

PARTNERSHIP ANNUAL REPORT

(JULY 2019 – JUNE 2020)

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Abbreviations

ASG	Advisory and Support Group
AUD	Australian Dollar
BKPM	Indonesian Investment Coordination Board
DAWE	Department of Agriculture, Water, and Environment (Australia)
DFAT	Department of Foreign Affairs and Trade
DGLAHS	Directorate General of Livestock and Animal Health Services (Indonesia)
GoA	Government of Australia
GoI	Government of Indonesia
IACCB	Indonesia Australia Commercial Cattle Breeding
IA CEPA	Indonesia Australia Comprehensive Economic Partnership Agreement
KEQ	Key Evaluation Question
MoA	Ministry of Agriculture (Indonesia)
M&E	Monitoring and Evaluation
MLA	Meat & Livestock Australia
NIAPP	NTCA Indonesia-Australia Pastoral Program
PDD	Partnership Design Document
SISKA	Integrated oil palm and cattle production (Sistem integrasi sapi kelapa sawit)
SOP	Standard Operating Procedures
TSP	Technical Support Pool

1 Introduction

This Annual Report outlines the progress of activities and expenditure under the Indonesia-Australia Partnership on Food Security in the Red Meat and Cattle Sector (the Partnership) for the period of July 2019 – June 2020. The report assesses progress against the 2019-20 Annual Plan, identifies issues requiring attention, briefly summarises significant activities undertaken in the reporting period, and recommends key priorities for the next six months (January – June 2020).

Annex 1 lists Partnership key events, activities and policy changes over the last year.

1.1 Background

The Indonesia - Australia Partnership on Food Security in the Red Meat and Cattle Sector (the Partnership) is a jointly agreed heads of government initiative delivered over 10 years to 2023 and underpinned by an AUD 60 million fund provided by the Australian Government. It brings together key decision makers from government and industry to benefit both countries through strengthening people-to-people, government-to-government and industry-to-industry relationships.

The Partnership is co-chaired by Australian (Department of Agriculture, Water and Environment - DAWE) and Indonesian (Investment Coordinating Board - BKPM) representatives. Partnership strategic decision making is the responsibility of the Partnership members, Co-Chairs and the secretariat (BKPM and DAWE). An Advisory and Support Group (ASG) oversees Partnership project management.

1.2 Strategic Framework

Between March and April 2019 a Partnership Design Document (PDD) was developed to provide a forward strategy and high-level implementation plan for the Partnership over its next phase (2019-2023). The PDD realigned the strategic framework to meet emerging needs and to ensure it built on the gains of the Partnership over the last 5 years. The strategic framework is provided in **Figure 1** (see pg. 2).

The agreed goal of the Partnership is:

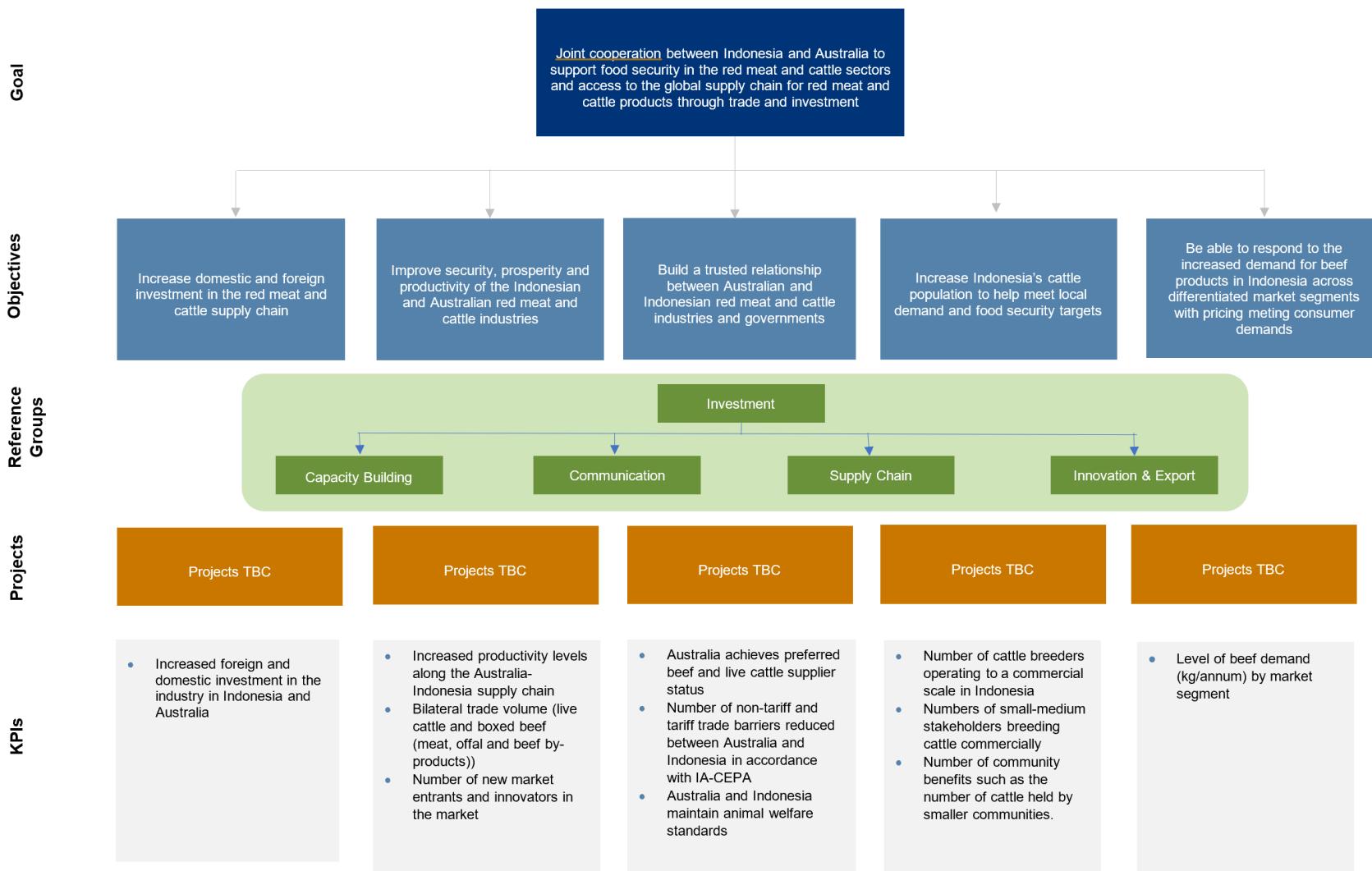
Joint cooperation between Indonesia and Australia to support food security in the red meat and cattle sectors and access to the global supply chain for red meat and cattle products through trade and investment.

