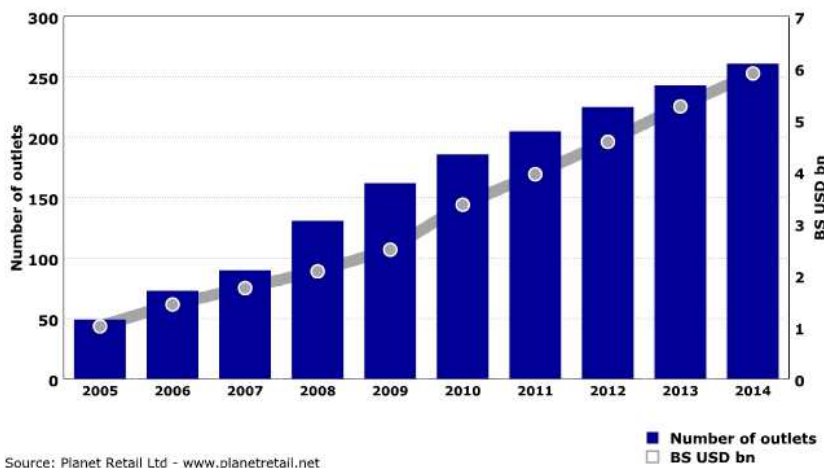


Figure 1 Source: Planet Retail Ltd - www.planetretail.net

b) The share of modern retail channels will continue to increase:

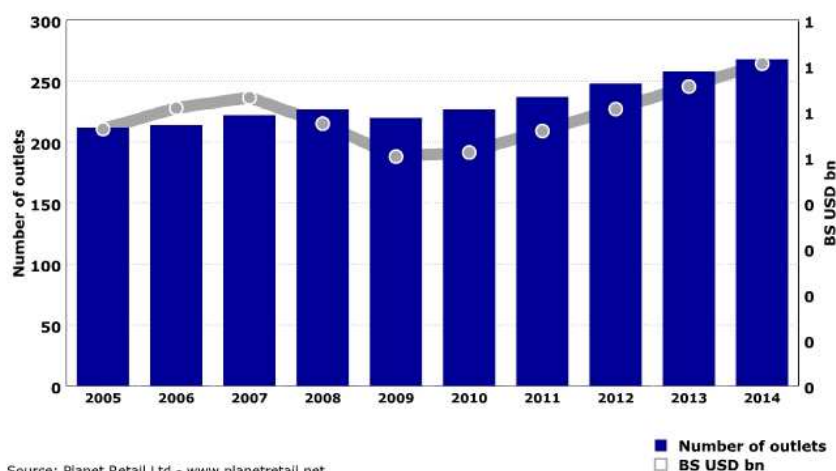
Indonesia: Hypermarkets & Superstores, Sales & Number of Outlets, 2005-2014



Source: Planet Retail Ltd - www.planetretail.net

Figure 2

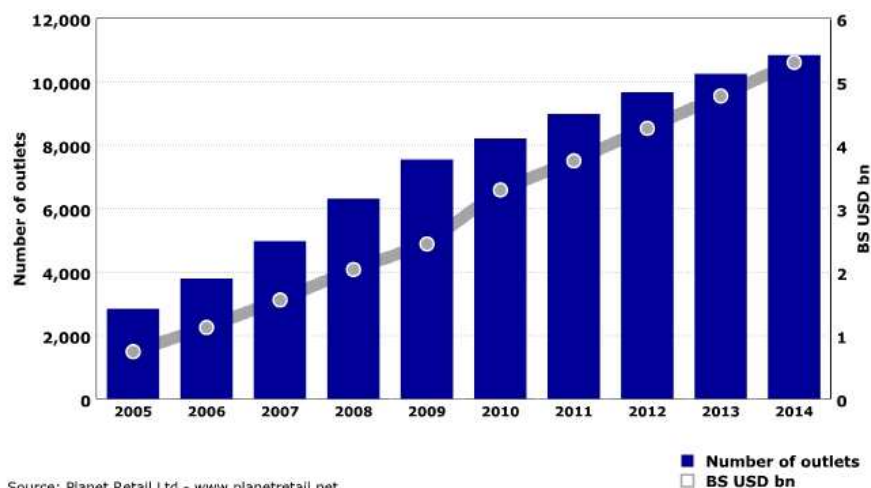
Indonesia: Supermarkets & Neighbourhood Stores, Sales & Number of Outlets, 2005-2014



Source: Planet Retail Ltd - www.planetretil.net

Figure

Indonesia: Convenience & Forecourt Stores, Sales & Number of Outlets, 2005-2014



Source: Planet Retail Ltd - www.planetretil.net

Figure 4

c) With regards to the fresh fruits and vegetables segment some key observations include¹: The value of fresh fruits and vegetables (FFV) output doubled in Indonesia over 1994-2004, to become a 10 billion dollar industry. While FFV expenditure was 50 per cent of Indonesian rice expenditure in 1994, it had risen to 75 per cent of rice outlays by 2004 – and in urban areas, was at 100 per cent that is, urban Indonesians, nearly half the population, spend the same on rice and FFV. Nearly all of the FFV market is domestic: while imports of FFV nearly tripled over that decade, but by today are still very minor, accounting for about 3 per cent of FFV consumption in Indonesia (the same as the developing country average).

