Schedule 31 to the Record of Understanding No.14376

In Relation to cooperation between ACIAR and AusAID on "Analysis of agribusiness development opportunities in eastern Indonesia"

This Schedule No. 14376/31 sets out the shared goals of AusAID and ACIAR (the **Parties**) in relation to the **Analysis of agribusiness development opportunities in eastern Indonesia (Activity)** which will be implemented under the Record of Understanding signed by the Parties on 28 April 2006 (**ROU**). This Schedule (including any Attachments) itemises the scope of the activity, contributions of each Party to the Activity and sets out the accountability obligations of each Party, including the means for monitoring and evaluation. Unless otherwise stated in this Schedule, the terms and conditions of the ROU will apply.

Signed on behalf of **AusAID** by:

Signed on behalf of **ACIAR** by:

....

Signature

MAT KIMBERLEY
As Senior Representative to AID

Name and Designation   15/12/11

....

Signature

Nick Austin, Chief Executive Officer

30 Nov 2011

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Analysis of agribusiness development opportunities in eastern Indonesia

S1 COMMENCEMENT AND COMPLETION DATES

1.1 The Activity will commence on 1 December 2011 and be completed by 30 November 2012.

S2 ACTIVITY GOAL AND OBJECTIVES

2.1 The focus of this Activity is to identify agricultural commodity value chains and agribusiness development opportunities with most potential to increase incomes of poor farmers in Eastern Indonesia. It will focus on East Nusa Tenggara (NTT), West Nusa Tenggara (NTB) and East Java.

This Activity is one of several short studies that will inform the commodity focus and assistance activities of the Australia Indonesia Partnership for Decentralisation – Rural Economic Program (AIPD-Rural), which is due to start in early 2013. ACIAR has worked with AusAID and the International Finance Corporation (IFC) to develop a detailed Terms of Reference for the Activity. (Attachment 1, including Annexes A-C).

2.2 The Activity objectives are to:

    (i) Analyse agricultural commodity value chains linked to NTT, NTB and East Java and identify at least five with the most potential for improving incomes of poor farmers;

    (ii) Analyse selected value chains and identify the factors limiting chain participation, competitiveness and income of poor farmers and;

    (iii) Document agribusiness development opportunities and approaches for improving the efficiency, competitiveness and the income of poor farmers linked to selected value chains.

S3 ACTIVITY DESCRIPTION

3.1 In this Activity ACIAR will commission research to identify agribusiness development opportunities in NTT, NTB and East Java. The work will be undertaken in three sequential components:

    1. Socio-economic overview and prioritisation of value chains

    2. Analysis and identification of agribusiness development constraints and opportunities in a sub-set of priority agricultural product chains

    3. Synthesis workshops and final report

Component 1 will produce a socio-economic overview of agricultural production, markets, demographics and poverty in NTT, NTB and East Java. It will then analyse, rank and select at least five commodity chains with the highest potential to improve the net incomes of a large number of poor farmers in the study area.

Component 2 will undertake a series of individual value chain studies to analyse and identify agribusiness development constraints and opportunities for lead commodities identified in Component 1.

Component 3 will complete two review and synthesis workshops across lead commodity studies and prepare a Final Synthesis Report.

The agricultural commodities considered by the study will include staple food crops, livestock, fruits and vegetables, plantation crops, community forestry and aquaculture.

A small Reference Group comprising ACIAR, AusAID, IFC, and GoI will oversee the Activity and provide comments and recommendations at key decision points.

A risk assessment is provided in Attachment 2.

S4 FINANCIAL ARRANGEMENTS

4.1   The financial arrangements outlined below will apply to the Activity.

4.2   The maximum amount payable by AusAID in respect of this Activity is **A$1,000,000.** AusAID will not be liable for any amount, costs or expenditure incurred by ACIAR in excess of this amount.

4.4   AusAID will pay ACIAR the sums in accordance with the payment table set out below. The unexpended part of advances paid by AusAID (if any) will be refunded to AusAID.