The revised longer-term objectives are to:

1. Increase domestic and foreign investment in red meat and cattle supply chains
2. Improve the security, prosperity and productivity of Indonesian and Australian red meat and cattle industries
3. Build a trusted relationship between Australian and Indonesian red meat and cattle industries and governments
4. Increase Indonesia's cattle population to meet local demand and food security targets
5. Be able to respond to increased demand for beef products in Indonesia across differentiated market segments with pricing meeting consumer demands.

In the current second phase Partnership funded projects address industry constraints by focussing on five priority streams: (i) supply chains; (ii) innovation; (iii) communication; (iv) investment; and (v) capacity building. Projects are selected and overseen by Reference Groups assigned to each priority stream.

Figure 1 Strategic Framework



2 Progress Against Partnership Objectives

Increase domestic and foreign investment in the red meat and cattle supply chains

Progress towards this objective has been hampered by the COVID-19 pandemic, which has negatively impacted the investment environment. A recovery is not expected for 6-12 months. During the reporting period the Partnership invested in two key areas to influence investment.

- » The Unlocking Business and Investment Opportunities project, undertaken between July and December 2019, mapped known opportunities and constraints for investment across Indonesia. The study found that East Kalimantan has the most potential and led to the Decision-support Toolkit project that aims to aid investment decisions. Both projects contributions towards this Partnership objective will be reported at the end of 2020.
- » To date the Indonesian Australia Cattle Breeding Program (IACCB) has mobilized A\$6.75m dollars of additional private sector investment in the Indonesian cattle breeding sector. It has also successfully promoted industry investment and development through symposiums and webinars on its four cattle breeding models, both of which have been well attended. Technical guidelines on commercial cattle breeding have been broadly disseminated to prospective investors and existing commercial operators. The considerable government and private sector interest generated by IACCB to date suggest that the program will substantially contribute to the achievement of this objective. (see section 3.3)

Improve the security, prosperity and productivity of the Indonesian and Australian red meat and cattle industries

The ratification of IA-CEPA, which came into effect on July 5, significantly advances the achievement of this objective. The agreement will result in substantial tariff reductions, greater certainty on import permits for importers and exporters, and improved access to feed grains, with the potential to improve Indonesia feedlot productivity.

The security of the Indonesian industry is very dependent on a skilled workforce. Over the last 12 months the Partnership has supported capacity building in areas of key need, including commercial cattle breeding and management; cattle reproduction and management for veterinarians, pregnancy testing for paramedic veterinarians; feed management and nutrition; and livestock business management for smallholders. The Partnership also supported an internship program that gave graduates an opportunity to enter the industry. Although interrupted by the COVID-19 pandemic¹, of the 25 graduates who participated four now have fulltime jobs in the industry and three are in a recruitment process.

Build a trusted relationship between Australian and Indonesian red meat and cattle industries and governments

The strong and enduring bilateral relationship is evident in the ratification of IA-CEPA. The Partnership continues to invest in strengthening these industry and government relationships through face to face and online meetings, trainings and webinars.

Reference Groups continue to provide a highly effective mechanism for relationship building between Australian and Indonesian members. The 17 Reference Group meetings held to date have allowed many frank discussions about industry issues and needs and on Partnership investments and strategic direction. Feedback from partner interviews in November 2019 indicated a greater level of trust and dialogue than previously reported, attributed to a higher number of face-to-face meetings and informal discussions.

Between May and July 2020 Industry relationships were further strengthened, from ongoing research on COVID-19 pandemic industry impacts and the three related webinars. Interviews with industry members in Australia and Indonesia, and the webinars, enabled many frank discussions about the current state of the

¹ Most of the participating companies have postponed recruitment due to the pandemic.

industry and where it is heading. The webinars also deepened industry awareness of the Australian Indonesian interdependencies required to maintain a healthy and profitable supply chain, particularly in times of crisis.

Increase Indonesia's cattle population to meet local demand and food security targets

The Partnership contributes to this objective through IACCB. To date, IACCB partners have produced 2,185 calves and are now investing in scaling up their cattle breeding operations. Three partners have established government accredited and supported cattle breeding training centres, and one partner, a SISKA (cattle breeding under palm) consultancy. IACCB is currently supporting MoA and Bappenas to embed SISKA investments in the next 5-Year Medium Term Development Plan². IACCB's modest A\$9m investment is set to deliver high impact and very sustainable cattle breeding outcomes.

Improve Indonesia's ability to respond to increased demand for beef products across differentiated market segments

The reporting period has seen the Partnership research the impact of COVID-19 on sectors along the red meat and cattle supply chain. This research has shown a steady increase in investment in processed beef products, such as meat patties and sausages, and more beef distribution through online channels and home delivery services. The Partnership is now looking to support innovations in these areas through projects³ that increase industry productivity and profitability. Their contributions towards this Partnership objective will be reported at the end of 2020.

3 Program Implementation

3.1 Progress Against Strategic Priorities in The July 2019 – June 2020 Annual Plan

Updating the Operations Manual to reflect the roles and responsibilities of key actors involved in supporting the Partnership, including the supporting processes outlined in the Program Design

The reporting period has seen a further consolidation of implementing partners roles, as per the Program Design. ASG is now fully undertaking the role of a traditional DFAT managing contractor, covering day to day partnership program management, monitoring and evaluation, and communications. Issues of strategic importance are elevated to the Secretariat for collective decision-making. The Secretariat continues to provide strategic guidance to ASG through weekly meetings and ad hoc communications.

During the reporting period ASG synchronised and enabled information dissemination between DAWE Australia, DAWE Jakarta, BKPM and the Secretariat, an important task that facilitated effective program delivery. The Partnership benefited from stronger and more consistent BKPM engagement over the reporting period, including in the planning and implementation of the Assessment of Beef Processing and Market Options and Digital Technology projects.

The current strong levels of engagement and collaboration bodes well for the continued delivery of high-quality Partnership outcomes.

² RPJM – 2020- 2024 National 5-year Development Plan

³ Assessment of Beef Processing and Market Options in Indonesia and Digital Technology Options to improve post-gate farm production, marketing and delivery

Ensuring the Subsidiary Arrangement is registered with the Indonesian Government

The Subsidiary Arrangement for the Partnership has yet to be registered by an Indonesian Government signatory. The lack of registration continues to restrict the Partnership's ability to fund activities directly involving Indonesian government units, most notably the Ministry of Agriculture (MoA).