While FFV sales by supermarkets moved from virtually nothing to 8 per cent of supermarket sales and around 10-15 per cent of urban FFV retail (as the industry estimate) in a short time, a high share (far higher than the share of imports in overall FFV retail in the country) of those FFV sales are of imported FFV. Approximately 80 per cent of the fruit sold by supermarkets, and 20 per cent of the vegetables, are imports, an average of about 60 per cent.

The causes of the high level and rapid rise of imports in supermarket FFV sales are attributed to price and quality: fruit and vegetables from China and Thailand in particular are usually cheaper (as products, and in terms of transaction costs) and at the same time higher quality.

Problem Analysis

Some facts and observations regarding Indonesian standards and certification:

- Currently the Ministry of Agriculture in Indonesia (DG HORT) is defining Standards Operational Procedures (SOPs) for each and every crop. SOPs are well documented in fancy booklets and read as a production manual. SOP's are developed by a team of commodity experts per crop, including researchers. SOP's are not developed to comply with import and export requirements of particular markets. To date the impact of these SOP's are unclear.
- Some years ago DG HORT Indonesia in collaboration with Wageningen UR has introduced and developed the IndoGAP standard and production guidelines. Unfortunately the IndoGAP standard was – to our knowledge – not developed for eventual compliance with GlobalGAP. Also the benchmarking process (compare KenyaGAP and ChinaGAP) was never started and IndoGAP has not yet achieved broad domestic and international recognition. (NB the Thai went through the same unfortunate process and started with ThaiGAP and after 10 years of struggling with getting the national Thai standard recognized Thailand eventually reverted to the GlobalGAP standard).
- Nowadays some demanding customers in Indonesia require GlobalGAP (sometimes because there is no alternative in between the IndoGAP / SOP standards and the GlobalGAP standard). Also some export clients in Singapore, Japan and Europe demand for the GlobalGAP standard. For this purpose foreign and local GlobalGAP trainers and certification bodies / agencies are deployed and flown into the country at high costs.

2.2. Linkages between Hortin and existing (complementary) support & research programs

The Hortin program relates directly to a complementary research program on food safety assurance and certification titled:BO-10-009-109 Impact assessment: incentives for Good Agricultural Practices

The scope of this project can be summarized as follows:

Indonesia is implementing a GAP program for horticulture. The start was funded by the WSSD trilateral partnership. (trainings in 2009). Many provinces have already been successful in setting up implementation and compliance systems due to active support of the Provincial government, and willingness of farmers to maintain or improve market access. However, results are mixed and further implementation of the GAP program is slowing down. Reflection on lessons learned in Indonesia as well as in other countries under comparable conditions is conducive to increase impact of current program.

The foregoing leads to two main knowledge questions;

1. How is GAP compliance promoted by public and private sector and what are incentives / bottlenecks provided by the GAP support systems? What are stakeholders' perspectives on the roles to play by public and private sector?
2. What alternative means of promoting and implementing GAP in SME food production systems can be distinguished?

Project goal

Collection and sharing of lessons learned for improved GAP implementation by Indonesian horticulture farmers as promoted through Provincial governments; with identification of drivers; bottlenecks and strategies to increase impact of the program.

2.3. Steps towards future support interventions

Proposed Development Plan

The international horticultural sector has seen an escalation of standards dealing with consumer concerns like food safety, environment, and social issues. To a large extent the development of these standards is driven by the private sector. Increasing demands of the market force producers to convert and comply with those standards and pose a risk of exclusion of small producers who cannot make the required investments or cannot access the required knowledge.

By capacitating the sector and individual firms and farmers to set up and maintain quality management systems and internal control mechanisms, we enable the sector to convert and comply with existing and new quality requirements and certification schemes.

Rather than treating each standard as a separate challenge with new institutional requirements and performance criteria, it is better to look for a harmonization process in which we try to benchmark and fine-tune new standards (like IndoGap) with existing international standards (like GlobalGap).

Furthermore there is an opportunity to create synergies between various initiatives including:

a) GlobalGap training of HCC

In Indonesia there is a need for affordable GlobalGAP training (supported by a acknowledged partner such as QPoint). Indeed the magnitude of the market and clients yet to be determined by HCC but the landscape of potential drivers is promising (see annex 1 with overview of main players in the modern retail sector in Indonesia). However the big picture and institutional context also need ample attention to have a meaningful certification and accreditation system in place within some years.

b) Wageningen UR BOCI activities on the Indonesian GAP system (BO-10-009-109 Impact assessment: incentives for Good Agricultural Practices).

The two main knowledge questions are; 1) How is GAP compliance promoted by public and private sector and what are incentives / bottlenecks provided by the GAP support systems? What are stakeholders' perspectives on the roles to play by public and private sector?; and 2) What alternative means of promoting and implementing GAP in SME food production systems can be distinguished?

