



PISA Agro

# NEWS

A QUARTERLY NEWSLETTER

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Farmer Organization as the Backbone of Agro-Sustainability

Empowering Farmers' Organizations to Improve Farmers' Lives

The Sustainable Cocoa Production Program Encourages Cooperatives to Increase Access to Finance for Its Members

Supporting Gender Equality and Reducing Inequality in Agriculture Sector

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# editorial team

# letter from the editor

## Dear Readers,

Greetings and a warm welcome to our first quarter PISAgro NEWS edition in 2017.

We couldn't be more excited to have made it to this point. Take around the tour to our newsletter content. It will indulge your appetite for collaboration, innovation and learning. A non-stop journey of action-oriented activities, fine-tuned national priorities into a global agenda spanned in our feature story and newsflash. We bring colour of the farmers into this edition; thriving their spirit, crop the prides, and a recognition.

The year 2017 is going to be a busy year for PISAgro to upscaling. Check out our pathways towards achieving scale from varying value chains project, we highlight the importance of strengthening farmers organization as the backbone of agro-sustainability in scaling up PISAgro's existing projects. POWER (Promoting Organizations that Work to Empower Rice Farmers) assure agriculture input, access to finance services to rice farmers in three regions and Koka Jaya Cooperative one of the first cocoa farmer cooperatives in Pidie Jaya, Aceh, to increase access to finance for its members on page 7.

And many more...

There also remains much to do...

Smallholder farmers always be the heart of our evolving solution. Because we never stops exploring interventions, even when questions can seem challenging to answer at beginning; Can stakeholder urged government to release regulation for financing farmers? Why promoting gender and women empowerment in agriculture is so essential?

Check on PISAgro's working groups' activities and updates from World Economic Forum Annual Meeting 2017 in Davos-Klosters, Switzerland ignite the newsflash section on page 15.

Side notes, PISAgro' Secretariat office onboard Ema Yunida as Executive Director in early February. Check her profile on page 21 and join us to convey her a warm welcome.

**We hope you will enjoy this edition. Happy reading!**

## The Editor

## Farmer Organization As The Backbone Of Agro-Sustainability



### Fitri Ardiansyah

Indonesia Country Director of IDH-Sustainable Trade Initiative.

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Given the fact that most of the 40 million workers in the agriculture sector are small farmers, and they are facing with recurrent challenges of low levels of productivity and profitability due to a lack of access to market and financing, the notion of strengthening farmer organizations has become imperative.

Reaching sustainable agriculture goals, comprising improved productivity, protection of the surrounding ecosystems and ensured welfare of farmers, is challenging unless farmers' capacity and knowledge on good agricultural practices are improved. Such improvement is difficult to be facilitated without strong farmer organizations.

IDH-Sustainable Trade Initiative, in collaboration with partners, believe that innovations in supply chain sustainability require professional farming practices. Our approaches and pilots have shown that such farming practices can only be applied if strong farmer organizations are at the heart of our sustainable business model and values.

In our coffee program, with PT Asal Jaya<sup>1</sup> in Malang for example, efforts to strengthen farmer organizations is considered as a key intervention. These efforts focus on providing institutional support that will lead to the development of Sustainable Agriculture Business Cluster (SABC).

When different farmer organizations are aggregated further into an SABC, they will be perceived to be having an economic of scale. Such scale would help them access finance from financial institutions (FIs). They can also easily sell coffee bean in a bulk way with a relatively better price and as trade-off, receive good



IDH supported Nestlé's coffee farmers through Nescafe Better Farming Practices program.

agriculture practices (GAPs) and good management practices (GMPs) including accounting system literacy from the company and organizations like IDH.

This type of aggregated farmer organizations would provide a greater opportunity for farmers to get support from off-takers or other organizations to secure legal entity over their lands. Off-takers would see an increased credibility of such organizations and reduced risks in investing in these farmers. As many have known, without legal entity, farmers would have difficulty in getting a deal or financial support from banks.

The presence of good farmer organizations with the support of off-takers and other organizations can help farmers gradually demonstrate that they can improve or have improved their practices shown by results over a particular period. In a good farmer organization, documentation of farming process and accounting system is usually the norm.