Payment Schedule	Payment Date	Activity Costs	Management and Activity Support Costs	Amount($)
First Payment	1 Dec 2011	$950,000	$50,000	1,000,000
Total				1,000,000

4.5   ACIAR will ensure through its normal contractual arrangements that personnel engaged on an Activity maintain for the duration of the Activity:

(a)   adequate medical and dental insurance; and

(b)   adequate insurance for medical evacuation and evacuation resulting from an insured event.

4.6   Except as otherwise specified, these amounts are inclusive of all costs, expenses, disbursements, levies and taxes and the actual costs and expenses.

4.7   Claims for Payment of sums due and payable in respect of the Activity will be submitted in a form identifiable with the services and in accordance with

Clause 12 of the ROU. Invoices should be sent to the AusAID Accounts Processing email address **accounts.processing@ausaid.gov.au** and addressed as follows:

> Chief Financial Officer
> AusAID
> GPO Box 887
> Canberra ACT 2601

S5 MONITORING AND REPORTING REQUIREMENTS

5.1 ACIAR will provide the following reports by the date and in the format indicated:

    (a) A certified statement acquitting funds at completion of the Activity.

    (b) Activity reports will be submitted as further detailed in Attachment 1.

5.2 All reports must:

    (a) Be accurate and not misleading in any respect; and

    (b) Allow AusAID to properly assess progress of the activity.

S6 LIAISON AND NOTICES

6.1 The contact Officer for each Party is the Activity Manager. Each Party's address for the service of notices for the purposes of this Activity is as follows:

ACIAR:

Contact:	Dr Rodd Dyer
Telephone:	(02) 6217 0535
Facsimile:	(02) 6217 0501
Email:	rodd.dyer@aciar.gov.au
Postal Address:	GPO Box 1571 Canberra ACT 2601
Street Address:	38 Thynne Street Fern Hill Park Bruce ACT 2617

AusAID:

Contact:	Mr Jeremy Stringer
Telephone:	**+62 (0) 812 104 1590**
Email:	jeremy.stringer@ausaid.gov.au
Postal Address:	GPO Box 887 Canberra ACT 2601
Street Address:	255 London Circuit Canberra ACT 2601

Attachment 1

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Draft Terms of Reference

Analysis of agribusiness development opportunities in eastern Indonesia

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Background and Rationale

The Government of Australia has supported rural development and agricultural research in Indonesia for decades, particularly in Eastern Indonesia. A new program, Australia Indonesia Partnership for Decentralisation – Rural Economic Program (AIPD-Rural), will continue this support and has the goal of increasing income of more than one million poor male and female farmers by 30%. In particular AIPD-Rural supports efforts to increase the competitiveness of poor female and male farmers, through better farm practices, better access to input and output markets and an enhanced business enabling environment for agribusiness.

The goal and purpose of AIPD-Rural contribute to Pillar 1 of AIP Country Strategy 2008-2013: Sustainable Growth and Economic Management. The AIPD-Rural is designed to be relevant to Government of Indonesia (GoI) national priorities as stated in the Medium Term Development Plan (MTDP) 2010-2014, and the Ministry of Agriculture Strategic Plan 2010-2014.

AIPD-Rural will target the most significant constraints to rural income growth in five provinces of Eastern Indonesia including East Java, West Nusa Tenggara (NTB), East Nusa Tenggara (NTT), Papua and West Papua. Four districts will be selected from each province (20 districts in total), for program intervention. Selected districts for the five program provinces include:

Province	Selected Districts
East Nusa Tenggara (*Nusa Tenggara Timur*)	Central North Timor (*Timor Tengah Utara*), East Flores (*Flores Timur*), Ngada and Sumba Barat Daya.
West Nusa Tenggara (*Nusa Tenggara Barat*)	North Lombok *(Lombok Utara)*, West Lombok *(Lombok Barat)* (2012), Dompu (Water Hibah) and Bima.
Papua	Merauke, Yahukimo, Keerom and Yapen or Biak Numfor
West Papua	Fakfak, South Sorong *(Sorong Selatan)*, Manokwari and Raja Ampat.
East Java	Sampang (Madura island), Situbondo, Malang, and Trenggalek

A number of studies will be undertaken prior to the start of the AIPD-Rural to inform the program and better understand the rural sector, market actors, potential lead commodities, ease of doing business (including local regulation/policy), infrastructure that support the agricultural sector, access to finance and district profile.