Using horticulture as focal point the following steps could be taken in the period 2010-2011:

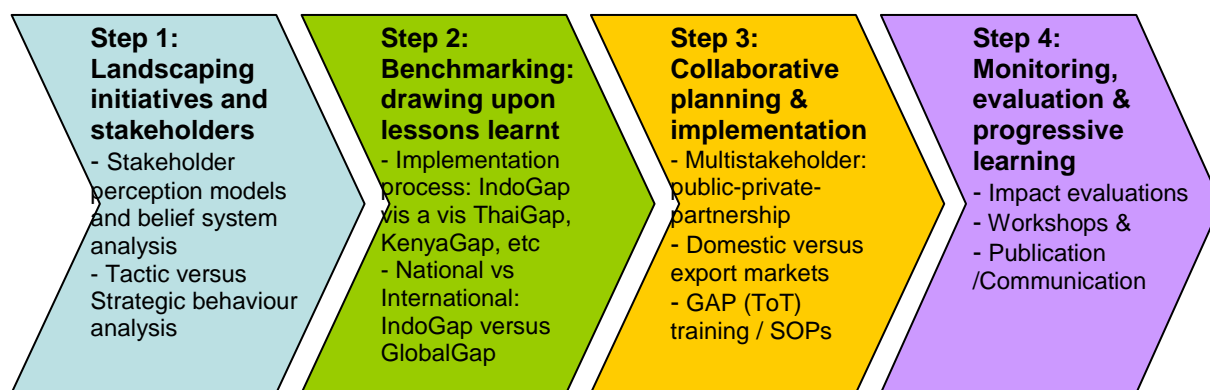


Figure 5

It must be clear that the approach needs to be based on a public private partnership for development including the leading public agencies like Ministry of Agriculture (DG Horticulture, DG Vegetables, Horticultural Research Institutes (IVEGRI) and (provincial) extension services), private sector (retail, wholesale, hotel, restaurants, catering) and knowledge institutions / support organisations. The following tasks and roles could be distinguished:

What?	Who?	When?
1. Landscaping initiatives and stakeholder perceptions	HCC, LEI/CDI	August – September 2010
2. Benchmarking: drawing upon lessons learnt	HCC, LEI/CDI	August – September 2010
3. Collaborative planning & implementation - Multi-stakeholder workshop - GlobalGAP (ToT) training - SOP/IndoGap trainings	HCC, CDI Q-point, HCC DG Horticulture (GAP implementation) DG Vegetables (focal point vegetables), Horticultural Research Institutes (IVEGRI) and (provincial) extension services (HCC)	January 2011 October 2010 October – December 2010
4. Monitoring, evaluation & progressive learning - Impact evaluations - Workshops, publication, communication	HCC, LEI HCC, ?	October 2010 – end 2011 To be defined

Figure 6

3. Fact finding national and international market developments for fruits and vegetables

3.1. Background horticultural sector

Indonesia, with a population of 220 million, is a large consumer market for fruit and vegetables. Consumption of fruit and vegetables is an important component of Indonesia's diet and Indonesian consumers spend a higher proportion of their food budget on fruit and vegetables compared to other Asian countries.

Urbanization is becoming widespread in Indonesia with people moving to the cities for better education and employment. Urban consumers are becoming more health conscious and this has opened up opportunities for the modern retail sector to offer hydroponic and organic vegetables.

The majority of the population live on the island of Java (58 percent) and Sumatra (21 percent) where the majority of fruits and vegetables are grown. The provinces on the island of Java dominate economic activity in terms of total GRDP (59 percent) and food crops GRDP (60 percent). Ninety per cent of Indonesian's GRDP is in the western part of Indonesia (Java, Sumatra and Kalimantan).

Indonesia with over 17,000 islands provides a major challenge to distribute fruit and vegetables to major urban centres. A major distribution problem for companies is the lack of refrigeration and infrastructure investment in many provinces in Indonesia. Most of Indonesia's locally produced fresh fruit and vegetables are distributed throughout Indonesia in non refrigerated trucks and destined for the wholesale markets like Kramat Jati in Jakarta.

The traditional wet markets still dominate fresh food trade but there is a trend to shopping at modern retail outlets. Modern retail growth in Indonesia is being driven by an expansion of hypermarkets and minimarkets. While the majority of the modern supermarkets and hypermarkets are located in cities on the island of Java, there are now a number of modern retailers located in provinces on the islands of Sumatra, Kalimantan and Sulawesi. The increasing wealth in these provinces offers an opportunity for further investment in the fruit and vegetable supply chain.

In 2007, Indonesia produced 25 million tonnes of fruit and vegetables; less than 1 percent was exported as fresh. Over 80 percent of all fruits and vegetables are grown on the islands of Java and Sumatra where 80 percent of Indonesia's population live.

Indonesia's fruit production has more than doubled over the last nine years to reach 16.6 million tonnes in 2007. The main fruits produced were bananas, orange and mango. The biggest growth in production over the last nine years has been with pineapple, orange and mangosteen. Over the last six years, the volume of fruit exports has been relatively stable at an average of 15,000 tonnes, mostly exported to HK / China. The main fruit exported in 2008 was mangosteen (9,465 tonnes); only about 2,000 tonnes each of bananas and mango were exported.

Indonesian fruit imports continue to expand reaching 463,000 tonnes in 2007; an average annual growth rate of 41 percent (in volume) since 1994. The main fruits imported in 2007 were temperate fruits comprising apples, pears, mandarins, grapes and oranges; these five fruits accounted for 82 percent of all fruit imports. China continues to be the major overseas supplier of fresh fruit to Indonesia with 62 percent share of the volume. Imports of tropical fruits (mainly durian and longan from Thailand) have been increasing to reach 78,000 tonnes in 2007 (17 percent of fruit imports) up from 700 tonnes in 1994.

Indonesia's vegetable production has increased by an average of only 1 percent per year since 1998 to reach 8.4 million tonnes in 2007. The main vegetables grown in Indonesia are cabbages, chili, potato and shallot/onions. Vegetable production has been relatively stable over the last nine years except with garlic which has declined from 84,000 tonnes to 17,000 tonnes. Over the last six years, the volume of vegetable exports has been relatively stable at an average of 73,000 tonnes with 50 percent of exports being cabbages in 2008, exported mainly to Malaysia. During this period exports of potato has halved while shallot exports have doubled.

