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Assessment of Indonesian Agribusiness Associations

ADP Working Paper No. 9



AGRIBUSINESS DEVELOPMENT PROJECT

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INDONESIA AGRIBUSINESS DEVELOPMENT PROJECT

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**Assessment of
Indonesian Agribusiness Associations**

by

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FOREWORD

Strengthening the role of associations in providing support to agribusiness development is one of the major components of the Agribusiness Development Project (ADP). In order to better understand the current level of development across a broad spectrum of existing associations, ADP commissioned an institutional assessment of at least 25 organizations. The objectives of this working paper are to:

- provide a detailed assessment of selected agribusiness associations with special emphasis on programs, services and activities;
- determine the common weaknesses affecting all or most of the associations;
- identify what, if any, legal or regulatory constraints are limiting the associations ability to support agribusiness development; and,
- recommend specific actions and programs which would strengthen the associations.

As an added benefit, this paper provides key baseline information on agribusiness associations in Indonesia. In addition, the information collected will be used as the foundation for the development of an directory of agribusiness associations which ADP will publish and distribute in the near future.

Acknowledgements

While the agribusiness association assessments were not the result of an exacting scientific process, it is the belief of the assessment team that the Agribusiness Development Projects' assistance program will be enhanced by the data and information contained in this report.

The team sincerely appreciated the time and support of the ADP project staff which allowed the team to be effective and efficient in carrying out the assessments.

We would also like to thank all of the association representatives for their hospitality and assistance. We are especially grateful to those associations who took the time to review and correct the first drafts of their assessments in order to insure the accuracy of their assessments and, as a result, the accuracy of this report.

During the course of carrying out the assessments, several associations made requests for potential assistance from ADP. While those requests are not the subject of this report or the recommendations contained herein, all requests have been made known to ADP for follow-up at a later date.

EXECUTIVE SUMMARY

The purpose of this assessment is to enhance ADP's knowledge of current status of Indonesian agribusiness associations; identify their primary strengths and weaknesses; and, to make recommendations on how ADP can potentially assist the associations in order for them to more effectively contribute to the development of Indonesian agribusiness sector.

Various sources were used to identify a total of 54 potential associations which were considered for assessment. Of these, based on availability, selection criteria and time limitations, 28 associations were assessed.

The Assessment Team met individually with each of these associations and used a standardized Interview Guide developed by ADP to solicit information regarding key areas of the associations' operations. The assessment focused on programs and objectives; institutional structure; services and activities; membership information; promotion; staffing; financial strength; institutional collaborations; program monitoring; perceived strengths and weaknesses; and, legal and regulatory issues.

From the information collected through these assessments, some important conclusions were drawn.

- Most had developed objectives and goals but no supporting programs
- Many of the associations do not have permanent offices
- Some offer a variety of services but none monitor the effectiveness of the services provided
- Most of the associations lack professional staffing
- Many if not all of the associations lack adequate funding due to a number of reasons
- Most associations do not take full advantage of available collaborations
- Most do not actively market themselves, internally or externally
- The biggest growth potential is within the inactive members

While the team realizes that ADP may not be able to assist the associations in solving all of the above issues, we feel that many can be addressed effectively and efficiently through the use of ADP resources. Key recommendations taken from the main report are summarized as follows:

Objectives, Goals & Programs: While ADP Association Development Workshop held in January 1994 was a good start, additional workshops and seminars should be held in the future with smaller groups of associations which have more problems in common. Furthermore, ADP should provide

Technical Assistance (TA) to those associations which are interested in improving their planning and program development process.

Institutional Structure: The lack of permanent office space or, at least a permanent point of contact, is a serious problem for smaller associations. ADP should encourage smaller associations to at least have a post office box and an answering service. It may also be possible for a group of associations join together in a common office facility which would greatly enhance their capabilities.

Membership Services: As this is directly linked to association objectives, goals and programs, the team recommends that ADP provide TA to associations to improve their existing services and, if possible, to help them develop new, innovative programs, services and activities. One of the first steps would be to encourage and assist the associations in soliciting feedback from their memberships and establish an ongoing procedure for program monitoring.

Association Staffing: The lack of professional staff is a difficult problem for ADP to address except through training programs for existing staff. One possible long-term solution for associations in Indonesia may be the establishment of an organization of association managers which could possibly affiliate with the American Society of Association Executives (ASAE). Such an affiliation would provide access to a variety of training materials, books, and other information which would be helpful in bringing professionalism to Indonesian associations.

Institutional Collaboration: ADP should encourage Indonesian agribusiness associations to take full advantage of collaboration with other institutions, especially each other. As a result of the ADP Association Development Workshop, plans are already being made to arrange a quarterly forum for the associations to meet together and share their experiences and other information. ADP should support this forum to the extent required to make it successful and sustainable.

Association Promotion: With few exceptions, Indonesian agribusiness associations do not effectively promote themselves either internally or externally. Therefore, the team recommends that ADP provide TA to those associations that would like to improve or develop their promotional programs. For smaller associations, ADP should consider giving them access to the ADP Newsletter. Associations could contribute news on their activities and programs which would not only reach their members, but the rest of the ADP mailing list as well, providing them with some much need exposure within the Indonesian agribusiness sector.

While none of the preceding recommendations directly address the problems of funding and lack of member interest (inactivity), it is the opinion of the team, that the associations that improve their programs, services, activities, accessibility, professionalism and promotion will find funding easier to generate and active members will increase.

RINGKASAN

Tujuan dari pengkajian ini adalah untuk memperluas pengetahuan ADP tentang status Asosiasi Agribisnis di Indonesia pada saat ini; mengetahui kekuatan-kekuatan serta kelemahan-kelemahannya; dan, untuk memberikan usulan-usulan kepada ADP untuk selanjutnya dapat memberikan bantuan kepada asosiasi agar mereka dapat memberikan sumbangan yang lebih efektif terhadap pengembangan sektor agribisnis di Indonesia.

Beraneka ragam sumber telah digunakan untuk mendapatkan 54 calon asosiasi yang akan dipertimbangkan untuk dikaji. Dari jumlah tersebut, berdasarkan kesediaan asosiasi, kriteria pemilihan asosiasi serta keterbatasan waktu, hanya 28 asosiasi yang dapat dikaji.

Tim Pengkaji bertemu secara sendiri-sendiri dengan setiap asosiasi dan menggunakan pedoman wawancara yang baku yang dibuat oleh ADP untuk mendapatkan informasi mengenai hal-hal yang penting yang berkaitan dengan operasional asosiasi. Pengkajian ini memfokuskan pada: program dan tujuan; struktur institusi; pelayanan dan aktifitas; informasi mengenai anggota; promosi; kepegawaian; keuangan; kerjasama dengan institusi; pemantauan program; kekuatan dan kelemahan; dan, hal-hal yang berhubungan dengan undang-undang serta peraturan-peraturan asosiasi.

Dari informasi yang dikumpulkan melalui pengkajian ini, dapat ditarik beberapa kesimpulan penting.