Leveraging the achievements of IACCB to promote industry investment and development

ASG continued to work closely and effectively with IACCB to deliver several highly successful communications and promotional events and products. This included a Webinar Series that attracted 1500 participants, 45% of whom were women, and which enabled access to industry members from remote and formerly underserved locations in Indonesia. Technical papers, videos, and prospectuses for four cattle breeding models were also developed. These efforts have generated significant private sector and government interest, paving the way for on-going Partnership support post IACCB closure in February 2021 (see section 3.3).

Area-based industry development and investment strategies

The Unlocking Business and Investment Opportunities project, completed in late 2019, entailed the rapid appraisal of five provinces for their commercial cattle development potential. Most provinces had significant constraints to development, except East Kalimantan, the most common being a lack of suitable land not already utilised by commercial entities or local communities. East Kalimantan possesses substantial areas of commercial oil palm plantations and ex-mining leases, both of which have strong potential for commercial cattle operations.

The Unlocking Business and Investment Opportunities project led to a recommendation by the Investment Reference Group to develop the Decision-support Toolkit project. Once completed the Toolkit will include: a repository for research and development documents, worksheets on factors that need to be considered in developing a cattle operation in Indonesia⁴ and an evaluation process that determines economic viability and risks. The Toolkit should provide a high level of surety to investors considering entering Indonesia's beef cattle production sector.

Strengthening working relationships between BKPM, MoA, DAWE, DFAT, and ASG

Government to government relationships and interactions have continued to strengthen over the reporting period, largely driven by improved clarity on Partnership roles and responsibilities, intensified efforts to strengthen relationships and interactions (also outlined in the July – December 2019 Progress Report), and improved stakeholder comfort with decision making processes as per the Program Design. MoA relations with the Partnership, through IACCB, has improved significantly over the reporting period, however broader engagement continues to be a challenge, with no senior representation at Partnership meetings or workshops.

Establishing and supporting Reference Groups

Reference Groups have continued to be a highly effective mechanism to facilitate engagement between Australian and Indonesian members and to ensure both Indonesian and Australian interests are considered in all Partnership investments. The Reference Group process has allowed members to utilise their skills, knowledge and networks when generating and evaluating project concepts and designs, when selecting service providers, or when monitoring project performance and ensuring project value for money.⁵ The COVID-19 pandemic has not impacted their effectiveness with on-line meetings facilitating effective communication and decision making.

Table 1: Frequency of Reference Groups Meeting Convened

Number of meetings convened	FY 2019/20
Capacity Building	2
Communications	5
Innovation and Exports	5
Investment	3
Supply Chain	2
Total	17

⁴ Production, marketing, logistics, animal welfare, policy, social and community, bio-physical, transportation, etc.

⁵ The Communications Reference Groups was engaged in the development of the Communications Strategy and Workplan and in the finalisation of the JSOI Report, the Investment Reference Group on options to support breeder cattle importations and the Decision-support Toolkit and the proposed Australian feed grains projects, and the Innovation and Exports Reference Group on the Beef Processing and Market Options and Digital Technology Options projects.

Partnership members, all industry leaders, are very time constrained, but will enthusiastically contribute their time to Partnership issues that they consider important. Consequently, ASG has engaged members only in high level issues, generally around project conception and development.

Developing the first Joint State of the Industry Report

In June 2020, ASG completed and obtained Co-chairs approval of the 2019 Joint State of the Industry (JSOI) Report. (see section 3.3). The report provides an assessment of bilateral trade in live cattle and beef products between Australia and Indonesia in 2019 and examines factors that affected investment, trade, and consumption. In July 2020 ASG will complete a six monthly JSOI Update, presented as a forward to the 2019 Report. The Update will outline changes in industry conditions as a result of the COVID-19 pandemic and the industry recovery opportunities presented by IA-CEPA (see Annex 5). A media launch for the JSOI Update is planned for early August.

Strengthening communications, knowledge management, monitoring and evaluation, and policy analysis

Partnership communications, knowledge management, monitoring and evaluation and policy analysis took on added importance during the reporting period due to the COVID-19 Pandemic, the implementation of IA-CEPA and new industry policy⁶. The Partnership's Communications Strategy and Workplan were both revised⁷ to better respond to the Partnerships changed operating environment. Industry impacts from the pandemic were monitored by the Partnership M&E Adviser and the results communicated via monthly Webinars (see section 4). The unique operating environment during the reporting period clearly highlighted the importance of high-quality Partnership monitoring and evaluation and communications.

Consolidating lessons learned

ASG's Strategic Adviser conducted a review of Indonesia's cattle sector research and development (R&D) work covering 84 published papers and reports. The review built on an earlier stocktake conducted by the Meat and Livestock Association (MLA) in 2012 and will ensure Partnership investments are appropriately targeted and build on lessons learnt. The report will be widely circulated and updated annually.

3.2 Ensuring the Effectiveness of the Partnership During the COVID-19 Pandemic

To maintain Partnership effectiveness and relevance during the pandemic ASG significantly enhanced Partnership communications and modified Partnership delivery modalities.

Enhanced communications: From March 2020 most Partnership stakeholders were working from home and the pandemic was already causing significant industry impacts. In March, ASG revised the Partnership Communication Workplan to ensure industry stakeholders were kept abreast of industry impacts via monthly Webinars (see section 4). Reference groups meetings went on-line to ensure members could provide input into Partnership responses to the pandemic. On-line COVID-19 related information and communication products, such as on-line forums, social media posts and monthly updates,⁸ were developed to maintain stakeholder communications during lockdown.

Revised delivery modalities: Face to face group activities, such as Partnership and Reference Group meetings, trainings and promotional events, were postponed due to safety concerns. An on-line Co-Chairs meeting in June focussed on Partnership support to industry during the pandemic and the development of options for post-pandemic recovery.

⁶ Including: Policy to allow import of Indian Buffalo and Brazilian Meat into Indonesia; Indonesian industry obligation to import 1 breeder for every 20 feeder cattle; Revision of Australian Standards for the Export of Livestock (ASEL)

⁷ Approved by Co-Chairs in June

⁸ Posted on the Partnership website - <http://redmeatcattlepartnership.org/>

Working from home: Partnership technical advisers and staff focussed on preparatory and desk-based activities, including remote information collection that informed industry update Webinars and content for Partnership communications, delivery of on-line technical assistance, and support for the implementation of new projects, including facilitating interactions between the Reference Groups and implementing partners.