Indonesian vegetable imports continue to expand reaching 504,813 tonnes in 2007; an average annual growth rate of 65 percent (in volume) since 1994. The main vegetables imported in 2007 were garlic and shallots which represented 68 percent and 21 percent respectively of all vegetable imports. In 2007, China supplied 99 percent of Indonesia's garlic imports while Thailand supplied 76 percent of Indonesia's imports of shallots.

The imported fruit business continues to grow strongly with fruit imports reaching 593,662 tonnes in 2009 (valued at US\$570 million) up by 27 percent from the previous year (466,292 tonnes in 2008) and an average increase annual of 32 percent since 1995.

Most of the growth in the last year in volume of imported fruit has occurred from mandarins (up 72 percent), tropical fruit (up 39 percent), grapes (up 36 percent) and apples (up 10 percent).

China continues to be the major overseas supplier of fresh fruit to Indonesia with 79 percent share of the volume of the five main temperate fresh fruit imports in year 2009, up from a market share of 65 percent in 2008. China has the major share (in volume) of imported pears, mandarins and apples with 95 percent, 95 percent and 77 percent respectively.

Indonesia is a major producer of fruits however it has suffered a long rainy season which has not been good for overall fruit business and fruit production.

Product	1995	2004	2007	2008	2009
Oranges	15,297	50,928	23,566	28,024	19,586
Mandarins	22,654	43,279	89,125	109,598	188,956
Grapes	6,326	28,715	27,395	25,671	34,961
Apples	44,158	114,031	145,301	139,818	153,511
Pears	18,845	74,277	94,518	86,687	90,390
Durian	689	11,087	23,149	24,679	28,935
Other Tropical Fruit	304	34,073	55,504	48,069	72,270
Total	109,239	359,935	463,140	466,292	593,662

Figure 7 Indonesia fruit imports (MT)

Source: BPS (Bureau of Statistics Indonesia), Catalog No. 8202007

3.2. Observations on market and value chain development aspects

Observation consumers

The "Nielsen Shopper Trends 2010" survey found that in the greater Jakarta city consumers still prefer to buy their fresh produce (fruits, vegetables, fish and meats) at the traditional wet markets. In 2009, 46

percent of respondents purchased their fresh fruit and vegetable supplies from wet markets up from 38 percent in 2007 while the traditional street grocery cart was a source for 21 percent of shoppers' fresh fruits / vegetables. The modern retailers including supermarkets, hypermarkets and minimarkets represented only 9 percent, 6 percent and 2 percent respectively of the outlets chosen by consumers for their fresh produce purchase.

	2003	2008
Traditional Grocery Stores	1,745,589	1,907,062
Convenient Stores	102	267
Minimarket	4,038	10,607
Supermarket	896	1,571
Hypermarket	43	127
Warehouse Clubs	24	26
Traditional Medical Stores	17,699	18,193
Chain Drugstores	179	419



Figure 8 Modern retail outlets
Source: Nielsen Indonesia "Shopper Trends 2010"

The following observations were made store visits in Jakarta:

- Little communication on food safety, pesticide free and organics in magazines and public arena
- Limited efforts on food safety awareness raising by public campaigns
- However, consumers can cite incidents with residues of textile colorants in meat, issues in dairy and risks of bad hygiene and sanitary problems
- Middle class shops in dual segment: servants are send to wet-markets for daily food, fruit and veg; their patrons shop once a week in high-end shopping malls and hypermarkets.

Observations modern retail

The Indonesian retail sector is still relatively fragmented and underdeveloped. At present, the top five players hold a combined market share of around 15%. However, the majority of the leading companies have ambitious expansion plans, which should see them capture an increasing share of the market in the coming years. This will be at the expense of small local players. Further consolidation should help this figure to rise substantially and the market is likely to become increasingly concentrated.

The leading domestic department store/supermarket operators, Matahari and Ramayana, are still important players, as are local c-store players Indomaret and Alfa Mart (see Annex 6 for overview of Top 5 retailers). However, foreign retailers are likely to become increasingly important. In 2003, Dairy Farm acquired Ahold's Tops operations in Indonesia. The deal has allowed Dairy Farm to break into the top five. In fact, Carrefour is now the market leader as it expands its hypermarket format.

Looking at the current status of modern retail we see and emerging communication on food safety, pesticide free and organics in street and in modern market segment. Although modern retail is still taking small share of national food market, we see that they depend on substantial fruit and vegetable imports from neighbouring countries. Main reasons for import is the high consistency of supplies form abroad (compared to domestic sourcing) and possibility to source cheap in glutted market periods.