Strengthening farmer organizations, nevertheless, is not an easy task. Often farmers are unwilling to be grouped in an organization such as a cooperative. Innovation or slightly different approach is sometime

required.

As an example, in our palm oil program in North Sumatra, working with a state-owned company<sup>2</sup>, a different model for farmer organizations has been introduced to support farmers to achieve Roundtable on Sustainable Palm Oil (RSPO) certification. The difference is that the organizations still consist of farmer groups (kelompok petani) but managed by traders.

This slightly different approach is chosen due to the fact that traders have many farmers under their wings (approximately several hundreds) and this has been perceived as a way to scale up the coverage of farmers in a sustainable supply chain of palm oil. In addition, with traders' involvement and their staff in supporting farmers, they can also be seen as some forms of extension services, not only connecting farmers to the supply chain but also providing concrete support in forms of GAPs.

A similar approach has been done with Asian Agri<sup>3</sup> in Jambi, in which farmer organizations are supported through traders. In this case, traders are trained so that they can further help and reach out farmers with GAPs and GMPs. With the increased capacity of traders,

<sup>1</sup> The IDH's work with PT Asal Jaya is entitled The Ecosystem Chain Scale in a Sustainable Coffee Smallholder Business in East Java. The period of work is between January 2016 to December 2020, targeting 15,000 farmers. Currently, around 3,400 farmers are part of the program. The focus of the program is to support farmer organizations, GAP and GMP practices, and farmers driven research.

<sup>2</sup> The work is with PTPN 3 with approximately 600 farmers to be supported but 59 will be certified soon under RSPO.

<sup>3</sup> The initial target of the work with Asian Agri is to support 10,000 farmers and now 6,000 farmers (around 30,000 ha) are part of the program. The program focuses interventions that can be categorized as "beyond certification" approach (not only aiming to achieve certification).

they also are gradually equipped with good capacity in taking bigger responsibility in this sustainable supply chain.

A traditional type of farmer organizations such as cooperatives (e.g. Koperasi Unit Desa or KUD), nevertheless, is still crucial since KUD or a similar organization exist in almost every kabupaten (district) in Indonesia. For this reason, IDH also works with different corporate partners to show that strengthening KUD can bring about better benefit for farmers. The recent initiative in South Sumatra with IndoAgri London Sumatra shows that KUD can also be a good platform for palm oil farmers to achieve RSPO certification.

Farmer organizations and aggregation or clustering, to a large extent, can help farmers to increase their economic scale. Such “clustering”, however, needs to be done with tailor-made services, so that choices are also created for farmers since different types of farmers may require different type of approaches and clusters.

One key lesson-learned in establishing such cluster is, at least, a principle of open and transparent farmer organizations should be upheld. This is critical so small farmers will see such organizations as a fair and just platform and can support their agenda of improved productivity and sustainability – not only the agenda of off-takers or traders.

The presence of strong and credible farmer organizations will not only provide a vehicle for improved productivity for farmers in a relatively scalable level, but also can be used to support farmers in promoting the agenda of environmental protection in a significant way.

Encroachment and conversion of forests and peat – and cultivating using fires – have been perceived as challenging issues when it comes to small farmers and deforestation and environmental protection. A good farmer organization can, to some extent, be an umbrella that develop a treaty or agreement for conservation of the remaining or surrounding forest and peat, equipped further with a good plan, investment and monitoring system.

Examples of fire-free villages – a joint-work between companies and villages to address forest and land fires across Indonesia – can be used to show that with an organization of villagers or farmers, actions to address (prevent or mitigate) fires are much easier to apply. Without clear farmer or villager organizations, a company, donor agency or government would have difficulty in pushing the agenda of fire prevention or other environmental protection.

In brief, the presence of strong, credible and accountable farmer organizations has become a necessity in sustainable agriculture. Such organizations would help farmers to develop a good business case at farmer level, improved provision of service delivery or extension services, and increase access to adequate and sufficient finance.

The immediate next step, as often the case, is to replicate, magnify and scale up models of good farmer organizations. PISAgrO and its members, in this case, have the opportunity to transform such models into larger applicable platforms across Indonesia and in variety of commodities.