- Pada umumnya para asosiasi telah membuat tujuan dan sasaran akan tetapi tidak mempunyai program yang menunjang
- Banyak asosiasi tidak mempunyai kantor yang permanen
- Beberapa asosiasi memberikan beraneka ragam pelayanan tetapi tidak memantau keefektifan dari pelayanan yang diberikan
- Pada umumnya para asosiasi tidak mempunyai karyawan profesional yang cukup
- Banyak asosiasi, jika tidak dapat dikatakan semua, yang tidak mempunyai cukup dana karena beberapa alasan
- Pada umumnya para asosiasi tidak mengambil sebanyak mungkin manfaat dari kesempatan yang tersedia untuk bekerjasama
- Pada umumnya mereka tidak secara aktif memasarkan dirinya, kedalam maupun keluar
- Potensi yang terbesar untuk berkembang ialah untuk berbuat sesuatu pada anggota yang tidak aktif

Walaupun Tim menyadari bahwa ADP tidak dapat membantu untuk

memecahkan seluruh permasalahan diatas, kami merasa bahwa banyak hal yang dapat diselesaikan secara efektif dan efisien dengan menggunakan sumber daya ADP. Usulan-usulan penting yang ada pada laporan ini dapat diringkas sebagai berikut:

Tujuan, Sasaran & Program: Walaupun ADP Association Development Workshop yang diselenggarakan pada bulan Januari 1994 adalah suatu tahap awal yang baik, workshop dan seminar tambahan sebaiknya diadakan dimasa mendatang dengan kelompok asosiasi yang lebih sedikit dan yang mempunyai kendala yang sama. Selanjutnya, ADP sebaiknya menyediakan bantuan teknis kepada asosiasi yang ingin memperbaiki proses pembuatan rencana dan program mereka.

Struktur Institusi: Kurangnya sarana kantor yang permanen atau setidaknya tempat permanen yang dapat dihubungi, adalah kesulitan yang cukup serius yang dialami oleh asosiasi yang lebih kecil. ADP sebaiknya menghimbau asosiasi-asosiasi yang lebih kecil untuk setidaknya memiliki kotak pos dan answering service. Juga sebagai salah satu kemungkinan, sekelompok asosiasi dapat bergabung untuk menggunakan sarana kantor ber-sama sama, hal ini dapat meningkatkan kemampuan mereka.

Pelayanan pada Anggota: Karena hal ini berkaitan langsung dengan tujuan, sasaran, dan program asosiasi, Tim mengusulkan agar ADP memberikan bantuan teknis kepada asosiasi untuk memperbaiki pelayanan yang ada saat ini, dan bila mungkin, membantu mereka untuk membuat program, pelayanan, dan aktifitas yang baru dan yang lebih menarik. Salah satu langkah awal ialah dengan menghimbau dan membantu asosiasi untuk mendapatkan masukan-masukan dari para anggota dan menyusun prosedur yang berkesinambungan untuk memantau program-program yang diberikan.

Kepegawaian: Kurangnya karyawan yang profesional adalah kendala yang amat sulit untuk dibantu oleh ADP terkecuali melalui program pelatihan kepada karyawan yang ada. Salah satu kemungkinan pemecahan jangka panjang bagi asosiasi di Indonesia ialah dengan dibentuknya organisasi manajer asosiasi dan bila mungkin organisasi ini berafiliasi dengan the American Society of Association Executives (ASAE). Afiliasi semacam ini akan memberikan peluang untuk mendapatkan beraneka ragam materi pelatihan, buku-buku, dan informasi lainnya yang dapat membantu meningkatkan profesionalisme asosiasi di Indonesia.

Kejasama Antar Institusi: ADP sebaiknya menghimbau asosiasi agribisnis di Indonesia untuk memanfaatkan secara penuh kesempatan untuk bekerjasama dengan institusi lainnya terutama dengan sesama asosiasi. Sebagai hasil dari ADP Association Development Workshop, rencana telah dibuat untuk mengadakan forum setiap triwulan agar asosiasi dapat berkumpul dan berbagi

pengalaman dan informasi lainnya. ADP sebaiknya menunjang forum ini semaksimal mungkin agar sukses dan berkesinambungan.

Promosi: Dengan sedikit pengecualian, asosiasi agribisnis di Indonesia tidak secara aktif mempromosikan dirinya baik kedalam maupun keluar. Oleh karena itu, Tim mengusulkan agar ADP memberikan bantuan teknis kepada asosiasi-asosiasi yang ingin membuat atau memperbaiki program promosi mereka. Untuk asosiasi yang lebih kecil, ADP sebaiknya mempertimbangkan untuk mengikut sertakan mereka dalam Newsletter ADP. Para Asosiasi dapat menyumbangkan berita mengenai aktifitas serta program mereka yang mana berita ini bukan hanya dapat dijangkau oleh anggota-anggotanya melainkan keseluruhan penerima Newsletter ADP lainnya yang cukup luas, dan ini akan memberikan kesempatan yang diperlukan oleh asosiasi untuk lebih dikenal secara umum pada sektor agribisnis di Indonesia.

Walaupun usulan-usulan tersebut tidak secara langsung memecahkan masalah pendanaan dan kurangnya minat anggota (ketidak aktifan), Tim berpendapat bahwa asosiasi-asosiasi yang memperbaiki program, pelayanan, aktifitas, profesionalisme, dan promosi mereka serta mengusahakan agar lebih mudah untuk dicapai akan lebih mudah untuk mendapatkan dana dan akan lebih mudah juga untuk dapat meningkatkan jumlah anggota yang aktif.

INTRODUCTION

A major component of the Indonesian Agribusiness Development Project is to strengthen agribusiness associations. As a first step toward this objective, ADP determined that it would be beneficial to develop a more in-depth understanding of the major strengths and weaknesses of the Indonesian agribusiness associations, individually and as a group. ADP also needed to better understand the policies under which associations function in Indonesia and, what, if any, legal or regulatory constraints might be limiting the associations ability to effectively contribute to the growth of the Indonesian agribusiness sector.

In order to develop this information, ADP decided to carry out an assessment of the known agribusiness associations during the period from November 1, 1993 through January 15, 1994. Lists of associations were obtained from the Ministry of Agriculture (MOA), Ministry of Industry (MOI), and several other sources including the Indonesian Chamber of Commerce and Industry (KADIN) Directory. In all, a total of 54 associations were identified.

The Assessment Team (team), consisting of Mr. Jerry Hermann and Mr. Eddy Bahfen, conducted on-site, first-hand interviews with representatives of the associations, members of the association (if necessary), and other knowledgeable public and/or private sector sources. The interviews were informal and based on a standardized Interview Guide¹.

ASSESSMENT FOCUS

In consultation with ADP, the team developed the Interview Guide in order to focus on the major areas of the association's operations and activities. The primary areas that were covered by the assessments were as follows:

- The association's major objectives and programs;
- The institutional structure of the association, its branches and affiliates, if any;
- The types of services and activities that the association provides to its members;
- A profile of the association membership and membership trends;
- Information regarding all promotional activities including newsletters and other publications (bulletins, quality/grade standards, scientific papers, governmental policy bulletins, etc.);
- Details regarding collaboration with other institutions;

¹See Annex A

(Assessment Focus continued...)