Virtual Skills-development: One technical training course, Reproduction Management for Paramedic Veterinarians, was delivered on-line, allowing the participation of previously underserved industry members from remote Indonesian locations.

Identification of potential support for post pandemic recovery: ASG identified several potential post-COVID-19 recovery investments (see Annex 4). IA-CEPA (see Annex 5), the Enhanced Cooperation Program, IACCB, and the Beef Processing and Market Options and Digital Technology Options projects, should also present viable options. A process for their selection through Reference Groups has been established and approved, however it is proposed to delay selection until the Partnership budget is confirmed in October.

3.3 Activities and Outputs

Over the 2019-2020 financial year ASG oversaw the implementation of seven projects and Co-Chair endorsement of three projects. A summary is provided below. See Annex 2 for more detail.

Joint-State of Industry Report

In June 2020, ASG completed and obtained Co-chair approval of the 2019 JSOI Report. Its development, which entailed interviews with key industry players in Indonesia and Australia, highlighted the following.

- » The facts and figures quoted by the industry (in meetings and conversations) and in the media often vary significantly from the figures reported by the Australian Bureau of Statistics, MLA, DAWE or the Indonesian Government Statistics Agency (Badan Pusat Statistik). The figures quoted also often refer to different products, locations or different periods and therefore cannot be directly compared⁹. The Partnership should consider how official figures (such as live exports, prices, volumes, etc.) are communicated to the industry and media, in Indonesia and Australia, to avoid confusion and aid policy making.
- » The development of the JSOI took longer than expected. This was the first version and there was protracted discussion about its form and purpose. A further reason for the delay was the difficulty in obtaining reliable data soon after the end of the calendar year. The reports utility would be greatly improved by the authors being able to access up to date information as soon as possible, and no longer than a month after imports have arrived in Indonesia¹⁰. By keeping it concise, current and relevant the report will be of considerable value to industry and government.
- » Many industry members are highly price reactive, leading to volatility in supply. Consequently, industry partners would like up to date information on the supply chain, particularly on imports into Indonesia that compete with the current Australia-Indonesia red meat and cattle supply chain, market prices, and lead indicators¹¹ (global and domestic) that are likely to impact on Australian prices.

Prior to the development of the next report, to be published early January 2021, ASG will clarify industry and government expectations on report content, access to data, and how the Partnership could use the report to communicate official figures (such as live exports, prices, volumes, etc.) to industry and media.

⁹ For example, the price of live cattle sometimes refers to total price at farm gate (with many possible locations) or price leaving Australia.

¹⁰ Ideally the Joint State of the Industry Report should be published by February each year and refer to the previous calendar year to ensure it is useful and relevant for Industry and Government.

¹¹ For example, changes in currency exchange rates, increased domestic demand in Australia to restock, increased demand in Vietnam/China, oversupply in the US, or cheaper beef from Brazil or Argentina

The **Indonesia-Australia Commercial Cattle Breeding Project** (IACCB) has delivered important applied research outcomes. It has shown that breeding cattle in SISKA (integrated cattle and oil palm) and extensive systems (e.g. ex-mining lands) can be profitable with good management, and that there is large scale-up capacity for both throughout Indonesia. Numerous high-quality products were prepared and completed during the reporting period, including videos, technical manuals, decision-support tools¹² and scientific papers. IACCB has been successfully promoting its research results and products over the last financial year generating considerable interest from commercial companies (particularly for SISKA) and MoA Directorate General Livestock and Animal Health Services (DGLAHS). IACCB also delivered two webinars over the reporting period (over 1400 participants, 45% women). This included an-MoA initiated webinar on the Modelling of Cattle and Oil-Palm Integration, attended by government officials and private sector representatives, with the aim of developing a government backed national SISKA model. ASG and IACCB are currently designing Partnership funded support, to be implemented post IACCB, that leverage this and other industry scale up opportunities.

The Northern Territory Cattlemen's Association (NTCA) completed its penultimate **Northern Australia-Indonesia Pastoral Training Program** (NIAPP) in early 2020. The last training program, originally scheduled for August – November 2020, was postponed due to the pandemic. Plans to reschedule the Australian component in late 2020 or early 2021 may not be possible due to a continued closure of international borders, and as ASG is due for completion in mid-2021. A review of the NTCA program, to be conducted in August/September 2020, will provide recommendations for NIAPP implementation in 2021 and beyond.

ASG managed several **capacity buildings programs** including various cattle breeding (technical and management) trainings and an internship program¹³. The latter has provided 25 Indonesian animal husbandry graduates, from 11 universities, including those who have undertaken the NIAPP program, the opportunity to undertake work experience with 11 large-scale Indonesian cattle enterprises located in Sumatra, Java and Kalimantan. The second batch of the internship program, scheduled to take place between August to December 2020, has been postponed due to COVID-19.

Four training programs, previously planned for 2020, have been postponed due to COVID-19. The planned training programs, that cover key industry skill deficiencies, include (i) pregnancy test training for paramedic veterinarian, (ii) reproduction management training for veterinarian, (iii) smallholder livestock business management, and (iv) feed management training. The Pregnancy Diagnosis components of the Technical Breeder Management training was successfully delivered via webinar to 20 industry and government participants. Further on-line sessions are planned for the rest of the year. The Capacity Building Reference Group provided effective guidance to ASG including training programs selection.

The **Decision-support Toolkit project** was released for tender in early 2020. No suitable applicants were identified. A revised scope of services, that more clearly specifies outputs, will be released for tender in the new fiscal year.

The **Beef Processing and Market Options project**, which commenced in May 2020, is being guided by the Innovation and Export Reference Group and MLA Indonesia. The project aims to identify export market opportunities for Indonesian beef products in Asian and Middle Eastern markets, and domestic market opportunities for new beef products. An inception report was submitted at the end of June 2020 and the project will be completed in November 2020.

The **Digital Technology project**, which commenced in late May, is being guided by the Innovation and Export Reference Group and MLA Indonesia. The project aims to identify post-farm gate innovations with application in Indonesia and Australia. The inception Report was submitted end of June 2020 and the project will be completed in October 2020.