## feature

# Empowering Farmers’ Organizations to Improve Farmers’ Lives



GAPOKTAN members meeting with rural bank officer

Mercy Corps Indonesia and John Deere Foundation have joined forces to improve the lives of farmers through support and capacity building of farmer organizations. Farmers’ organizations can be a powerful force for good in improving the lives of farmers if they have the right capacity and resources. In Indonesia, farmers’ organizations nearly always come in the form of Farmer Group Unions (FGUs). According to Ministry of Agriculture data (2014), of the 26.4 million farming households in Indonesia covering over 79,000 villages, almost 40% have joined one of the roughly 37,600 FGUs.

The numbers are significant, yet FGUs often have limited capability to provide integrated services to their farmer members. Most of the farmer groups only function at the beginning of planting season, when the farmers receive subsidised fertilizer from the government through RDKK (Rencana Definitif Kebutuhan Kelompok/Group Activity Definitive Plan) or participate in other government subsidy programs,

including programs focused on seeds or agricultural machinery. Few FGUs are able to run sustainably to benefit the farmer community. As a consequence, most farmers are not engaged with their FGUs despite their huge potential to provide critical support. According to Pak Makrip (a FGU member in Lombok), “There is a lack of coordination among the members; the management is not running as it should be.” Pak Makrip’s statement represents what many farmers



GAPOKTAN kiosk in Banyuwangi



© Mercy Corps Indonesia

John Deere Asia Volunteer 2017: manual rice harvest



© Mercy Corps Indonesia

John Deere Asia Volunteer 2017: overview the rice demo plot

have felt about their participation in FGUs in the past. That limited the capacity of FGUs and have prevented the groups from reaching their full potential.

Mercy Corps Indonesia and John Deere Foundation believe that FGUs can play a significant role in assisting farmers to improve their lives. In addition to the huge scale FGUs represent, the collective culture in Indonesia has made farmers' groups an important channel to influence farmers and help them move forward toward a better future. Therefore, in April 2015, John Deere Foundation and Mercy Corps Indonesia launched the Promoting Organizations that Work to Empower Rice Farmers (POWER) program, with the aim to improve the capacity of FGUs to more effectively and sustainably meet the needs of farmers and become

strong and self-reliant entities. John Deere Foundation has provided critical financial support, and John Deere Asia employees serve as volunteers working directly with farmers to build their capacity, to further the impact of the initiative. The program is currently operating in three regions: Subang, Banyuwangi and Lombok. In partnership with the private sector, such as agriculture input companies (BASF and Syngenta), microfinance institutions (PD BPR Subang and KUD Dwi Karya in Banyuwangi) and local rice traders, the program has succeeded in developing 17 FGUs into business entities (agri kiosks) which are now working to provide input products embedded with agriculture advisory services and access to financial services for rice farmers. As a result, the FGUs have been able to better support the needs of farmers and their communities. Thanks to the FGUs improved capacity to support farmers, over 1,023 farmer members have already increased their average yield by 15% and average prices by 8.9%, all of which has contributed to an increase in farmers' average income of 35.6% (equivalent to \$200 per farmer), with a goal of reaching 20,000 farmers over the three year initiative.

Writer: Tri Ismono, POWER Program Manager, Mercy Corps Indonesia & Andi Ikhwan, Indonesia Agriculture and Financial Services Program Director, Mercy Corps Indonesia

## feature

# The Sustainable Cocoa Production Program Encourages Cooperatives to Increase Access to Finance for Its Members

**Fertilizer is essential if smallholder cocoa farmers want reach a yield capacity of at least one metric ton per hectare. When the recommended practices for applying organic and chemical fertilizer are followed, cocoa farmers can increase their yield and improve the soil condition on their farm. Organic fertilizer in particular can lead to higher carbon sequestration in the soil. However, smallholder farmers often have limited access to finance that would allow them to purchase agri-inputs at the right time of the year.**

Farmers face similar constraints in Pidie Jaya, Aceh, where they have expressed concerns about unused production potential due to lack of access to fertilizer. Instead for agri-inputs, farmers need to spend money on other primary needs such as education, food, and other essential expenses. To overcome this issue, Koka Jaya, one of the first cocoa farmer cooperatives supported by the Sustainable Cocoa Production Program (SCPP), has piloted a fertilizer voucher scheme to help its members afford fertilizer at the right time of the year. Access to fertilizer increases the farmer's production, which in turn, increases cocoa sales for the cooperative.