During the fieldtrip the team had personal interviews with the Fresh Produce director of Matahari Supermarkets. The following observations were made:

- Matahari group operates various formulas
- With regards to food safety assurance the company currently prioritizes HACCP and ISO22000 for itself and for its suppliers. Four stores are certified ISO22000
- Due to lack of broad spectrum of food safety labels there is a relatively open approach to alternatives. INA Green is implemented for tomatoes; other products would be interesting, especially for potatoes which is large product
- Collaboration with Government is considered as very important

Observations exporters

- Middle East (Dubai) and Singapore are favored markets;
- Currently important product specs are size and colour, but...
- Exporters prepare for ASEAN GAP which is expected to be obligatory in 2012 and newly acquired high-end customers like Carrefour Middle East are likely to follow with food safety requirements;
- Trade agreement between Indonesia and Singapore must boost Indonesian exports to Singapore (especially agric). In order to speed up compliance with Singapore standards Singapore provides resources and technical assistance (e.g. ASEAN GAP training in Bandung in Sept 2010;t

Observations producer organizations

- Weakly capitalized producer organizations
- COOPs struggle with poor management and corruption. Consequently many traders and exporters prefer to deal directly with bigger individual producers
- Assistance projects pay attention to technical capacity building and infrastructure but human resources and soft skill development are underdeveloped
- Retail prefers market linkages through traders to direct linkages with producers. The main reason is that direct supply of produce from farmers is inconsistent and unpredictable in volume. Traders are able to work out systems that warrant more stability in supply, than a direct contracting system with farmers would allow at the moment

3.3. Position Public sector

- The public sector departments are among the primary stakeholders for food safety in Horticulture
- Coordination between those departments referred to as weak
- Government is preparing and implementing investments in cold chain facilities
- Food safety cited as being complex and government agencies have difficulties with enforcement
- Employees rely upon "Regulations" but lack insight in actual working of private sector production and trade

3.4. Certification schemes and Label use in Modern Retail

One of the leading topics in market requirements and compliance with market demands relates to the topic of certification, standards and the use of labels in the food industry. During this mission a snap shot was taken of the Indonesian situation based on interviews with certification bodies, quality managers and store visits. The arena of standards and certificates roughly consists of 2 components: 1) initiatives referring to international standards like GlobalGap and 2) initiatives relating to domestic

standards (IndoGap). Overall conclusion is that the use of international standards for the domestic market is still very limited. Second observation with regards to food safety assurance is that the facilities to do residue tests, etc seem to be limited or missing. International companies like Friesland Foods send their samples abroad for further testing and analysis.

Current position GlobalGap

- 1 Strawberry farmer certified (NL fdi)
- 1 tilapia fish farm certified
- 7 International CBs hold representative office in Indonesia
- 6 National CBs operate covering various standards

Annex I. Workshop planning and participants

Evaluation Workshop Program

1. How is the project organized and what does it do? The program logic model (1 hr)

Break 20 minutes

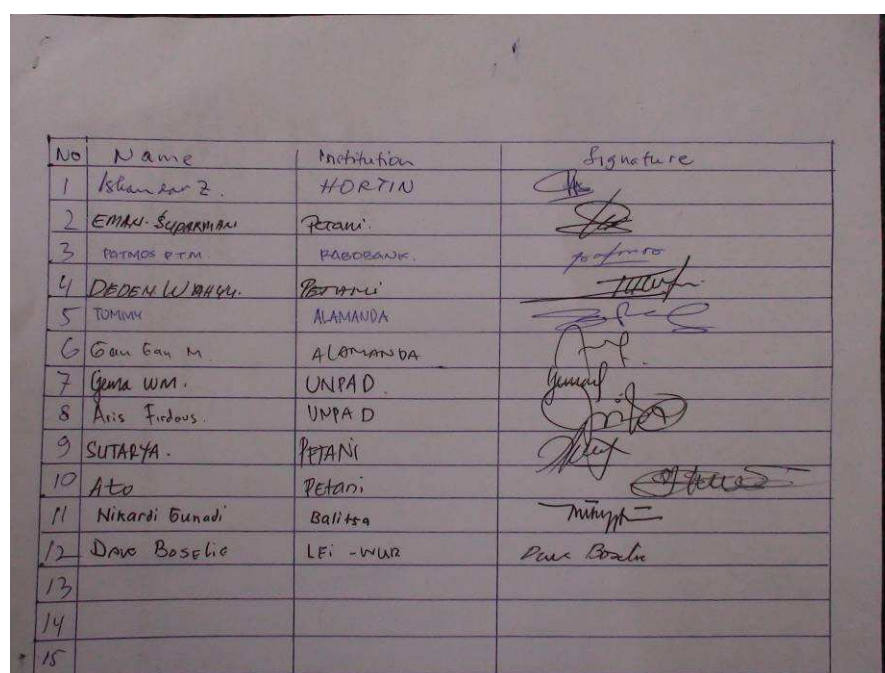
2. Choosing the approach for evaluation, summative or formative (or both?) and designing evaluation questions (3 hr)

Friday August 20th

3. Assessment work plan (1hr)

List of participants:

<u>Bart Doorneweert</u>	<u>LEI</u>
<u>Dave Boselie</u>	<u>LEI</u>
<u>Iskandar Zulkarnain</u>	<u>HCC</u>
<u>Witono Adiyoga</u>	<u>IVEGRI</u>
<u>Nikardi Gunadi</u>	<u>IVEGRI</u>
<u>Komar</u>	<u>Emerald Exports</u>
<u>Tommy</u>	<u>Emerald Exports</u>
<u>Deden</u>	<u>Farmer</u>
<u>Eman</u>	<u>Farmer</u>
<u>Emerald Employee 1</u>	<u>Emerald Exports</u>
<u>Emerald Employee 1</u>	<u>Emerald Exports</u>
<u>Patmos</u>	<u>Rabobank</u>