- Activities of the association with regard to policy and regulatory advocacy; and,
- Any identified association constraints

Furthermore, the assessment team was charged with analyzing the information gathered from the individual association evaluations in order to develop a composite profile of the total group.

SELECTION CRITERIA

While wanting to assess as many agribusiness associations as possible, selection criteria were developed in order to prioritize the assessment process. To the extent possible, the team attempted:

- To locate and interview as many broad-based associations as possible;
- To profile national as well as regional associations;
- To identify innovative programs and services;
- To balance the selection with large and small associations; and,
- To include as many women-oriented or -managed organizations as possible.

While the selection criteria were important, the team actually assessed most of the associations from the 54 potential organizations that could be located and were willing and had time to meet with the team.

GENERAL COMMENTS

Meetings were held with 28 associations resulting in the completion of 26 association assessments². The team did not meet with the balance of the associations for the following reasons:

- 10 were inactive:
- 6 had moved or could not otherwise be located:
- 2 were unable to meet due to the time available:
- 2 had merged with another association: and,
- 6 were sorted from list due to the selection criteria.

²See Annex B for a listing of associations.

Meetings were arranged by ADP staff who contacted the prospective associations by letter and telephone. In general, the assessments were conducted with the president, chairman, or executive secretary. The interview session lasted from one and one-half (1 1/2) to four (4) hours. After the team prepared a written profile, each association representative was presented with a copy for their editing or further comments.

The assessment team met with representatives of twenty-eight (28) organizations, two of which were not assessed and two which were excluded from the statistical data used in the association analysis. One association of 6 large governmental fertilizer producers and KADIN (The Chamber of Commerce and Industry) was not assessed due to their lack of fit with the other organizations.

In addition, the team determined that, due to the possibility of distortion, it would be in the best interest of the report to exclude information from the Agri-Business Club and one inactive association in the calculation of statistical data presented in this report.

ASSESSMENT FINDINGS AND RECOMMENDATIONS

The following is a discussion of the more important findings of the association assessments, organized by major focus areas.

OBJECTIVES AND PROGRAMS

It is very important for any organization to have clearly stated objectives and supporting programs to achieve those objectives. This section of the assessment examined each association's major goals and objectives and the primary programs which support them.

For example, the Rubber Association of Indonesia (GAPKINDO) is an organization that has a clearly stated objective "to assist its members in developing and improving production, processing, and marketing of Indonesian rubber for export purposes with more emphasis toward processing and marketing as majority of the members are rubber processors and exporters". GAPKINDO also has a number of supporting programs as follows:

- Training, seminars, and educational activities for rubber processors;
- Assistance in improving the quality of natural rubber at smallholder farm level and factory level;
- Representing its members in national and international rubber forums;
- Assisting the government in the development of standards and policy related to the rubber industry;
- Disseminating information of new regulations and other issues to its members;
- Assisting its members in resolving shipping, customs and delivery problems;
- Making recommendations to its members who are seeking government authorization in order to be able to issue their own quality certificates;
- Assisting its members in the development of new rubber markets; and,
- Acting as arbitrator in handling disputes among members and between members and other parties.

Unfortunately, GAPKINDO is the exception and, while most of the associations the team met with had written objectives and goals, many did not have good supporting programs and activities. Most cited difficulties in developing and implementing programs due to a lack of resources.

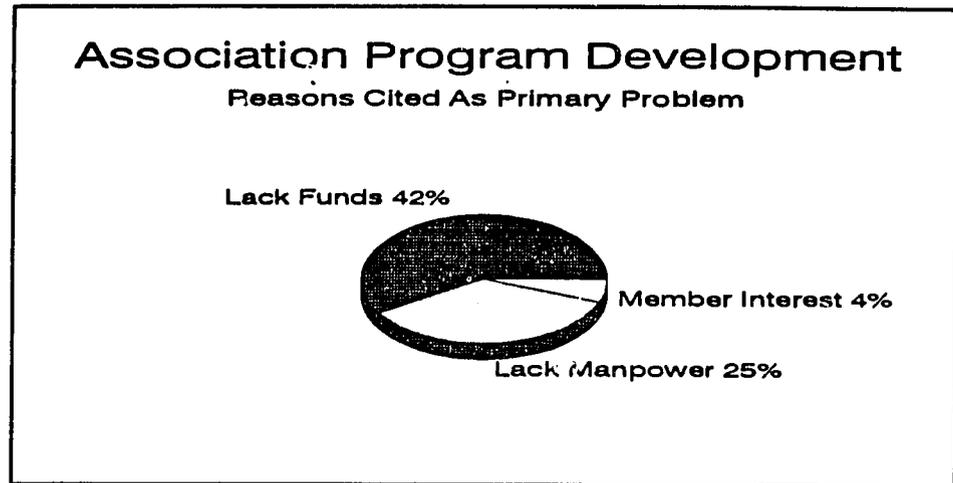


Figure 1

While the team was appreciative of the complexities behind the lack of resources, it appeared that the primary problem was the lack of innovative programs that attract membership support, contrary to the information provided in Figure 1.

Therefore, the team recommends that ADP determine how to provide technical assistance, workshops and seminars to those associations that need guidance in the development of improved plans, budgets and new program development.

INSTITUTIONAL STRUCTURE

This section of the assessment looked at the infrastructure of the associations. It assessed the office location, branches or affiliate offices and organizational structure of officers, directors, and advisors. In addition, an attempt was made to determine what changes were planned and how these changes would impact the associations overall institutional structure.

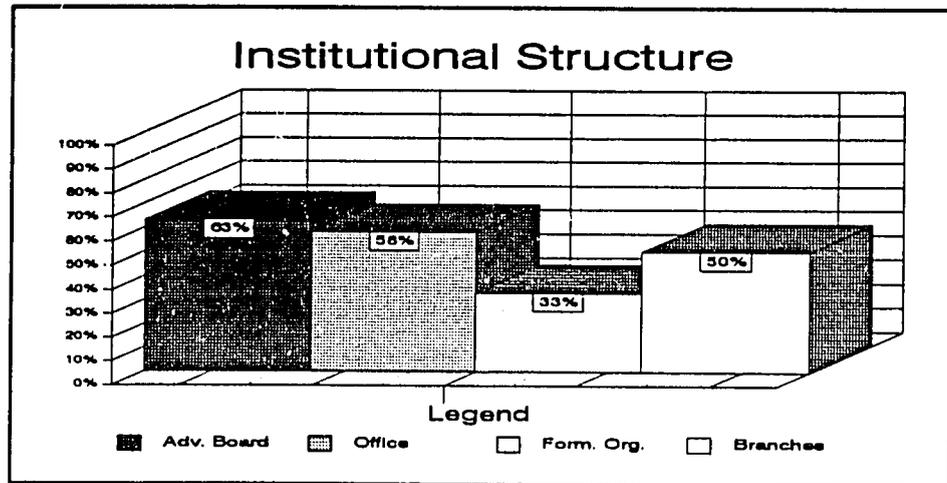


Figure 2

As Figure 2 indicates, most of the assessed associations have reasonable functional structures. All of them had a board of directors, many had advisory boards and some had branch offices outside of Jakarta.