### FERTILIZER VOUCHER SCHEME

Koka Jaya was established in November 2013 and it now has 203 members (UTZ certified and conventional



© Swisscontact

Voucher for Farming Inputs



© Swisscontact  
Koka Jaya Member receiving fertilizer voucher



© Swisscontact  
Koka Jaya Cooperative's office

farmers) spread across 62 villages in Pidie Jaya. Its capital is sourced from members' savings, creditor funding and profit sharing from its business services. Just three years after its establishment, Koka Jaya has been able to accumulate IDR 434 million (USD 32,600) in capital. The cooperative manages activities such as supplying cacao seedlings, compost, certified budwood, and also facilitates cocoa bean sales (conventional and UTZ certified) for members and non-members. Facilitating bean sales led to a small profit of IDR 26 million in 2016.

Encouraged by SSCP, Koka Jaya launched its agri-input provision funding in May 2016, starting by only allocating vouchers to members who actively sell cocoa beans to the cooperative. The scheme is essentially an in-kind loan to farmers in need. To realize this, the cooperative teamed up with reliable agri-input traders in the area where the fertilizer vouchers would be redeemed. To ensure repayment, Koka Jaya enlisted cocoa bean buying units that are linked with the cooperative. The farmers have the option to pay

back in installments over six months, meaning that as they sell their cocoa, the buying units set aside a small amount of the payment to then be passed on to Koka Jaya. The farmers can also opt to pay back the entire loan amount in full at the end of six months when their cacao trees are yielding more based on the cocoa production cycle in their region. All parties including the farmer recipients, buying units and the chairmen of the farmer groups whose members receive the loan are responsible for ensuring repayment.

#### PROVEN RESULTS

On November 2016, as stipulated in the agreement, seven members from the "Reuleut Farmer Group," who were granted the first round of funding in May 2016, have been able to fully repay the total IDR 6 million worth of fertilizer vouchers. The repayment from Reuleut has been distributed back to four other cooperative members from the same farmer group. Meanwhile, the other farmer groups who received funding in between August 2016 and February 2017 have been showing their commitment by paying installments each time they conduct transactions. They are expected to complete repayment by April and August 2017. In total, Koka Jaya has used IDR 22.2 million to disburse IDR 36.6 million (USD 2,740) worth of fertilizer vouchers to 35 farmers (including the amount re-circulated after complete repayment). The cooperative receives minimal profit share from the vouchers, which means the total amount of money repaid to Koka Jaya should be IDR 38.7 million by August 2017 (IDR 2.1 million profit).

In the future, Koka Jaya plans to provide agri-input supplies to a wider range of farmers by becoming a sub-distributor themselves through cooperation with the Cooperative and Trading Agency of the Pidie Jaya District Government. Thereby, Koka Jaya can increase their profit margin to sustain their scheme. Admittedly, this is such a promising business model that it should be replicated to other agri-inputs such as cacao seedlings and by other cocoa farmer cooperatives in all SSCP areas once they have enough capital to begin implementing it.

## feature

# Putting Coffee Grounds to Good Use



© Nestlé Indonesia  
Vegetables garden at Nestlé Panjang Factory that uses fertilizer from leftover coffee grounds

## There is always a story behind every cup of coffee. But there is also an interesting story behind leftover coffee grounds

At Nestlé Indonesia Panjang Factory in Lampung which produces NESCAFÉ, leftover coffee grounds received a new life as biomass fuel. "By using rotary dryer, we dry coffee grounds and use it as fuel in the boiler, by mixing it with palm kernel shells and also wood pellet" said Yudid Nurcahyo, Industrial Service Engineer at Panjang Factory.

"Using this alternative fuel has at least three main advantages. First, it eliminates hazardous and poisonous waste (known as B3) especially fly and bottom ash. Coal produces so much waste and require cautious disposal since it is categorized as B3 waste. Biomass produces less waste, and we can even use the waste as fertilizer. Second, it is more sustainable since it is a renewable energy. Third, biomass fuel has better combustion efficiency, it has higher volatile matter (VM) content compared to coal, which also means biomass fuel is more cost-effective," Yudid added.