ACIAR will manage one of these studies - **Analysing Agribusiness Development Opportunities in Eastern Indonesia.** AIPD-Rural employs a commodity focused approach and will support the strengthening of value chains for lead commodities which provide opportunities to improve farmer income in target areas.[1] In this core study ACIAR will commission research to identify candidate commodity value chains to be the focus of assistance through AIPD-Rural.

The aim of the ACIAR study will be to identify agricultural commodity value chains and agribusiness development opportunities with the most potential to increase incomes of poor farmers in NTT, NTB and East Java.

Scope

The ACIAR study will focus on agricultural value chains that impact the provinces of NTT, NTB and East Java. Studies in Papua and West Papua will be the subject of separate work. Data analysis and reporting at the district level will be required for aspects of the study, with particular focus on the selected districts identified within each province (defined above).

The initial scope of potential agricultural commodities considered by the study will include staple food crops, livestock, fruits and vegetables, plantation crops, community forestry and aquaculture.

Objectives

By December 2012 the ACIAR study will have:
(i)   Analysed agricultural commodity value chains linked to NTT, NTB and East Java and identified at least five with the most potential for improving incomes of poor farmers.
(ii)   Analysed selected value chains and identified the key factors limiting chain participation, competitiveness and income of poor farmers.
(iii) Outlined agribusiness development opportunities and approaches for improving the efficiency, competitiveness and the income of poor farmers linked to selected value chains.

Proposed method and approach

The ACIAR study will be divided into three components. Component 1 will produce a socio-economic overview of agricultural production, markets, demographics and poverty in NTT, NTB and East Java. Using the findings of the socio-economic overview, the project team will then work with key stakeholders to workshop, analyse, rank and select at least five commodity chains with the highest potential to improve the net incomes of a large number of poor farmers in the study area.

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[1] In addition to a lead commodities approach, AIPD-Rural will also support a farm systems approach which considers interactions between different commodities produced on the farm. However, the latter is not the subject of this study.

The recommendations from the Component 1 will be reviewed by a small Reference Group comprising AusAID, ACIAR, IFC and key Indonesian Government stakeholders.

Component 2 will then undertake a number of detailed quantitative and qualitative value chain analyses of selected products chains, evaluate constraints and identify opportunities for agribusiness development with greatest potential to increase farmer incomes.

Component 3 will workshop the results and recommendations from individual value chain analyses. Two workshops will evaluate the relative importance of the agribusiness development constraints and opportunities for the region, and highlight the extent to which these chains intersect individual study provinces and study districts. A Final Synthesis Report will then be produced.

It is essential that close engagement, cooperation and involvement with relevant GoI, research and industry stakeholders occur at all stages of this study.

Component 1   Socio-economic overview and prioritising value chains

Socio-economic overview

The socio-economic overview should provide a description of:

1. Agricultural production and markets - current situation, issues, trends, location and relative importance of different sectors.

2. Agribusiness infrastructure - location and effectiveness of important roads, ports and processing, wholesale and retail markets, input and technology providers, plants and facilities.

3. Poverty - distribution and trends and potential for poverty alleviation through smallholder commercialisation.

4. Demographic trends - trends, issues and impacts on poverty reduction and agribusiness value chain growth. The role of non-farm enterprises and urban migration to determine to what extent those factors can facilitate productivity growth and poverty alleviation of the rural poor should also be considered.

5. Macroeconomic, policy and political economy - affecting agriculture sectors and how it affects access of poor farmers to markets.

6. Smallholder commercialisation - emerging trends and constraints affecting smallholder commercialisation, and

7. Recent major policy and/or regulatory considerations affecting agricultural development, especially in Eastern Indonesia.