However, one of the major difficulties noted was with associations that lacked a dedicated office location. The team found many inconsistencies in the addresses, telephone numbers and names listed in directories. The team felt that a permanent office location is important and the sign of a well-structured association.

At minimum, the team recommends that ADP should encourage the smaller associations which lack dedicated office space to find some way to establish a permanent point of contact. A post office box and an answering service should be within the budget limitations of any active association.

Further, it may be possible for ADP to assist a group of the smaller associations to come together and establish a common office facility which could serve several associations. Such an office could have one full-time staff person and some basic office equipment in order to carry out limited program activities for the participating associations.

MEMBERSHIP SERVICES

The team looked carefully at the services and activities which the associations provided to their members. Technical assistance, market information, government policy information, standards information, and quality

control assistance are some of the services which associations provide their members in support of their major programs.

The interview team considered the Indonesian Cocoa Association (ASKINDO), as an example of an association that provides substantial membership services. ASKINDO claims to provide a wide range of services including:

- Training Programs
- Technical Assistance
- Domestic Market Information
- International Market Information
- Government Policy Information
- Quality Standards Information
- Quality Control Assistance
- Promotional Assistance

The majority of those interviewed state that they develop their programs and services based on requests of the members. As Figure 3 below indicates, most provide information regarding governmental policy, markets and quality standards.

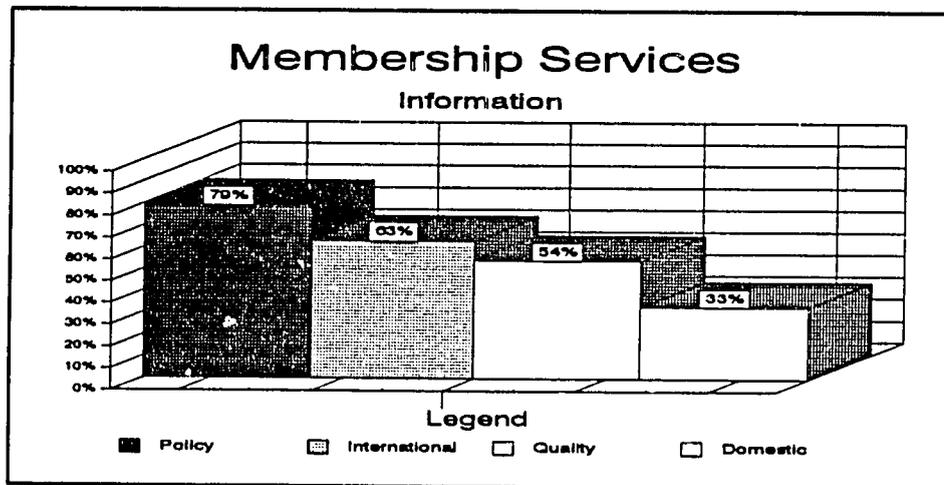


Figure 3

It is not surprising that GOI policy information is the most prevalent member service since most associations relate closely to the GOI and they consider this one of their primary responsibilities. The high percentage of those providing international market information reflects the large number of trade associations.

On the other hand, although some associations publish bulletins related to quality and grade standards, less than one-half provide any technical assistance service to their members.

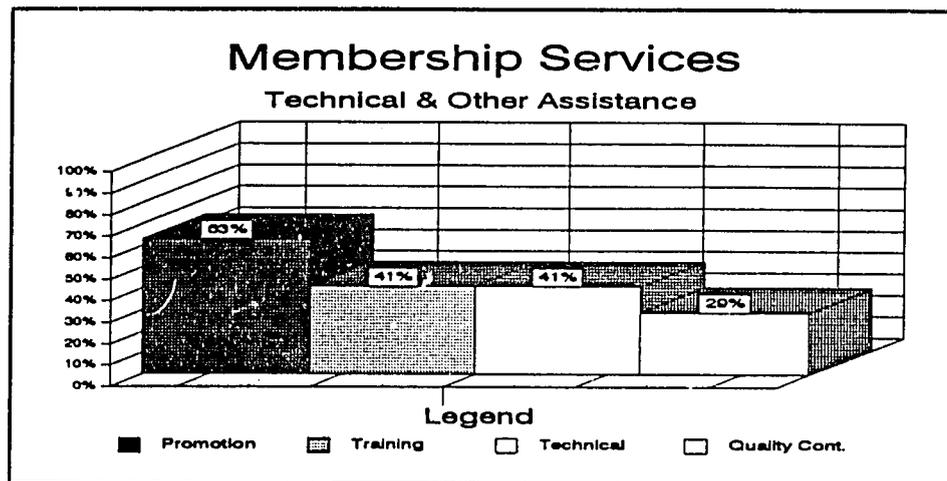


Figure 4

Despite the associations responses to the issue of membership services, Figures 3 and 4 are likely to be optimistic in terms of the services that members actually receive. It is interesting to note that only one charges fees for any of the services provided.

To some extent, this may be a reflection of the quality of the services provided but it may also reflect the associations lack of understanding of how to charge and collect service fees.

The team recommends that ADP work with individual associations to assist them in determining which programs need improvement, which need to be eliminated and how to develop a method of recovering all or part of the cost of the services through fees.

MEMBERSHIP INFORMATION

This section of the assessment focused on the current membership base, membership development activities, broad-based impact and the potential for growth in membership.

The average association had just over 100 members (excluding GAPMMI), with only 50 percent of the members being active in association activities.¹ Furthermore, most associations exhibited little growth in the past three years.

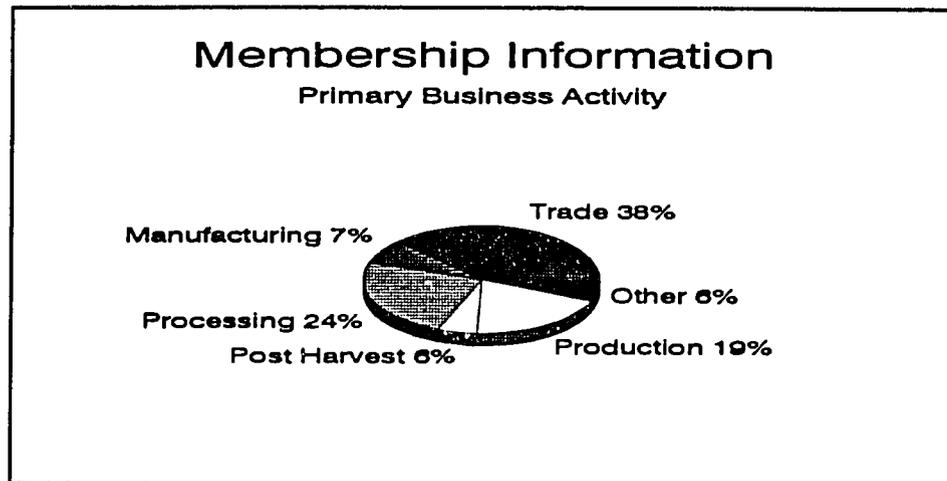


Figure 5

As Figure 5 shows, one-third of the associations members were involved in trade and over half were involved in trade and processing. As one can see, about 25 percent of the associations members were involved in production or post harvest activities.