In late October 2019 the Partnership and BPPT (Indonesian Agency for the Assessment and Application of Technology) hosted the Integrated Cattle and Oil Palm Production (ICOP) Conference as part of the **Public Diplomacy project**. The conference was the first forum between Indonesia and Australia that specifically

¹² 230 downloads to date

¹³ In collaboration with the Indonesian Society for Animal Husbandry (ISPI)

discussed the integration of cattle and oil palm production (SISKA), including commercial opportunities, day-to-day operational issues and inherent challenges of the business model. ICOP 2019 was attended by over 240 participants and involved more than 20 speakers and researchers including international experts from Malaysia, Australia and Papua New Guinea.

4 Partnership Communications and Knowledge Management

The Partnership's Communications Strategy was developed in 2017 specifically to cover Indonesian communications. In early 2020, working in collaboration with the Communications Reference Group, ASG revised the Strategy to include both Indonesian and Australian communications; communication objectives for the three key target audiences (Partnership members, industry, research and development stakeholders, the public) and roles and responsibilities for Strategy and Workplan implementation and evaluation. The communication objectives are now being used to guide the selection and evaluation of all communication events and products.

The Communication Workplan, covering the period May 2000 – May 2021, was also revised in early 2020, to ensure it better responded to the COVID-19 pandemic. With most Partnership stakeholders working from home and the industry experiencing significant impacts, enhanced and recalibrated communications were warranted. The revised workplan aims to ensure industry stakeholders are kept abreast of pandemic industry impacts, Partnership industry support is actively and broadly communicated, and strong member commitment to the Partnership is maintained.

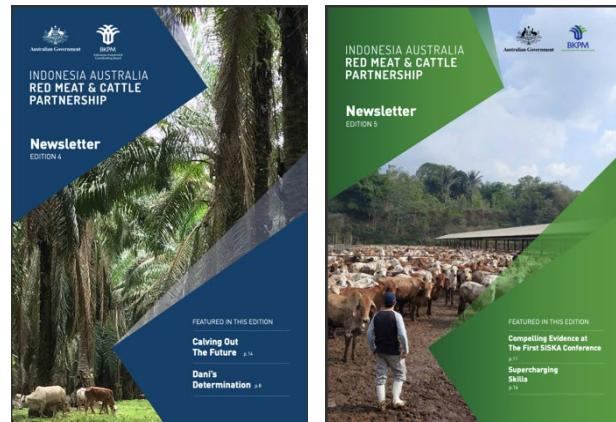
To achieve these objectives ASG, working collaboratively with the MLA, oversaw the delivery, within the reporting period, of the following three Webinars.

- » Current Impacts of COVID-19 on the Indonesia-Australia Feeder Cattle Trade: 88 attendees
- » Opportunities from IA-CEPA for the Indonesia - Australia Red Meat Trade: 168 attendees
- » Indonesia – Australia’s Beef Value Chain: COVID-19 Impact, Recovery and Implications for the Remainder of 2020: 153 attendees

The ASG communications team also ensured the Partnership and IACCB websites continued to be highly accessible repositories of knowledge products¹⁴; developed two Partnership Newsletters, supported Partnership public diplomacy efforts for President Joko Widodo's visit to Australia on February 2020, facilitated media coverage in local and national Indonesian media¹⁵ and developed dynamic social media content on Instagram, Facebook, Twitter and LinkedIn, including interactive discussions on industry impacts from the covid-19 pandemic and digital/technology innovations.

In July, ASG and MLA commenced planning for a greater level of collaboration on communications and data sharing, with the aim of maximising synergies and to present a 'One-Australia' approach.

Figure 2: Cover of the 4th and 5th Partnership's Newsletter



¹⁴ 4,666 visits to Partnership's website between July 2019 to June 2020 (from Indonesia: 2,755, Australia: 565) and 3,025 visits to IACCB website (from Indonesia: 1,846, Australia (289).

¹⁵ Over 40 Partnership related media stories from June 2019 – June 2020

5 Management and Operational System

5.1 Actual Expenditure from July 2019 to June 2020

Total budget for all Partnership projects for the period of July 2019 to June 2020 was A\$4,000,000. Refer to Table 2 below on the distribution of budget among different projects and the expenditure of individual project. Please note that the expenditure of three projects will be reported separately, as indicated in the table below.

Table 2: Partnership Project Expenditure Actual vs Budget – July 2019 to June 2020

Project	FY 19/20 Budget	Expenditure	% Actual vs budget
Indonesia-Australia Commercial Cattle Breeding (IACCB)	A\$1,350,000	A\$1,350,000	100.00%
Advisory and Support Group (ASG) – Operational Support	A\$1,054,962	A\$1,054,962	100.00%
Skills Development Program	A\$348,731	A\$ 349,750	100.29%
NTCA Indonesia Australia Pastoral Program (NIAPP)	A\$336,760	A\$336,760	100.00%
Unlocking Business and Investment Opportunities in Indonesia's Red Meat and Cattle Sector	A\$210,000	A\$208,981	99.51%
Beef Processing and Market Options	A\$150,000	To be reported separately	
Investment Toolkit	A\$320,000	To be reported separately	
Digital Technology Options	A\$120,000	To be reported separately	
Public Diplomacy Activities	A\$109,547	A\$109,547	100.00%

Noted: based on the RCMP budget revision on March 2020.

5.2 Operational and Technical Assistance Management

During the reporting period, three Short Term Advisers (STAs) were engaged by ASG to provide technical support to the Partnership. The key focus of the Advisers inputs were to ensure the Partnership remained effective and relevant during the pandemic, and to provide transition support from the previous ASG Team Leader (Muhamad Isradi Alireja) to the new Team Leader, Irfani Darma. See Annex 3 for more detail.

5.3 Risk Management and Mitigation

Progress has been made in mitigating major risks to the Partnership, as follows, some of which present on-going challenges.

Australian and/or Indonesian government policies change, affecting bilateral trade

Indonesia continues to diversify its beef imports, which now include Brazil, Argentina and Mexico. The import of low-cost frozen beef from Brazil and Indian buffalo meat, and the requirement for feed lotters to import breeder cattle Indonesian industry is causing significant commercial pressures. GAPUSPINDO, the Indonesian Feedlot Association, reports declining membership – from 42 in 2017 to 26 in 2019 - as companies depart the industry. Remaining companies are looking to increase efficiencies through innovation and improved logistics and management. Feeder cattle imports from Australia are expected to decline over the long term unless the commercial environment in Indonesia improves.

The Partnerships reputation for effectiveness and relevance will be at risk if it cannot provide effective industry support. ASG will continue to work with Reference Groups to develop targeted support and ensure effective outcomes from existing programs such as IACCB and the Assessment of Beef Processing and Market Options and Digital Technology projects.