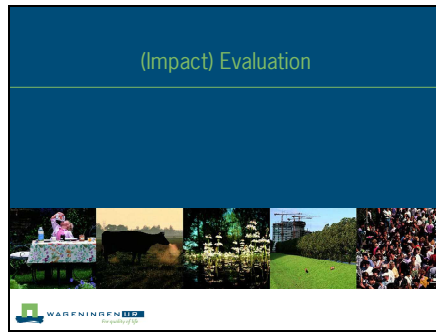


A handwritten list of participants on a grid, including names, institutions, and signatures. The list is numbered 1 to 15. The handwritten text is as follows:

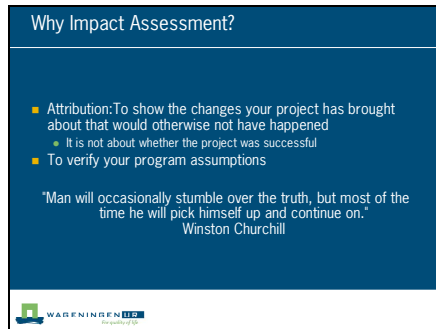
No	Name	Institution	Signature
1	Iskandar Z.	HORTIN	[Signature]
2	EMAN SUPARMAN	Petani	[Signature]
3	PATMOS P.M.	RABOBANK	[Signature]
4	DEDEN WAHYU	Petani	[Signature]
5	TOMMY	ALAMANDA	[Signature]
6	Gau Gau M.	ALAMANDA	[Signature]
7	Genia WM.	UNPAD	[Signature]
8	Aris Firdaus	UNPAD	[Signature]
9	SUTABYA	PETANI	[Signature]
10	Ato	Petani	[Signature]
11	Nikardi Gunadi	Balitsa	[Signature]
12	Dave Boselie	LEI - WUR	[Signature]
13			
14			
15			

Annex 2, Workshop slides

Slide 1

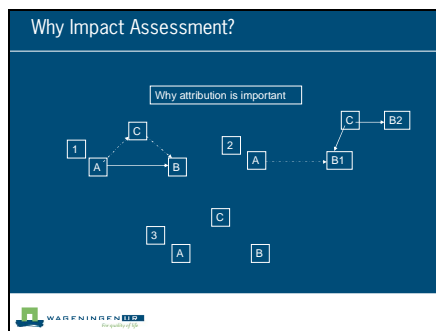


Slide 2



Note that it is evidence we're trying to collect to back our argument relating to the attribution. Evidence is a relative term: it is not truth, but it is something that needs to continuously be looked in to in a fair and balanced way.

Slide 3



Why attribution matters, phenomenon
 1 a leads to b, but interaction
 2 a does not lead to be, but is caused by c (also causing other b effects elsewhere)
 3 no apparent relation between coinciding phenomena

Questions of why things are happening and how the mechanisms work (theory based) [inside the black box] vs. what is causing what empirically based [black box]

Slide 4


How to attribute?

The Basic Logic Model

Resources → Activities → Outputs → Outcomes → Impact

Use it for:

- Program design and planning
- Program implementation
- Program evaluation and strategic prioritization



Slide 5

Difference Goals/Objectives

- Goals are broad objectives are narrow.
- Goals are general intentions; objectives are precise.
- Goals are intangible; objectives are tangible.
- Goals are abstract; objectives are concrete.
- Goals can't be validated as is; objectives can be validated




Go through the HORTIN model
 Reflect on the various uses and what part of the logic model is used

Slide 6

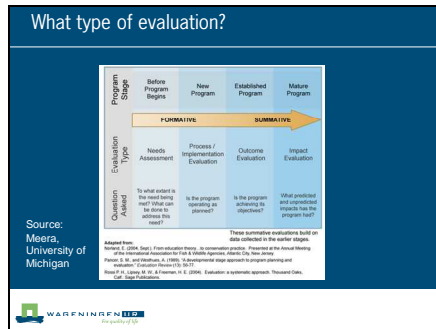
Difference outcome/impact

Outcome	Impact
Short and Intermediate Changes <i>Example:</i> During the EE program, participants make a resolution to conduct a neighborhood campaign to clean up their creek (intention)	Longer-term Changes <i>Example:</i> A year after the program ended, less pollutants are entering the creek
Effects on participants either at the individual or group level <i>Example:</i> Program participants take part in weekend events to plant native grasses and trees along the creek (behavior)	Effects on the entire school, community, society at large, or in the environment <i>Example:</i> Improved water quality of the creek



Outcome evaluations examine the direct effects of the program on participants and should provide insight into how to improve the program.
Impact evaluations seek to assess broad, long-term changes that occur as a result of a program.

Slide 7



Why are you planning the evaluation? Is it for accountability, to document the program's results to an organization or funder? Is it to learn if the program is on the right track, to assess the program's accomplishments, to improve the program, or something else?

Who will use the evaluation's results? Program managers? Staff? Current or potential funders? Government agencies? Teachers? School administrators? ...What kind of data will you need to collect to meet the needs of these different stakeholders? What information will they find most credible and easy to understand?

Slide 8

- What method?
- S1: Standardized intervention in identical settings with common beneficiaries
 - S2: Standardized interventions in diverse settings, possibly with diverse beneficiaries
 - S3: Customized interventions in diverse settings, with diverse beneficiaries
- WAGNINGER IEP

The evaluator needs to adapt his/her approach to the situation at hand (usually) and the situation determines the methods which suite best.