The socio-economic overview should focus on NTT, NTB and East Java and their selected districts and provide a summary of unique characteristics, issues and trends for each province. The main purpose of the review is to inform the selection of priority value chains for further study. The socio-economic overview will use information and data from secondary sources, informant consultations and some limited data analysis of poverty and demographics. A Demography and Poverty specialist will be engaged to undertake these aspects of the study. The report should

also seek to produce maps and tabulated data of key production, economic, market, demographic and poverty indicators and measures at the provincial and district levels.

Prioritising commodity value chains

Information from the socio-economic overview, in combination with informant consultation and stakeholder workshops will then be used to identify priority value chains for further study. It is suggested that the method to define selection criteria, weightings for ranking, define products and activities and finally to rank priority agricultural value chains be modelled on the approach in M4P (2008), Making Value Chains Work Better for the Poor. A Toolbook for Practitioners of Value Chain Analysis (other key background documents to be considered are included at the end of this TOR).

Selection criteria should mainly reflect benefits to poor farmers e.g. integration of the poor into markets, product potential for growth, opportunity for scaling up, risk, number of households impacted, poverty incidence and extent. However consideration also needs to be given to factors such as environmental impact, long term sustainability and effects on women in the criteria selection process.

A report detailing the socio-economic overview, and the detailed analysis and discussion of the priority commodity chains will be produced. The selection process and the report should identify priority value chains for the study region, and highlight specific provinces and districts where commodities and products have particular potential. The Reference Group will review the report and approve priority value chains, products and activities for detailed analysis in Component 2, taking into account the potential impacts in specific AIPD-Rural study districts.

Component 2 Analysis and identification of agribusiness development constraints and opportunities in selected agricultural product chains

Following advice and approval by the Reference Group, the Component 2 activities will undertake detailed quantitative and qualitative analyses of the selected value chains, identifying constraints and opportunities for enhancing chain efficiency and through this, rural incomes.

The value chain tools outlined in M4P (2008) explicitly consider the impact of constraints and opportunities on the poor, and therefore are suggested as an analytical framework to be used for the each selected commodity chain.

This approach will undertake a detailed characterisation and mapping of each selected product chain and analyses of: governance structures and linkages, costs and margins; options for technology, knowledge and upgrading and; income and employment distribution at each stage of the chain.

The competitiveness (costs and margins) and distribution of income and employment benefits at different stages of the value chain will be evaluated. Farmers' position in the value chain and the influence of internal and external governance (operating rules and systems of coordination, regulation and control) will be examined. How these factors impact the poor and women in particular will also be explicitly considered.

The value chain analyses should specifically evaluate the technology, knowledge and upgrading opportunities for farmers to increase income by: (i) increasing yield output; (ii) reducing cost of production and; (iii) securing price premiums through product differentiation, including options such as voluntary product specifications, certification standards, geographic indication and traceability. Consideration should also be given to situation whereby famer and non-farmer income may be improved by employment in a growing agribusiness sector. Similarly a detailed analysis of the emerging distribution and marketing structures will also evaluate options for improving the competitiveness at the transport, accumulation, trading, wholesaling, processing and marketing stages of the product chain.

Identification of opportunities should also be informed by discussions with farmers and traders of the selected commodities about their personal and family livelihoods, and aspirations to balance quantitative findings with on-the-ground conditions. The section should also discuss the need for technology (for example, access to compost and/or balanced fertilizer, improved planting stock, drip irrigation, etc.), need for infrastructure (for example, roads, warehouses or irrigation channels, etc.), and need for skills development (for example, production or post-harvest handling skills) and sources of information and/or financing for such needs. Finally, a discussion of key risk management capacity and gaps should be discussed *vis-a-vis*, especially with regard to adoption of new technology or infrastructure.

It is important that the gender dimensions of value chains are also captured in consideration of distributional effects in order to ensure that women, as well as men are able to take advantage of the benefits of the program; the project team should therefore take into account how women's roles in agriculture may best be identified and their efforts enhanced.

The value chain analyses will be supported by secondary data and detailed informant surveys. A separate report will be produced for each commodity chain study (Commodity Chain Report).