COVID-19 pandemic restrictions on travel, face to face meetings and training impact on partnership relationships and effectiveness

The COVID-19 pandemic has and will continue to prevent face to face meetings, partner interactions and training. Several key partnership initiatives have not been implemented due to social distancing restrictions. Meetings and training, conducted remotely using video conferencing, can lead to less effective outcomes. However, the cost of participation is lower and a broader range and number of people, including from remote locations, can participate.

To maintain engagement with government and industry stakeholders ASG will continue to arrange, in collaboration with our implementing partners, online meetings and webinars, and conduct online interviews with the industry on the impacts of COVID-19. To date, these measures have built and maintained industry relationships, member engagement, and awareness of the Partnership.

There is however a risk of reduced Partnership relevance and effectiveness if the lock down continues for an extended period. ASG will conduct ongoing monitoring and evaluation of the Partnerships mitigation measures to determine their effectiveness and liaise with the Secretariat on any required changes.

Reference Groups will be tasked with developing COVID-19 recovery options. The extent of support will be dependent on the 2020/21 Partnership budget to be announced in October. If there are budget cuts the Partnership will need to carefully prioritise pandemic related support and aim to work closely with implementing partners, such as the MLA, to achieve greater synergies and value for money outcomes.

6 Recommendation

Over the next six months, it is recommended ASG focus on the following key priorities¹⁶ with the view to maintaining Partnership effectiveness and relevance during and beyond the COVID-19 Pandemic.

Confirming new Partnership investments

After confirmation of the Partnership budget in October, new Partnership investments for 2020/21 will be determined through Reference Groups and Co-Chair approval processes. The following three broad areas of support will guide Reference Group discussions and decision making.

1. **Industry Pandemic Recovery Investments** - Reference Groups will select potential recovery investments as per the Co-chairs approved process outlined in Annex 4.
2. **Support for the Indonesian Cattle Breeding Industry** - IACCB, now in its final year, has generated significant industry scale-up opportunities¹⁷.
3. **IA-CEPA and Enhanced Cooperation Program (ECP)** - New opportunities for red meat and cattle businesses along the supply chain due to IA-CEPA and the Economic Cooperation Program.

¹⁶ Elaborated in the Partnership Annual Plan 2020/2021.

¹⁷ Potential partnership support to leverage these opportunities include - Support to potential investors; Building capacity of Indonesian government agencies and industry to provide on-going industry / investor support; policy, modelling and planning support to BAPPENAS and MoA for the inclusion of SISKA within the 2020-2024 RPJMN implementation; support for relevant associations such as GAPUSINDO and GAPKI to implement RPJM; and design and implementation of breeder importation support investments

Maintaining Reference Group commitment

To maintain Reference Group member engagement and commitment to the Partnership ASG will focus on actively engaging members in strategic decision making through Reference Group and ad-hoc meetings, and in the participation and contribution to Partnership communications and public relations.

Maintaining Effective Communications

To ensure industry stakeholders are kept abreast of pandemic industry impacts, Partnership industry support is actively and broadly communicated, and strong member commitment is maintained, ASG will continue to oversee the delivery of enhanced Partnership communications with a focus on the following.

- » Achieving a greater level of collaboration on communications and data sharing with MLA
- » Continued communication of industry-relevant COVID-19 related information - e.g. papers, monthly webinars
- » Enhanced on-line communications, including COVID-19 related social media content on Instagram, Facebook, Twitter and LinkedIn and on-line webinars and training
- » Broad communication of Partnership ‘good news’ stories and deliverables

Maintaining effective Partnership monitoring and evaluation

Over the next six months Partnership Monitoring and Evaluation (M&E) will focus on the following.

- » On-going monitoring of industry impacts from the COVID-19 pandemic and evaluation of related Partnership communications.
- » End of Program Evaluations for IACCB and NIAPP that determines project impact and effectiveness, key lessons learnt and recommendations that inform on-going Partnership support.
- » Delivery of the Annual Partnership Review, entailing interviews with Partnership members to determine their perceptions of Partnership performance, progress and relevance, with findings and recommendations to be presented in the July – Dec 2020 Progress Report and at the January 2020 Partnership and Co-chairs meetings.

Annex 1: Key Dates and Events: June 2019 – June 2020

Date	Event
June 2020	Second online joint RCMP and MLA webinar on COVID-19 industry impacts — June 5 th Online (video conference) Co-Chairs meeting held on June 8 th with the two new co-chairs presiding IA-CEPA came into force on July 5 th Design for ECP to support the IA-CEPA approved for tender on June 11
May 2020	First online joint RCMP and MLA webinar on COVID-19 industry impacts on May 5 th IBM importation resumes after Idul Fitri on May 30 th
April 2020	Indonesian Government unable to import IBM prior to Idul Fitri due to the lockdown in India providing an opportunity for local feedlots and imported Australian beef to supply the market
March 2020	Travel restrictions introduced as a result of the COVID 19 pandemic. Partnership members and advisers restricted from travelling. Social distancing introduced in Australia and Indonesia impacting on restaurants/hotels/catering Indonesian Government reportedly removed more trade restrictions on beef from Brazil and Argentina (March 2020), issuing permits to import 20,000 tonnes in 2020
February 2020	IA-CEPA ratified by the Indonesian Government on February 6 th
January 2020	NIAPP Symposium and exchange program in Jakarta on January 27 th 6 th Monthly Progress Report completed July 2019 – December 2019
December 2019	The Indonesian government started importing beef from Brazil
November 2019	8 th Partnership meeting held in Bali, Indonesia, on 4 November 2019
October 2019	Partnership Co-chair meeting (videoconference) held on 25 October 2019
October 2019	Partnership and BPPT held the Integrated Cattle and Oil Palm Production (ICOP) Conference in Jakarta on 23 October 2019
October 2019	President Joko Widodo was inaugurated for the second term. The new Indonesian cabinet was formed. Mr Muhammad Syahrul Yasin Limpo was appointed as the Minister of Agriculture and Mr Bahlil Lahadalia was appointed as the Chairman of BKPM
October 2019	The Indonesian government issued Permentan 41/2019 to replace Permentan 49/2016, which changed the imports ratio between breeder and feeder cattle from 1:5 to 1:20
September 2019	The 4 th Batch of Commercial Cattle Breeding and Management Training facilitated by Gadjah Mada University
August 2019	The Partnership held Pregnancy Test Training for Paravets facilitated by MoA's Artificial Insemination Centre (BBIB) Singosari in Malang, East Java
July 2019	Partnership Co-chair meeting held in Jakarta on 12 July 2019
July 2019	Reproduction Management Training for Veterinarians facilitated by IPB University Bogor