S1: experiments, tractable to mathematics, and statistics. Large N; simple interventions; Unsuitable for multi-strategies approaches

S2: adapting to different contexts, mixes. Experiments/ and combinations of methods.


S2: social-economic development program. Proposers come forward case studies, narrative

[discuss change theory and simplify the model]

Slide 9

Evaluation Structure

- What audience?
 - Audiences will vary per evaluation type
- What questions do these audiences have?
- Make a budget/time consideration in answering the questions; prioritize!
- Then move on to indicators and data



Exercise on question formulation here

Slide 10

Indicators

What are good Indicators?:
Indicators are most useful when they are:

- Relevant and useful to decision-making (e.g., will stakeholders care about this measure?)
- Representative of what you want to find out (e.g., does the indicator capture what you need to know about your program?)
- Easy to interpret
- Sensitive to change
- Feasible and cost-effective to obtain
- Easily communicated to a target audience




Do exercise with evaluation framework


Slide 11

Theory of Change

- Broad vision to concrete outcomes
 - Involve multiple parties (group ownership)



Source: The Hunger Project




Extra exercise

Slide 12

Theory of Change

- Identifying long-term goals and the assumptions behind them
- Backwards mapping and connecting the preconditions or requirements necessary to achieve that goal.
- Identifying the interventions that your initiative will perform to create your desired change.
- Developing indicators to measure your outcomes to assess the performance of your initiative.
- Writing a narrative to explain the logic of your initiative.



Theory of change exercise, time permitting

Slide 13

Thank you for your attention!

For more questions: Bart Doorneweert:
bart.doorneweert@wur.nl



Annex 4. Hortin evaluation framework

Evaluation Focus Area	Audience	Question	Reason?	Indicators	Information Source	TA needed?	Responsible for providing	Timing
Outcome evaluation	Growers	1. Do the production management interventions also increase the price?		Average price of exported peppers from old system vs. weighted average price of exported peppers from new system.	Farm record (FR) for new system and for the old system Delivery Slips (DS)		FR: Witono will provide to Iskandar and Iskandar will transfer to excel (and translate) DS: Iskandar will coordinate with the exporter (contact Ibu Entang)	FR: Thursday 30 September DS: Thursday 30 September
		2. Do the production management interventions reduce input costs?		Input costs (seed, fertilizer, pesticides, labor) per plant of sweet pepper vs input costs in old system	Farm record for new system Survey data (SD) with Ivergri for old system		FR is same as 1. SD provided by Nikardi	Same as 1 Before September 15 th
		3. What is the productivity increase of the new plants compared to the		Production per plant in new system vs. old system	Farm record for new system Survey data with Ivergri for old system		Same as 2	Thursday 30 September

Evaluation Focus Area	Audience	Question	Reason?	Indicators	Information Source	TA needed?	Responsible for providing	Timing
		old system?						
	Exporter	4. What is the production cost per unit of output?		The production cost per kg of sweet pepper	Farm record		Same as FR 1	
		5. Has the competitiveness of the product improved?	The marketing strategy for the product	Price (per kg) Quantity (per plant) Quality (grading distribution and shelf life new vs. conventional varieties) Consistency (av quantity per week, new vs old)	Cannot say yet Cannot say yet Gd from farm record (not in the record) and sl from seed supplier variety vs conventional variety Farm record (new) delivery slips (old)		SL: Ivegri will test locally and exporter will test as well. Witono will coordinate DS: Same as 1	Thursday 30 September
	Bank	6. What is the cost-effectiveness for farmers of their investment in the green house system?		ROI	Investment plan together with farmrecord with production statistics		Investment planning to be provided by Patmos (Iskandar will coordinate)	Provide ex-ante investment plan asap. Preferably in excel

Evaluation Focus Area	Audience	Question	Reason?	Indicators	Information Source	TA needed?	Responsible for providing	Timing
	Ivegri	7 How effective was the training intervention for SOP with the farmers?		Trainee feedback (but difficult)	Trainee interview		Witono and Iskandar will coordinate Bart could provide basic framework	Bart will deliver by August 28 Witono will provide interviews by September 30
		8. Has the project contributed to closer relations between the farmers and the exporter?		Contract satisfaction	Contract Satisfaction Assessment		Bart will provide framework Iskandar and Witono will coordinate	Results will be shared by September 30
		9. What contribution has the technological innovation made to the problem of discontinuity in supply?		Weekly supply figures before/after	Farm record during the project. And exporter supply record		Same as 1	Same as 1
	HCC	10. What is the main benefit for each stakeholder from being involved in the	For assessing alignment of interest between	Statement from each stakeholder	Interviews with stakeholders		Iskandar will put together framework for analysis and conduct	September 30th

Evaluation Focus Area	Audience	Question	Reason?	Indicators	Information Source	TA needed?	Responsible for providing	Timing
		program?	actors				interviews and report	
		11. Which factors have most strongly contributed to the competitiveness of the supply chain?		Strongest % change of competitiveness indicators mentioned above	See indicator 5 above.		Same as 5	Same as 5
	PPO	No additional questions so asked						
	Dutch Min. Agr. (counselor)	- What's the benefit and cost ratio before and after technology change (dripped water system, greenhouse materials, biological control?	During recent discussion, the farmers informed us that there are not much incentives (revenue speaking) using newly introduced tech.					