Component 3   Synthesis workshops and final report

Component 3 will conduct two workshops to review and synthesise the results, conclusions and recommendations from individual commodity chain analyses. The relative importance of the agribusiness development constraints and opportunities should be evaluated and discussed for the region and at the individual provincial and district levels. The first workshop will engage with as many of the other donors and NGO's and consulting firms as possible. The final workshop with AusAID, GOI, ACIAR, IFC will discuss the output from the first workshop and develop final conclusions and recommendations. A Final Synthesis Report will be produced.

See Annex A for proposed approach and methods, Annex B for required team skills and Annex C for the suggested work flow.

Scope of Services

Working in collaboration with the IFC, the project teams managed by ACIAR will:

- Prepare a draft methodology around the terms of reference, recruit team members and prepare a work plan for undertake Components 2 and 3 based on Annexes A, B and C;
- Carry out Component 1 of the Study aimed at providing an identifying the commodity chains and present recommendations to the Reference Group;
- On the basis of recommendations of the Reference Group carry out Component 2 of the Study investigating constraints, and potential to improve farmer incomes through these chains in the target provinces. This may include a range of different study tasks including a detailed analysis of the production environment and the value chain for the selected commodities. Gender studies should be part of the analysis for each of the selected chains. Information sourced should include both quantitative and qualitative data and may be based on a range of research methodologies including a study of available literature and data, survey/s and informant interviews;
- Compile draft Commodity Reports for each of the selected value chains investigated under Component 2 of the Study;
- Finalise Commodity Reports for each of the commodity chains investigated on the basis of comments from the Reference Group.
- Conduct a broad Review workshop with NGO's, donors and other stakeholders, and a final Review and Synthesis workshop with commodity teams, key stakeholders and Reference Group to discuss individual Commodity Report findings and formulate conclusions and recommendations at provincial and districts levels.
- Prepare a Final Report (Synthesis Report) based on the Review and Synthesis workshops.

Duration and Timing

The study should be carried out between 01 December 2011 and 30 November 2012. See Annex C draft work plan for suggested timing.

Reporting milestones

The following reports will be submitted:

- Detailed project schedule: Updated methods, detailed work plan and team member CVs - due 30 January 2012
- Report 1: Socio-economic overview and recommendations of priority commodity chains to be investigated – due 30 March 2012
- Report 2: Draft individual Commodity Chain reports due 30 September 2012
- Report 3: Finished Commodity Chain Reports and Final Report (Synthesis Report) due 30 December 2012

Project Reference Group

A Reference Group (RG) of six persons (max) representing ACIAR (2), AusAID (1), IFC (1) and Indonesian Government stakeholders (2) will oversee the project. The role of the RG will be to:

- Provide input into the project Terms of Reference and analytical approach
- Review Component 1 report and sign off on priority value chains, products and activities identified for detailed VC analysis in Component 2
- Review and provide feedback on draft Component 2 reports
- Review and provide feedback on Final Report conclusions and recommendations

References

M4P (2008) Making Value Chains Work Better for the Poor. A Toolbook for Practitioners of Value Chain Analysis. Version 3. Making Markets Work Better for the Poor (M4P) Project, UK. Department of International Development (DFID). Agricultural Development International: Phnom Penh, Cambodia.