Annex 1: Project Summaries

ON-GOING PROJECTS: FY 2019-20					
Project	Budget	Timeline	Overview of Activity	Outcomes/Achievements	Next Steps
Indonesia Australia Commercial Cattle Breeding (IACCB) program	A\$9,071,976 FY 2019-20 \$1.5m	Feb 2016 – Feb 2021	Pilots and promotes 4 commercial cattle breeding models in collaboration with private sector partners and the Indonesian government. Includes 7 pilot projects in four provinces which have been provided 1,429 Brahman Cross cattle.	<ul style="list-style-type: none"> » Partners produced 2,185 calves, invested A\$3.75 million and have committed a further A\$1m for 2020 » Integrated oil palm and cattle breeding (SISKA) model profitable - 600 breeders generate IRR of 12.2% » 3 partners run cattle breeding training centres established - 1 SISKA, 2 government accredited small-holder » Technical guidance manuals and financial and production monitoring software developed 	Over last 8 months of IACCB - encouraging industry investment via supporting partner scale up plans, promotion of the breeding models and investor support tools through webinars, industry events, development of academic papers on the four breeding models and support to the 3 Training Centres
Skills Development Program (including Internship Program)	Phase 1: (2014 – 2016) A\$4,163,359	Phase 2: 2020- 2021	Design and delivery of the following courses - Commercial Cattle Breeding and Management for Breeding Managers; Cattle Reproduction and Management for Veterinarians; Pregnancy Test for Paramedics; Feed Management for Feed and Nutrition Managers; Livestock Business Management for Smallholder Farmers.	<ul style="list-style-type: none"> » 238 Indonesian cattle producers, managers, meat processors and policy makers trained, and their skills improved » Current delivery is focused on specific technical training, such as reproduction management, pregnancy diagnosis, and managing smallholder cooperative models 	Professional training providers sourced to design and deliver all courses in 2020/21 - 40 participants per course. Due to COVID-19, delivery in 2020 has commenced with a series of on-line webinars.
	Phase 2: A\$3,000,000 FY 2019-20 A\$500,000				
	A\$120,000	Jan 2018 – Jun 2020	3-month internship program to strengthen NIAPP alumni's pathways to employment in the Indonesian red meat and cattle sector.	<ul style="list-style-type: none"> » 25 alumni. 4 have full time jobs, 3 in a recruitment process, 2 refused employment. Most companies postponed recruitment due to COVID 19 	25 graduates will undertake internships late 2020. This will be delayed due to COVID-19.

NTCA Indonesia Australia Pastoral Program (NIAPP)	Phase 1: A\$1,697,452 FY 2019-20 A\$459,098	Phase 1: 2014 – 2016 Phase 2: 2018 – 2020	Indonesian animal science undergraduates undertake industry training and 2-month placements in corporate and family run cattle stations in the Northern Territory.	<ul style="list-style-type: none"> » 113 Indonesian students' skills developed to date » Australian Indonesian industry relations and mutual awareness strengthened 	20 student placements starting late 2020. Due to COVID-19, placements may be delayed until early 2021.
Unlocking Business and Investment Opportunities in Indonesia's Red Meat and Cattle Sector	A\$210,000	2019	Assess five regional areas with unrealised potential for increased investment in cattle sector: South Sulawesi, Southeast Sulawesi, West Nusa Tenggara (NTB), East Nusa Tenggara (NTT) and East Kalimantan.	<ul style="list-style-type: none"> » Assessment reports were presented at the 8th Partnership meeting in November 2019. East Kalimantan was highlighted as having significant potential for commercial cattle development based on increasing demand for beef, and opportunities for production on ex-mining lands and through integration with oil palm plantations 	Undetermined.
Assessment of beef processing and market options in Indonesia	A\$150,000	May – Nov 2020	Review to determine more profitable domestic and international markets and processing options for Indonesian beef products.	<ul style="list-style-type: none"> » Inception Report completed. Moving to implementation 	Field-based work planned for July/August being undertaken by Indonesian partners. Final Report completed Oct 2020.
Digital technology options for Indonesia and Australia's beef and cattle sector	A\$120,000	May – Oct 2020	Review to identify and raise industry awareness of post-farm gate production and marketing technologies that improve the efficiency and profitability of Indonesian and Australian industries.	<ul style="list-style-type: none"> » Inception Report completed. Moving to implementation 	Field-based work planned for July/August being undertaken by Indonesian partners. Final Report completed Sept 2020.
Joint State of the Industry Report	A\$120,000	2020 – 2024	A concise report that provides an overview of the bilateral red meat and cattle trade each year and which is updated 6 monthly.	<ul style="list-style-type: none"> » Currently finalising the 2019 JSIR. 	Publish 2019 JSIR. Develop 6 monthly update inclusive of COVID -19 industry impacts.

Annex 3: Short Term Adviser Inputs

Short Term Adviser	Deliverables July 2019 – June 2020
Strategic Technical Adviser: Dr Ben Mullen	<ul style="list-style-type: none">» Took on the role of Acting Team Leader from March to May following the departure of Adi Alireja and prior to the commencement of Irfani Darma» Participated in weekly Secretariat meetings with DFAT/DAWE and regular meetings with BKPM» Developed the COVID-19 Industry Update webinar series in collaboration with MLA and planned focus topics for all sessions» Prepared concept notes for various versions of the breeder support program and prepared briefings for DFAT/DAWE and BKPM» Contributed to finalisation of the Communications Strategy and Workplan and the Joint State of the Industry Report» Led the field mission for the Unlocking Business Potential project in Southeast Sulawesi» Refined the draft consolidated report across five areas – East Kalimantan, South Sulawesi, South East Sulawesi NTT and NTB and presented this at the Bali Partnership meeting in Nov 2019» Expanded the drafts report on the South Sulawesi and NTT scoping missions for submission to provincial governors and consul generals» Facilitated numerous Reference Groups meetings for all groups via teleconference and face-to-face meetings and met with Partnership members individually as required» Worked closely with the Reference Groups and Partnership secretariat in developing project concept notes for new project ideas» Developed tender documents for new projects» Led a series of Technical Assessment Panels to evaluate tenders submitted for three new projects» Contributed to development of Partnership training programs, including delivery of sessions» Contributed to the ICOP conference with IACCB, chairing a session on SISKA» Prepared papers and presented sessions at the June 2020 Co-Chairs meeting» Prepared papers and delivered sessions at the 8th Partnership Meeting in Bali, November 2019» Contributed to preparing the Annual Report for July 2019-June 2020