Evaluation Focus Area	Audience	Question	Reason?	Indicators	Information Source	TA needed?	Responsible for providing	Timing
		-How effective the introduction of biological control in the IPM?	Farmers told us that the biological control for thrips are not effective in combating other pests. So in conclusion farmers still have problems with the pests					
		-What are the effects to employment?		Working hours per square meter				

Annex 5. Time Planning of the HORTIN evaluation

August 20, 2010

Hortin II Evaluation Reporting Planning

Present: Bart Doorneweert, Iskandar Zulkarnain, Witono Adiyoga

Timing:

Evaluation Framework provided by August 28th (Bart)

All data delivered by September 30th at the latest

All required evaluation information delivered to LEI on October 1st.

Draft outcome evaluation report ready in soft copy on October 15th.

Final meeting Hortin II in November, co-inciding with visit of Dutch secretary general of Ministry of agriculture

Annex 6. Main companies in modern food retail in Indonesia

Top 5 MGD retailers , 2010

Unit: Currency:

Company	No of Stores	Sales Area (sq.m)	Average Sales Area (sq.m)	Grocery Banner Sales (USD mn)	Market Share (%)
Indomaret	3,800	494,000	130	1,564	2.5
Alfa Mart	3,900	390,000	100	1,275	2.0
Carrefour	82	433,091	5,282	1,156	1.9
Matahari	336	1,125,125	3,349	857	1.4
Dairy Farm	497	545,850	1,098	750	1.2
Sub Total	8,615	2,988,066		5,602	9.0
Other				56,746	91.0
Total				62,348	100

Source: Planet Retail 2010

Indonesia is seen as an attractive market for foreign retailers – with its large and youthful population, the market has huge potential, is benefiting from strong economic growth and is relatively fragmented. SHV Makro was the first foreign player to take the plunge, entering the market in 1991. Ahold entered in 1995, Delhaize in 1997, while Carrefour followed in 1998, as did Dairy Farm (through acquiring a stake in PT Hero). Wal-Mart also entered the country in the late 1990s but withdrew shortly afterwards after underperforming expectations and concerns over the political/social climate. AS Watson entered the drugstore sector in early 2006.

In late 2008, Lotte Shopping acquired the operations of SHV Makro in the country. There is speculation that Tesco of the UK is looking to enter the market, while Thailand's Central Department Store is rumoured to be also interested. There is even speculation that Wal-Mart may even be looking to re-enter in the coming years. It was revealed in 2007 that Metro Group is to launch its Metro Cash & Carry format in the country. Initial reports suggest that Metro will open at least 20 cash & carry outlets in Bandung, Jakarta, Surabaya, Central Java, Bali, and Sumatra, although no timeframe for the launch has been provided.

The unstable political and social situation in the country has undoubtedly discouraged entry since the later years of the 1990s. The retailers that have already entered have been relatively cautious regarding expansion, and many have actually downscaled their original store opening ambitions (SHV Makro for example).

In addition, regulations and bureaucracy deter investors. In early 2008, for example, a new presidential regulation was imposed to ban foreign investors from operating in 47 business areas of the country. The regulation imposes restrictions on foreign retailing companies allowing them to operate only in hypermarkets to protect Indonesia's local retailing industry. Under the regulation foreign retailing companies are not allowed to have supermarkets with floor space of less than 1,200 square metres and department stores with floor space of less than 2,000 square metres.

7-Eleven blamed such regulations for delaying its entry into the market. However, it opened its first stores in 2009 with local partner PT Modern.

Indonesia, Market Shares: MGD Top Companies by Country | 03 August 2010

Ranked by Banner Food Sales (USD mn) 2009

Note: All rankings exclude services and other non-retail revenues. MGD rankings include sales through grocery formats only.

Please note that all profiles have data available from 2004. However for some retailers, data has been backdated to 1999. Please check individual profiles for further information.

Rank	Company	2008			2009		
		Banner Sales (USD mn)	Banner Food Sales (USD mn)	Market Share (%)	Banner Sales (USD mn)	Banner Food Sales (USD mn)	Market Share (%)
1	Indomaret	1,101	980	2.1	1,340	1,192	2.4
2	Carrefour	1,307	1,004	2.2	1,234	940	1.9
3	Alfa Mart	871	775	1.7	1,027	914	1.9
4	Dairy Farm	641	520	1.1	694	557	1.1
5	Matahari	604	437	1.0	696	499	1.0
6	Lotte Shopping	61	42	0.1	344	240	0.5
7	Ramayana	612	199	0.4	562	182	0.4
8	Delhaize Group	124	115	0.3	120	111	0.2
9	LVMH	171	92	0.2	166	89	0.2
10	Body Shop (The)	33	30	0.1	37	34	0.1
11	Petronas	10	7	0.0	16	12	0.0
12	Shell	12	9	0.0	12	9	0.0
13	Couche-Tard	12	8	0.0	12	8	0.0
14	AS Watson	7	7	0.0	7	7	0.0
15	GNC	5	4	0.0	5	5	0.0
16	Lush	2	0	0.0	2	0	0.0
17	L'Occitane	7	0	0.0	8	0	0.0
18	Seven & I				0	0	0.0
19	SHV Makro	356	255	0.6			
Subtotal		5,936	4,484	9.8	6,282	4,799	9.8
Others			41,232	90.2		44,092	90.2
Total MGD, Grocery Sales			45,716	100.0		48,891	100.0

Source: Planet Retail, 2010

Annex 7 Labels in Modern Retail

Labels used in modern retail



Labels used in modern retail