Annex A. Proposed approach and research questions

Study Component	Possible questions and issues	Type of study/method/researchers
Component 1	**Socio-economic overview and prioritising value chains**	
Socio-economic overview	Which agribusiness commodity chains have the most potential for improving incomes of poor farmers in NTT, NTB and East Java?	Method/approach Review and synthesis Informants surveys, stakeholder consultations Stakeholder priority setting workshop
	What are the main agricultural products and markets, their production characteristics, issues, trends, geographic distribution and relative value and importance of different sectors?	Data summary, tabulation, interpretation and reporting
	What is the current state, locations and effectiveness of important agribusiness infrastructure such as roads, ports and processing, wholesale and retail markets, plants and facilities?	Data sources Secondary data Informant surveys
	What is the state of poverty, distribution and trends and what potential is there for poverty alleviation through smallholder commercialisation? How?	Stakeholder consultation Poverty data analysis
	What demographic trends are occurring and how will they impact poverty reduction and agribusiness value chain growth efforts. How can non-farm enterprises and urban migration influence attempts to productivity growth and poverty alleviation of the rural poor?	Team skills International agricultural economist and value chain specialist Indonesian agricultural economist
	What macroeconomic, policy and political economy affect agriculture sectors and how do they affects access of poor farmers to markets?	Poverty and demographic specialist Gender specialist
Prioritising value chains	What emerging trends and constraints are affecting smallholder attempt at commercialisation and increased competitiveness in value chains?	
	What criteria and relative weightings should be used to rank and select agribusiness commodity chains with most potential for improving incomes of poor farmers in NTT, NTB and East Java? For example: integration of the poor into markets, product potential for growth, opportunity for scaling up, risks number of households impacted, poverty incidence and extent, environmental impact, long term sustainability and effects on women?	

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Component 2	Analysis and identification of agribusiness development constraints and opportunities in selected agricultural product chains	Method/approach
Value chain mapping and characterisation	What are the characteristics of commodity value chains? i.e. What are the different (core) processes in the value chain? Who are the actors involved in these processes and what do they actually do? What are the flows of product, information and knowledge in the value chain? What is the volume of products, the number of actors, jobs? Where does the product (or service) originate from and where does it go? How does the value change throughout the chain? What types of relationships and linkages exist? What types of (business) services are feeding into the chain?	Value chain mapping and characterisation for each selected commodity Qualitative and quantitative value chain analysis Stakeholder workshops Data analysis, summary, tabulation, interpretation and reporting
Analysis of governance structures and linkages, costs and margin, income and employment	How do governance structures and linkages (both public and private operating at global, national, provincial and district) influences farmers and smallholders ability to participate and be competitive within value chains? How do these factors impact the poor and women in particular?	Data sources Secondary data Value chain informant surveys Stakeholder consultation Poverty data analysis
	What are the costs and margins at each stage of the chain and how does the competitiveness of the value chain (including all links in the chain) compare against other provinces in Indonesia and other Southeast Asian countries	
	What is the capacity for value chains to respond to changing market demand such as quality standards and specifications, especially voluntary standards?	
	What factors contribute to inefficiency, poor competitiveness and slow responsiveness to changing market demands? How is income and employment distributed at each stage of the chain? What proportion of chain value do farmers and other smallholder receive and how could this be increased?	
Options for technology, knowledge and upgrading	What technology, knowledge and upgrading opportunities exist for farmers and other along the value chain to increase income by: (i) increasing yield output; (ii) reducing cost of production and; (iii) securing price premiums through product differentiation for different commodity products.	Team skills Commodity focused value chain analysts Technical commodity specialists supported by International agricultural economist and value chain specialist Indonesian agricultural economist Gender specialist
	What options exist for product differentiation through voluntary product specifications, certification standards, and geographic indication?	
	How does the productivity and quality of the each commodity compare to other provinces in Indonesia and countries in Southeast Asia?	

	What are the environmental challenges and opportunities to improving productivity?
Social issues and gender	To what extent do current management practices and technologies constrain or enable productivity?
	What social, institutional, community and behavioural factors contribute to the potential for improved cost effective management technologies to be taken up?
	What is the role of women in the value chain and what can be done to ensure they benefit from program interventions?
Component 3	**Component 3. Synthesis workshop and Final Report**	
	What conclusions and recommendations can be drawn from individual commodity chain analyses in terms of the relative importance of the agribusiness development constraints and opportunities for the region and at the individual provincial and district levels.	Stakeholder workshops Data analysis, summary, tabulation, interpretation and Synthesis Report (Final Report)

Annex B: Research Team

Core Project Team

One Indonesian and one international Agricultural Economist/Value Chain Specialist will work together to provide expertise and insight into the analysis of each of the commodity chains. Together they will lead Component 1 and will work with commodity specialists identified for each of the selected commodity chains in Component 2 to ensure consistency and robustness of the approaches used across all the selected chains.