Short Term Adviser	Deliverables July 2019 – June 2020
M&E Adviser: Mr David Goodwins	<ul style="list-style-type: none"> » Updated the Program Design Document and KPIs to strengthen the strategic framework and align it with the Joint Vision, Strategy and Action Plan » Contributed to preparing the Annual Report for July 2018–June 2019 » Reviewed NIAPP progress reports » Contributed to developing the terms of reference for the Unlocking Business and Investment Opportunities Project » Prepared the overview report on Unlocking Business and Investment Opportunities Project based on consultation with key industry stakeholders. This identified areas of focus in the short and medium term » Participated in field work for the Unlocking Business and Investment Opportunities Project in East Kalimantan » Prepared the first draft of the consolidated report across four areas – East Kalimantan, South Sulawesi, South East Sulawesi and NTT/NTB » Prepared the terms of reference and commenced data collection for the Joint State of the Industry Report including consulting with key stakeholders and preparing a survey for feedlotters to understand their current investment situation and outlook. Commenced work on preparing the draft report under the auspices of the Communications Reference Group » Participated in the 8th Partnership Meeting in November 2019 » Undertook the Annual Partnership Members' Review » Undertook assessments of the NIAPP Symposium, Intern Program pilot study and Vet and Paramedics training courses » Completed the research and first drafts of the Joint State of the Industry Report (February and May) » Established the media monitoring and analysis process and completed reports for 2019 and January – June 2020 » Prepared the feedlot research program Terms of Reference and subsequently conducted monthly interviews to provide assessments of the impact of COVID 19 on the industry: <ul style="list-style-type: none"> – COVID 19 Impact assessment brief – May 2020 – COVID 19 Impact assessment brief – June 2020 – COVID 19 Briefing Paper – Co-chairs meeting June 2020 » Prepared the NTCA Evaluation Terms of Reference (June 2020)

Short Term Adviser	Deliverables July 2019 – June 2020
Continuity Plan Implementation Adviser: Mr. Stuart McAdam	<ul style="list-style-type: none"> » Prepared and oversaw the Coffey induction process for new ASG Team Leader » Developed and oversaw of the implementation of a Partnership Covid-19 Pandemic Continuity Plan » Provided on-going/as required technical direction to new ASG Team Leader » Attended and contributed to weekly Secretariat Meetings » Finalised Communications Strategy and Workplan » Quality Assured all Partnership communications products » Provided on-going/as required technical support to the ASG Team Leader » Provided input into and finalise all Co-chair meeting papers, present on Recovery Projects Process, and prepare Minutes of Meeting » Finalised and obtained Co-Chair approval and oversaw implementation of the Communication Strategy and Workplan » Quality Assured all Partnership communications products » Attended and contributed to Secretariat Meetings » Provided input for first Industry Update Webinar » Contributed to the development of the Partnership Newsletter. Finalised Partnership Newsletter » Provided input into all Partnership Social Media posts. Reviewed and finalised Partnership Social Media posts » Finalised the Joint State of the Industry (JSOI) Report and JSOI Update and developed JSOI media launch communication products » Provided technical advice on Partnership on-line training » Contributed to the development of the IACCB Quarterly Update. Provided quality assurance » Coordinated technical input and developed 1st draft of the Partnership Progress Report » Oversaw and provided technical input into development of NTCA and IACCB Evaluations TORs

Annex 4: Post-Covid-19 Recovery Investments Process

The following process will be used to identify and confirm Post-Covid-19 Recovery Investments.

- » Reference Groups will consider all potential projects (i.e. not limited to the table below) and agree on projects to be developed into concepts. Concepts generated through Reference Groups will be tested through consultation with DFAT, DAWE and BKPM.
- » Following the release of the budget in October, concepts will be assessed by the Co-Chairs and those approved will be developed into full projects and released for public tender.
- » Reference Groups to provide ongoing guidance to approved projects through the current Steering Committee process.

ASG will coordinate and support the project identification process outlined above, including provision of support to Reference Group meetings, and tendering, contracting and management of implementation partners.

Potential Project	Scope	Reference Group
Breeder cattle importation support	Development of Indonesian led systems to pre-approve recipient breeding centres and to maximise breeding productivity, supporting local economic recovery	Investment RG
Improving the efficiency of Indonesian feedlots	Identification of improved efficiencies in production and marketing, and support for implementation – e.g. import of Australian feed grains and better use of local feeds	Supply Chain RG
Processing Efficiency and Innovation	SOPs and targeted training to improve abattoir efficiency and innovation, including export readiness. Beef Processing and Market Options project may identify options	Innovation & Export RG
Beef traceability to improve food safety	Development of a robust traceability system that elevates beef produced through the Australia–Indonesia supply chain as a “COVID-19 safe” product	Supply Chain RG
On-line marketing of beef and cattle	Building on pandemic-inspired innovation in marketing and training – i.e. online beef and cattle sales	Innovation & Export RG
On-line options to improve training efficiency and scale	Building on pandemic-inspired innovation in training – i.e. technical and market-oriented on-line sessions delivered by IACCB, Partnership/IPB and MLA/Partnership	Capacity Building RG
ECP / IA-CEPA	Examination of opportunities for red meat and cattle businesses along the supply chain due to IA-CEPA and supported by the Enhanced Cooperation Program. Development of ECP aligned projects	All RGs

Annex 5: Industry growth opportunities presented by IA-CEPA

Joint Benefits

- » Grains partnership – supplying cheaper feed grains from Australia to feedlots in order to improve production and reduce costs
- » Developing export markets – Powerhouse model – Australia exports red meat and cattle to Indonesia who then value add and export processed halal products to Muslim countries
- » Vocational training – skills development – partnerships with TAFE or vocational training institutions in Australia to establish training facilities in Indonesia to teach cattle breeding, production and processing. Student exchange programs

For Indonesia

- » Australia will immediately eliminate all remaining tariffs on Indonesian imports into Australia
- » Australia's open investment settings, encouraging further investment from Indonesia
- » Reciprocal Skills Exchange, allowing professionals from both countries to gain 6 months experience in the other's market
- » 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
- » 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
- » 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

For Australia:

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