Depending on the production cycle, every day the leftover coffee grounds at Panjang Factory will be mixed with dried mud from the Waste Water Treatment Plant (WWTP), and further processed into fertilizer



© Nestlé Indonesia  
Preparing lunch with vegetables from the factory's garden

used for the vegetable gardens. “Besides, WWTP also results in clean water that could be used to water the plants,” added Faisol A. Rivai, WWTP Operator.

Making good use of the leftover coffee grounds from the production is one of the 3R (Reduce-Reuse-Recycle) programs for B3 and non-B3 waste that was initiated together by the Production, Engineering, SHE (Safety, Health, Environment) and Industrial Performance departments as part of the Green Initiative. In one month, Panjang Factory can process coffee grounds into approximately 43 tons of fertilizer, and 4,000-5,000 m3 of waste water. Furthermore, by replacing coal with biomass, Panjang Factory also eliminates 0.96 tons of fly and bottom ash per year.

Employees also start to feel the benefit of this program. “Nestlé employees, can enjoy the vegetable crops, such as Chinese cabbage, water spinach, pakchoy, lettuce, chili, oyong, and bitter gourd, at our canteen or at their homes,” said Herman, Supervisor for ISS (Cleaning Service).

Putting coffee ground into good use is part of Nestlé's commitment to help protecting the environment



© Nestlé Indonesia  
The rotary dryer machine to turn leftover coffee grounds into fuel

for current and future generations by improving environmental efficiency in our operations. This includes continuously making effort to reduce the use of water, non-renewable energy and other natural resources to lower our greenhouse gas emissions, eliminate waste and improve our environmental performance.

## agri-finance



**Rick van der Kamp**  
*IFC Senior Operations Officer*

In the previous issue, we looked at farmers' use of fertilizer, given the oft-heard assumption that farmers would love to use more fertilizer, they just don't have the money. We observed that farmers do in fact use fertilizer (in most parts of the world), but very often use less than the optimal (recommended) amount. Their hesitation to indebt themselves (usually considered a positive attribute) may have more to do with it than the unavailability of finance (which we saw is usually available informally anyway).

For this issue, we want to focus on the demand side of farmer finance. We often hear things like

### “The demand for smallholder finance is enormous – only a tiny portion of it is met”

This is a slightly more complicated myth, based on various underlying assumptions. Dalberg, in an oft-quoted study, put the global demand for smallholder finance at around \$450bn, for example. There are many smallholder finance projects and initiatives that use aggressive growth targets, assuming that once the product is available demand will instantly be strong.

If we leave aside the distinction between financial services and loans for now, there are three arguments against the simplification/assumption that most/all farmers need credit. First, an argument from economics. Demand for a product depends on the price. Saying there is a \$450bn demand for credit but not specifying at which price is an incomplete statement at best. As one of my favorite (albeit somewhat silly) ‘counter’-example, I am sure there is a high demand for \$100-Ferraris, but sadly no one foolish enough to provide them. If the (implicit) argument is that there

would be a \$450bn demand for credit at very low interest rates, the question then becomes whether any provider is able to issue loans at this rate and survive. Unfortunately, the dynamics of banking in general (and agri banking in particular) usually do not allow for this.

Second, recall the earlier rule of thumb that a demand usually is met in some way or another. This means that if there really is a desperate demand for this much credit, at least part of it will be met by other sources (informal sector). So ‘filling the gap’ between demand and supply in effect means changing the money flows from the informal to the formal sector. Not a bad thing, of course, but it does have implications for the current situation (one of them being slightly peeved informal lenders). We consistently find that farmers appreciate the informal offering (flexibility, speed, personal care). Assuming that by simply offering a cheaper product all that demand will instantly shift is usually not borne out in practice. Moreover, the point of ‘unmet’ farmer credit demand is contentious – credit is available, just not at conditions that appeal to farmers.

Finally, the broad assumption that most or all of the farmers need credit does not hold. To start, a number of farmers operate very thin margin or loss-making operations. These farmers should not get credit simply because they can't afford even subsidized costs of lending. At the other end, farmers who do well hopefully don't need credit because they have been able to save enough to pre-finance their operating expenses. That leaves only an inbetween group of farmers (let's call them ‘progressing’), who are running a decent farm but can use a loan to help further improve their operations until they have enough retained earnings to pre-finance their expenses themselves. Surveys from 2008 in Indonesia indicated only 17% of farm households had sought a loan in the preceding year.