Demography and Poverty Specialist

A demography and poverty specialist will work with the Core Project Team in Component 1 providing an analysis of household poverty incidence, distribution and impacts in the study provinces, and description and analysis of demographic trends and their impact on poverty alleviation and growth in the agribusiness sector.

Commodity Specialists / Teams

Commodity Specialists / Teams will be employed for each of the commodity chains under investigation in Component 2 of the Study to assist with assessments of the production, market, policy and business environments for the selected commodities. The teams will address the kinds of questions identified in Annex A. To the extent that survey data is required, the Commodity Specialists will work with a survey design specialist to design a survey relating to production issues for their relevant commodities. The Commodity Specialists should have a good understanding of the key public and private sector actors in the given commodities and provinces.

Gender Specialist

A Gender Specialist will design and carry out gender analyses of each of the selected commodity chains, focusing on social relations, communications and gender. This includes aspects of the questions such as the take-up or otherwise of new technology by farmers and relations between value chain actors.

Annex C: Draft Work plan

Study activity	2011	2012											
	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	NOV	DEC
Component 1												
Finalise study methods, work plan and team CVs												
Socio-economic review												
Priority setting workshop and report												
Reference Group review												
Component 2												
Value chain analyses												
Draft Commodity Chain reports												
Component 3												
Reference Group review												
Stakeholder workshop and Final Report												

Annex D: Indicative Activity Budget

Outcome	Budget
Component 1: Socio-economic overview of agricultural production, markets, demographics and poverty in NTT, NTB and East Java	$150,000
Component 2: individual value chain studies to analyse and identify agribusiness development constraints and opportunities for lead commodities identified in Component 1.	$750,000
Component 3: two review and synthesis workshops across lead commodity studies.	$50,000
ACIAR activity support costs	$50,000
Total	$1,000,000

Annex e: Monitoring, Evaluation and Reporting Framework

Outcome	KPI	Date
At least five agricultural commodity value chains linked to NTT, NTB and East Java with the most potential for improving incomes of poor farmers identified.	Report and lead commodities accepted by Reference Group	30 Mar 2012
Key factors limiting chain participation, competitiveness and income of poor farmers identified	Commodity Reports accepted by Reference Group	30 Sep 2012
Agribusiness development opportunities and approaches for improving the efficiency, competitiveness and the income of poor farmers linked to selected value chains documented.	Final synthesis Reports and recommendations accepted by Reference Group	30 Dec 2012

Attachment 2

Risk Management Matrix

Risk	Likelihood	Degree of Impact	Party Managing	Management Strategy
Research partners unable meet the partnership requirements	Possible	Major	RPMs, Reference Group (RG),	Selection of lead and commodity team with appropriate technical and social skills

Effective communication with all partners and regular monitoring the progress of project activities |
| Problems in program coordination | Possible | Major | RPMs, RG, Lead Organisation and Project Coordinator | Inclusion of lead organisation and in-country project coordinator in all lead commodity sub-projects.

The project structure has identified clear roles and responsibility.

Team planning/review meetings and workshops |
| Lack of functional links among the different components in achieving the overall objectives | Possible | Moderate | RPMs, RG, Project Coordinator | Apply uniform value chain analysis approach to individual lead commodity projects

Commodity projects designed as components of a interlinked multi-commodity program

Efficient coordination of project activities and communication to all partners

Regular monitoring and evaluation of the project activities |
| The program cannot deliver on time and budget | Possible | Major | RPMs, Lead Organisation, Project Coordinator | Establishment of an detailed and realistic work plan with milestones, associated responsibilities (who, what) and reporting duties

RG to monitor progress |

Suggested classifications:

Likelihood	Degree of Impact
Almost certain - expected to occur in most circumstances	Severe - would stop achievement of functional goals and objectives
Likely - will probably occur in most circumstances	Major - would threaten goals and objectives; requires close management
Possible - might occur at some time	Moderate - would necessitate significant adjustment to the overall function
Unlikely - could occur at some time	Minor - would threaten an element of the function
Rare - may occur only in exceptional circumstances	Negligible - routine procedures sufficient to deal with the consequences