As would be expected, the primary business activities of the associations membership are reflected in the types of services and programs carried out by the associations.

In contrast, Figure 6 shows that the current membership of the associations is primarily made up of medium to large size firms with over 90 percent of the members having over 10 employees and over one-fourth having more than 50 employees. Of the associations planning to increase membership,

¹See Annex D

the average growth potential was at maximum 50 percent. Most associations had already enrolled those firms that were eligible.

One association, the Indonesian Fishery Club (HPPI) is an example of how some associations attract new members. HPPI has set as one of its objectives to "expand the organization by allowing non-joint-venture companies to become members." By changing its membership criteria, HPPI hopes to expand its membership by opening doors to many sea shrimp fishermen.

In total, the team met with associations ranging in size from eight (8) to as many as twelve hundred (1200) members. The Food and Beverage Entrepreneurs claim over 60,000 members. With the exception of one association, all of the organizations have some sort of membership criteria. With regard to membership development, about 50 percent of the associations are not doing anything to solicit new members, mainly because they are saturated with eligible candidates.

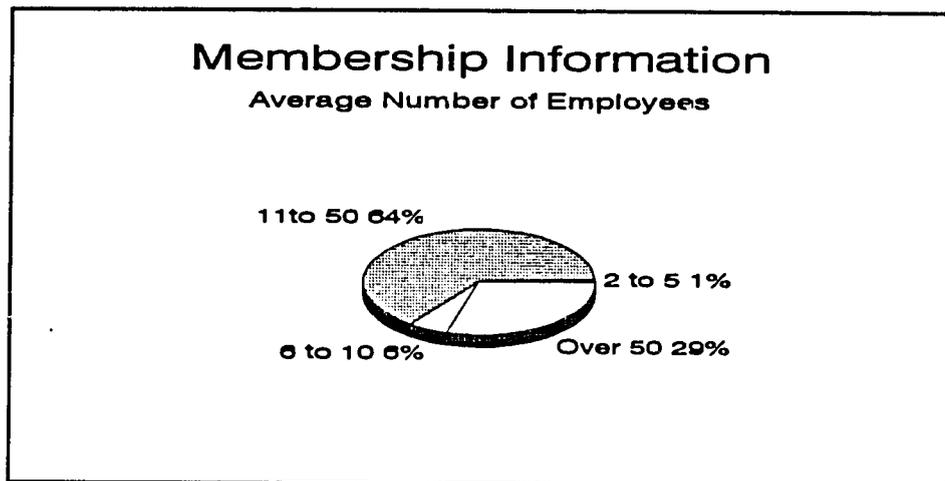


Figure 6

The team felt that the biggest opportunity for growth was in developing programs, activities and services that will reactivate those members not currently participating in the associations programs.

In general the team sensed that the primary problem was, again, the lack of innovative programs, services and activities which limits membership participation and growth. While we recommend that ADP consider offering assistance to individual associations which are planning membership development

programs, bearing in mind that the root cause of inactive members will only be addressed through the development of new programs which meet the needs of all members.

ASSOCIATION PROMOTION

In this section, the team focused on understanding how the associations promoted their activities both internally and externally. The team looked at how often the association met; if it held workshops or seminars; and, whether or not it published a newsletter or other informational bulletins. For example, the Association of Indonesia Coffee Exporters (AEKI) is an association that has an active promotion program. AEKI publishes a monthly newsletter and publishes other informational bulletins for its members.

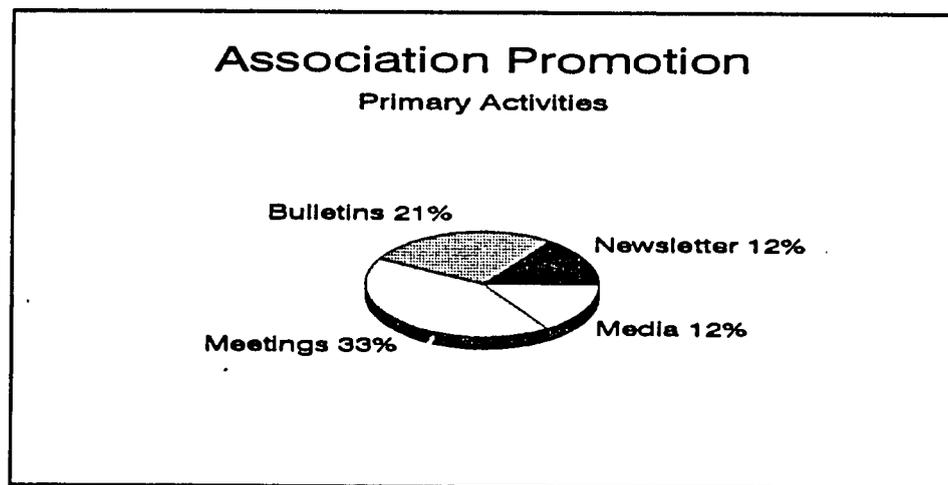


Figure 7

As can be seen in Figure 7, only three of the associations publish a newsletter and only five provide any sort of informational bulletin. One-third feel that the optimum approach to promoting their activities and services is through meetings, workshops and seminars. Most of the associations however, rely on individual contact or do no promotion at all. This lack of promotion may be a major contributor to the lack of membership interest and activity. Frankly, the

team feels that most of the associations do a very poor job of marketing themselves and, with some associations, there actually seems to be a bias toward maintaining a low profile.

Association promotion can be an effective tool for communicating with members as well as prospective members and the team recommends that ADP provide assistance to those associations which would like to improve or develop their promotional programs.

In addition, ADP could be of major assistance to the smaller associations which lack the capacity and audience for a newsletter by providing these associations with access to the ADP Newsletter on some basis.

Potentially, ADP could allow the smaller associations to contribute news on their associations activities and programs and add their members to the ADP mailing list. Considering the extensive reach of the ADP Newsletter, this would also provide these associations with some much needed exposure within the Indonesian agribusiness sector.

Lastly, ADP should consider including general association news in each edition of the ADP Newsletter with special emphasis on upcoming events.

MANAGEMENT AND STAFF INFORMATION

In this section, the team examined the associations management and staff functions; their qualifications; staff recruitment; training; and, the make up of personnel (paid, full- or part-time, volunteer, etc.). Though most organizations operate with a great deal of volunteer assistance, the team wanted to determine the degree to which the assessed associations utilize full-time, paid management and staff as a determinate of the associations human resources and ability to support and administer the associations programs.

For example, the Association of Indonesia Pepper Exporters (AELI) supports its members with paid professionals, i.e. a Secretary General, two technical and two support staff; all of whom contribute significantly to AELI's ability to carry out its programs, services and activities.

As a rule however, most of the associations do not have professional, paid staff. As Figure 8 shows, only one-third of the associations have a full time paid manager while the rest rely on volunteer management.

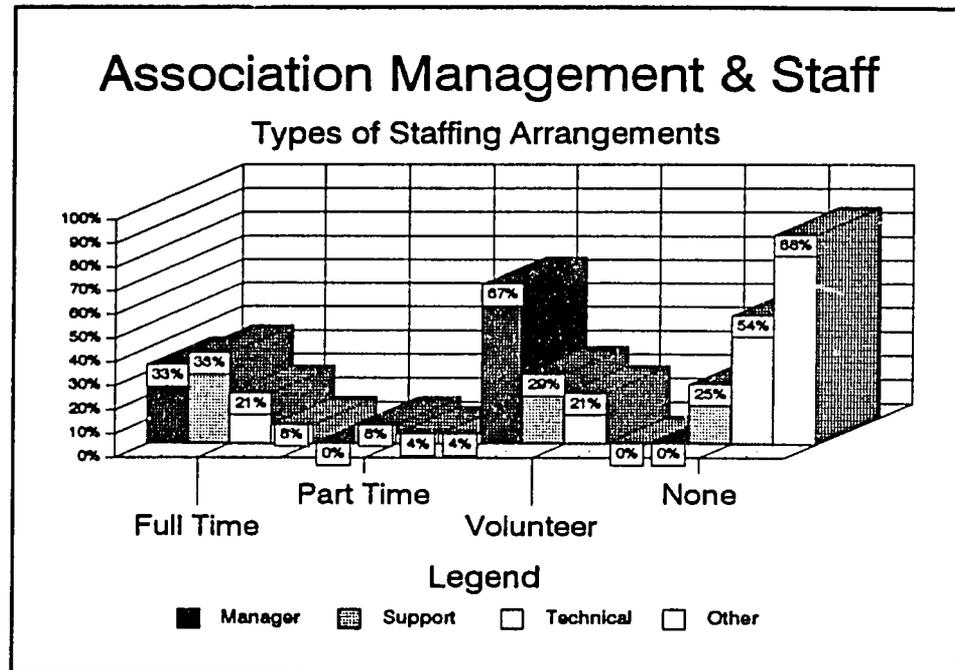


Figure 8

Other interesting statistics are that 29 percent rely on volunteer support staff but fully 25 percent have no support staff at all. As noted earlier, the fact that a large number of the associations have technical staff, whether full-time (5), part-time (1) or volunteer (13) is reflective of the number involved in trade and processing. Other factors determined by the assessment are that:

- Only 17 percent of the associations offer any kind of staff training programs
- The majority of association managers (full-time, part-time, or volunteer) have bachelor degree qualifications.
- None of the associations use any form of technical or professional recruitment.

The team recommends that ADP consider providing a training program for association management and support staff regarding the key skills required for day to day operation of associations. While the problem caused by the lack of professional association management cannot likely be addressed by ADP directly,

assistance in the creation of an organization for association executives could stimulate future improvement.¹

FINANCIAL INFORMATION

In this section, the team looked at the budgeting process, funding sources, service/activity fee policy, and other aspects of association financing. The assessment paid special attention to the associations financial strength with special emphasis on their ability to manage resources through acceptable accounting policies and procedures.

The Indonesian Animal Feedstuffs Producers and Exporters Association (ASPEMTI) is one of the more creative examples of association finance. This organization derives about 50 percent of its budget from monthly dues and 50 percent from product export fees both of which contribute to stability and adequacy of support for the association's programs. ASPEMTI is a well-managed organization which is reflected in its financial strength.

While nearly all active associations stated that they could use additional funds for one program or another, several had substantial budgets which they administrate. The associations assessed had budgets ranging from Rp. 3 million to Rp. 490 million. It should be noted however, that 54 percent have a budget of less than Rp. 100 million per year and over half of the associations perform no budgeting or maintain any audited financial records.

¹See Section VI - Notes from the Association Development Workshop

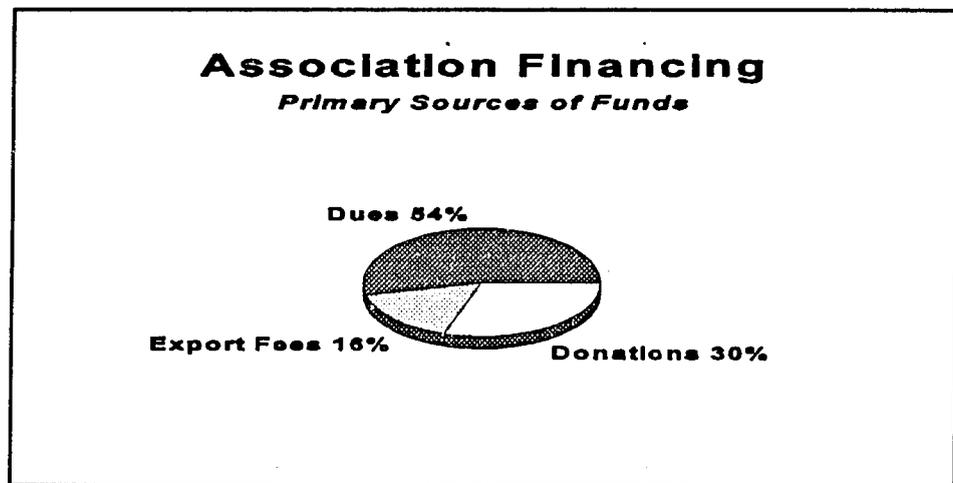


Figure 9

As shown in Figure 9, most associations receive their financing from membership fees and dues. Four associations collect export fees while the rest rely on the generosity of the membership for donations. As noted earlier, only one of the associations collects any fees for programs, services or activities. In fact, only one of the associations has a policy related to service fees.

The team felt that the lack of funding relates to the chicken versus the egg story. That is, the associations are saying "if you give us the funds we will provide the services/ programs" while the members are saying "if you give me the services/programs, I'll join or pay my dues".

This problem, a lack of adequate funds, was heard over and over again but is not unique to Indonesian associations. The collection of dues and fees is a universal problem of nearly all organizations.

While not true in every situation, the team felt that, in general, the members needs were not being met and that association funding will continue to be a problem until the association develops and delivers innovative programs and services that meet member needs. As noted earlier, the primary finding of this assessment is the need for ADP to provide assistance to associations in this area and the team recommends that ADP make this a priority issue.

INSTITUTIONAL COLLABORATION

Effective collaboration with other institutions is a hallmark of successful associations. The degree to which an association collaborates with other institutions can have a significant impact on its ability to carry out programs and activities. Therefore, this section was included to determine the level of institutional collaboration carried out by the associations assessed.

The Indonesian Association of Food and Beverage Entrepreneurs (GAPMMI) provides a an example of collaboration with donor agencies. According to GAPMMI, the following are representative of its activities in this area:

- German aid from GTZ has been given for export market information and agricultural training;
- Dutch aid has been given in the form of export market information and they further conducted a solar energy project; and,
- Taiwan has provided aid by giving machinery to small processors for a pilot project.

On the other hand, collaboration with foreign donor agencies aside, few associations are taking full advantage of the many opportunities, both domestic and foreign, to collaborate with others. In the teams opinion, this method of intellectual and material exchange with others is an excellent source of indirect resource assistance at relatively little expense to the association.

The assessments determined that 75 percent of the associations state that they collaborate with at least one other institution. Most commonly they collaborate with foreign associations, research institutions or universities.

During the ADP Association Development Workshop it was discovered that the majority of the associations in attendance had never before met together. It seems that this opportunity for collaboration had been overlooked and the team recommends that ADP should consider providing a regularly scheduled forum where interested associations can come together to exchange ideas, problems and opportunities.

OTHER FOCUS AREAS

The assessment looked at three other areas which ADP feels is important to the development of associations. Unfortunately, the assessments pointed to considerable weakness in all of the focus areas.

Most associations indicated that their major strength was the ability to lobby in behalf of their unified members with the government. A second strength that was cited was the associations' ability to bring members together for exchange of information, etc. On the other hand, most indicated that their primary problems (translated to weaknesses) were the lack of funding; members support; and, the lack of a professional staff.

Monitoring and Impact Assessment:

One of the most significant findings of the assessment team was the association response to six questions relating to this area of focus. None of the associations assessed used any scheme to determine the validity, acceptability, or member satisfaction with the programs, services or performance of the association management.

Program Development:

Some new programs were planned but, considering the number of associations assessed, the responses were quite weak. Some of the more significant cited programs included:

- Working with research and development institutions to develop improved seeds for the agricultural industry;
- Closer ties between the producer and manufacturer to develop improved plant material for the smallholder that will increase their earnings as well as benefit the manufacturer; and,
- Changing the by-laws and membership criteria to allow access to more potential members.

Legal and Regulatory Constraints:

The assessment looked at legal and regulatory constraints that applied to members but did not find any that restricted the associations themselves from performing under their by-laws.

In general, the team felt that the lack of a clear and definitive response in these last four focus areas is likely interrelated. That is, the associations' general

lack of understanding of its strengths and weaknesses is due to the fact that none of them monitor the effectiveness of their program's services and activities.

Furthermore, the team felt that the lack of any significant new programs probably contributes to the perception that the associations do not face any legal or regulatory constraints. The associations may discover, in fact, that there are constraints if and when they pursue more innovative programs and attempt to more aggressively promote their members interests.

NOTES FROM THE ASSOCIATION DEVELOPMENT WORKSHOP

Prior to the publication of this report, ADP held a three day workshop, January 26, 27 and 28, 1994 in Jakarta. The primary workshop instructor was Mr. Wilford Butler, Certified Association Executive (CAE); Mr. Stephen Bower, Director of Marketing and Communications, National-American Wholesale Grocers' Association and the International Foodservice Distributors Association; and, Ms. Lynn Christensen, Director of International Programs, Food Processing Machinery & Supplies Association.

The primary focus of the workshop was to examine how associations develop member-based programs. Given the lack of innovative programs discovered during the assessment process, the topic was both timely and important. All of the associations participating in the workshop had been assessed by the team.

During the workshop, several question and answer sessions resulted in comments being made by the participants which added significantly to our understanding of agribusiness associations in Indonesia.

The following are some of the important issues and observations coming out of the workshop:

- As noted in an earlier section, this was the first time that most of the associations attending the workshop had the opportunity to meet. The attendees quickly recognized the value of collaboration and, by the end of the workshop, they had requested ADP assist in providing them with the opportunity to meet again on a regular basis.
- There were two basic groups of associations in attendance. First were the large, well-established organizations such as GAPKINDO and ASKINDO. The second group was made up of several small association and some newly organized ones. While both groups indicated the workshop had been of great value, both groups suggested that follow-up workshops might be more effective if tailored to the specific needs of each group.
- During the question and answer sessions, it also became apparent that the participating associations could also be grouped into two categories. First, the older, better established groups which seemed to be more preoccupied

with relating to the needs of the GOI. The second group included the newer organizations which tended to be more interested in serving their members.

In general, most of the comments of the participants reflected the findings of the assessment, i.e. many appeared to presume member needs and avoided questions as to how member needs were determined.

An overview of the results of the association assessments was presented at the opening of the workshop and the findings were neither questioned or criticized. As a result, the team feels that the general findings of the assessment must be fairly accurate and are reasonably representative of the current state of the agribusiness associations in Indonesia. A more detailed review of the Association Development Workshop will be provided as a separate report¹

¹ Workshop Report, Butler Consulting Group, 1994 Association Development Workshop, Agribusiness Development Project, Jakarta Indonesia, January 26-28, 1994.

ANNEX A
ASSOCIATION ASSESSMENT
INTERVIEW GUIDE

DATE: _____

A. CONTACT INFORMATION

Association Name: _____

English Name: _____ **Acronym:** _____

Street Address: _____

City: _____ **Province:** _____ **Zip Code:** _____

Telephone: _____ **Fax:** _____ **Primary Contact:** _____

B. ASSOCIATION OBJECTIVES & PROGRAMS

1. What are the association's major goals and objectives?
2. What are the primary supporting programs and activities?

C. BACKGROUND INFORMATION & INSTITUTIONAL STRUCTURE

1. Does the association maintain a permanent office? (Provide details)
2. When was the association established? Under which Ministry does it operate?
3. What is the association organizational structure? (Get copy of any charts available)
4. How many branches or affiliate offices are there? Where are they located? How were these locations selected? How are they structured? (Get copy of any charts available)
5. Do the branch/affiliate offices operate independently? Under what circumstances?
6. Who are the officers/directors?
7. How are they selected and how long do they serve?
8. Does the association have an advisory board? Steering Committee?

D. PROGRAMS AND SERVICES

1. How does the association decide what programs and services to offer?
2. What programs and services were offered in the beginning?
3. Has the mix of programs and services changed over time? Why?
4. What has been the primary factors causing the change in programs and services?
5. What new programs and services are planned for the future?
6. What are the major constraints faced in developing new programs and services?

E. MEMBERSHIP INFORMATION AND PROFILES

1. Does the association have membership eligibility criteria? What are they?
2. What is the association doing to build membership? Are there special groups that are targeted? Why? How?
3. Estimate the potential impact of the membership on broad-based agribusiness development. (Quantify and specify geographic dispersion if possible.)

F. ASSOCIATION PROMOTION

1. How does the association promote its' activities and services?
2. Does the association publish a newsletter or other information bulletins? Describe and explain how they are disseminated?
3. What has the association found to be the most cost-effective method of promotion, both internally and externally?

G. STAFFING

1. What is the composition, function and qualifications of the association staff?
2. How does the association judge the effectiveness of volunteer staff versus paid professionals?
3. Does the association provide staff training? What kinds?

H. ASSOCIATION FINANCING

1. What is the process for developing and setting the association budget? (Get a copy of the current and previous 3 years budgets if possible)
2. How is the association funded?
3. Does the association receive any financial benefit from export fees or other GOI collected revenues? How are those funds utilized?
4. Are any of the funds designated for specific purposes? (Explain)
5. Does the association receive any forms of non-financial in-kind program support? What types? From whom?
6. What are the major cost categories of the association?
7. What is the policy on charging members for services?

I. INSTITUTIONAL COLLABORATION

1. What other organizations does the association collaborate with?

Organization	Name of Organization	Type of Collaboration
Trade Associations		
Chamber of Commerce		
Training/Educational Institute		
Financial Institution		
National government organization		
Provincial government organization		
Local government organization		
Other		

J. MONITORING AND IMPACT ASSESSMENT

1. What aspects of the associations activities are monitored? By whom?
2. Are the number of members requesting different kinds of services monitored?
3. Is membership satisfaction monitored? How?
4. Is the impact of member services on member businesses monitored? If so, what method is used?
5. What indicators are used to measure impact on the business?
6. Does the association have particular reporting requirements? If so, what information/data must be submitted? To whom?

K. STRENGTHS/WEAKNESSES & RECOMMENDED CHANGES

1. What are the greatest strengths of the association and how have these contributed to its' success?
2. What are the main problems experienced by the association?
3. What specific changes should the association make, if any, to strengthen its' service and value to its' members?

L. LEGAL & REGULATORY ISSUES

1. Does the association feel that its' current activities are constrained by the existing legal and regulatory environment under which it operates? What about future programs?
2. What does the association suggest might be done to remove or relax the constraints?
3. What aspects, if any, of the associations activities, programs and services are mandated by the GOI?

ASSOCIATION DATA

INDONESIAN AGRIBUSINESS DEVELOPMENT PROJECT ASSOCIATION ASSESSMENT

Association:

Assessment date:

Membership Services:	
Training Programs Technical Assistance Domestic Market Information International Market Information Govt. Policy Information Quality Standards Information Quality Control Assistance Promotional Assistance Other	

Association Promotion:	
Publishes News Letter (Freq./Yr.) Information Bulletins (Freq./Yr.)	

Frequency of Meetings (Per Year)	
---	--

Staffing:	
Full Time Paid: Manager Technical Staff Support Staff Other Staff Part Time Paid: Manager Technical Staff Support Staff Outside Advisors Other Volunteers: Manager Technical Staff Support Staff Outside Advisors University Students Other	

Membership Information:	
Total Active In-Active Percent Change (Last 3 Years) Maximum Potential Percent in Agribusiness Percent in Trade Percent in Manufacturing Percent in Processing Percent in Post-Harvest Percent in Production Percent in Other Members with 1 Employee Members with 2 to 5 Employees Members with 6 to 10 Employees Members with 11 to 50 Employees Members with over 50 Employees	

Association Financing:	
Current Operating Budget (Rp 000) Percentage Funded From Dues Percentage Funded From Donations Percentage Funded From Activities Percentage Funded From Fees Percentage Funded From GOI	

ANNEX B

INDEX OF ASSOCIATIONS ASSESSED

1	ABC	Agri-Business Club
2	AEHI	Indonesian Horticulture Exporters Association
3	AEKI	Association of Indonesian Coffee Exporters
4	AELI	Association of Indonesian Pepper Exporters
5	AEPA	Indonesian Nutmeg Exporters Association
6	ASKINDO	Indonesian Cocoa Association
7	APIKI	Indonesian Fish Canneries Association
8	APSARI	Juice Producers Association
9	APBIRI	Indonesian Seaweed Association
10	APCI	Association of Indonesian Cold Storage
11	APHI	Indonesian Horticulture Producers Association
12	ASPINTU	Indonesian Non Tuna and Non Shrimp Association
13	ASBENINDO	Indonesian Plant Propagators Association
14	APTI	Indonesia Tuna Association
15	ASPEMTI	Indonesian Animal Feedstuff Producers/Exporters Association
16	ATI	Indonesian Tea Association
17	ATTI	Association of Indonesian Tapioca Flour Producers
18	FAMNI	Federation of Indonesian Vegetable Oils and Fats Associations
19	GAPMMI	Association of Indonesian Food and Beverage Entrepreneurs
20	GAPPINDO	Indonesian Fisheries Federation
21	GAPKINDO	Rubber Association of Indonesia
22	HPPI	Indonesian Fishery Club
23	HIPPERINDO	Union of Indonesian Brackish Water Ponds
24	INDESSOTA	Indonesian Essential Oil Trade Association
25	PERIPI	Breeding Science Society of Indonesia
26	PPAJ	Jakarta Orchid Growers

ANNEX C

COMPOSITE PROFILE DATA CHART

ASSOCIATION DATA - ANNEX C

INDONESIAN AGRIBUSINESS DEVELOPMENT PROJECT ASSOCIATION ASSESSMENT

COMPOSITE PROFILE OF TWENTY FOUR ASSOCIATIONS JANUARY 1994

Membership Services:	# OF ASSOC.
Training Programs	10
Technical Assistance	10
Domestic Market Information	8
International Market Information	15
Govt. Policy Information	19
Quality Standards Information	13
Quality Control Assistance	7
Promotional Assistance	15
Other	1

Association Promotion:	# OF ASSOC.
Publishes News Letter (Freq./Yr.)	4
Information Bulletins (Freq./Yr.)	8

AVERAGE	
Frequency of Meetings (Per Year)	7.4

Staffing:	# OF ASSOC.
Full Time Paid:	
Manager	8
Technical Staff	5
Support Staff	9
Other Staff	2
Part Time Paid:	
Manager	0
Technical Staff	1
Support Staff	2
Outside Advisors	1
Other	1
Volunteers:	
Manager	14
Technical Staff	5
Support Staff	7
Outside Advisors	0
University Students	0
Other	0

Membership Information:	AVERAGE
Total *	104.4
Active *	53.4
In-Active	51
Percent Change (Last 3 Years)	0.0%
Maximum Potential **	155.6
Percent in Trade ***	35.9%
Percent In Manufacturing ***	6.5%
Percent in Processing ***	23.4%
Percent in Post-Harvest ***	5.5%
Percent in Production ***	23.1%
Percent In Other ***	5.7%
Members with 1 Employee	0.0%
Members with 2 to 5 Employees	0.7%
Members with 6 to 10 Employees	5.5%
Members with 11 to 50 Employees	64.4%
Members with over 50 Employees	29.5%

Association Financing:	AVERAGE
Current Budget (Rp 000) ***	113,359
Percentage Funded From Dues	52.7%
Percentage Funded From Donations	31.0%
Percentage Funded From Activities	1.3%
Percentage Funded From Fees	15.0%
Percentage Funded From GOI	0.0%

NOTE:

* EXCLUDING GAPMMI

** INCLUDES ONLY THOSE PLANNING TO INCREASE MEMBERSHIP, EXCLUDING GAPMMI

*** EXCLUDING HIPPERINDO AND ASBENINDO