Even if a majority of households is indebted in one way or another at any one time, there is very little evidence that most or all farmers should be indebted as a sign of best-practice. The most direct way to measure this demand are farm-by-farm surveys asking farmers whether they would be interested in a loan product with conditions x and y; unfortunately, most organizations do not invest the time and money in this type of market research before rolling out agri-finance loans.

## PISAgro enters MoU with BPDP-KS\* (Indonesian Oil Palm Estate Fund) Facilitate Finance to Support Replanting Program



*Coordinating Minister of Economic Affairs, Darmin Nasution, handed over the new Indonesian Oil Palm Estate Fund (BPDP-KS) book to the Minister of Agrarian and Spatial Planning, Sofyan Djalil; Minister of Finance, Sri Mulyani Indrawati; Minister of Industry, Airlangga Hartarto; Head of National Development Planning Agency, Bambang Brodjonegoro and President Director of BPDP-KS, Dono Boestami at the BPDP-KS book launching in Jakarta.*



*Executive Director of PISAgro, Ema Yunida with the President Director of BRI Agro, I Komang Sudiarsa; Institutionalization Director of BRI, Kuswiyoto, and President Director of BPDP-KS, Dono Boestami signed the replanting MoU at the BPDP-KS book launching in Jakarta.*

As pathways to scaleup, PISAgro signed a MoU On May 2nd, 2017 in Jakarta, with BRI\*\*), BRI Agro and BPDP-KS (Indonesian Oil Palm Estate Fund) to support smallholder farmers for replanting program. All stakeholders agreed to support 750 farms for 12 months covering 1,500 ha.

The MoU will engage PISAgro through the Palm Oil working group in facilitating farmers access to bank loans, assisting in their related administrative requirements, and ensure Good Agricultural Practices

trainings (GAP). These actions will be conducted in line with the guidelines from the Ministry of Agriculture and Ministry of Agrarian and Spatial Planning.

Through this MoU, BPDP-KS facilitates financial support for the farmers in respect to the terms and conditions required by the government. The MoU was signed along with the launching of BPDP-KS road map titled : “Menuju Kemandirian dan Keseimbangan Sawit Indonesia (Towards Self Sufficiency and Stability of Palm Oil in Indonesia)” which explains the founding of BPDP-KS and 10 principles of BPDP-KS. The event was attended by Coordinating Minister for Economic Affairs, Darmin Nasution; Minister of Finance, Sri Mulyani Indrawati; Minister of Industry, Airlangga Hartarto; Minister of National Development Planning, Bambang Brodjonegoro; and Minister of Agrarian and Spatial Planning, Sofyan Djalil.

BPDP is a public service agency, currently functioned to give incentive in encouraging biodiesel uptake. Supporting government's biodiesel mandate is a key milestone program that BPDP KS has initiated to absorb the oversupply stock of palm oil.

Since the realization of the biodiesel program, the price of CPO and fresh fruit bunch of palm oil has begun to recover and stabilize the entire industry in mid 2015. And in the year 2016 the price has reached pre-crisis level. In addition to biodiesel, BPDP KS also promote other programs such as replanting, research and development of palm oil, and promoting palm oil.

“With a lot of added value from BPDP for Indonesia, especially Palm Oil industry, the continuity of BPDP is very important,” said Darmin Nasution, Coordinating Minister for Economic Affairs.

\* BPDP-KS: Badan Pengelola Dana Perkebunan Kelapa Sawit

\*\*BRI: Bank Rakyat Indonesia

## PISAgro Participation in the Launching of “AKSI Pangan” Program by OJK

Financial Services Authority (OJK) launched “AKSI Pangan” Program (Acceleration, Synergy, and Financial Inclusion in Food Sector), an effort to synergizes policy in accelerating financial inclusion to achieve food sovereignty. The launching was held in Lima Puluh Kota Regency, West Sumatera, Friday 24 March 2017. The attendee list was Coordinating Minister of Economic Affairs, Member of Committee XI DPR RI, West Sumatera Governor, officials from Ministry of Agriculture, Ministry of Trade, Ministry of Agrarian and Spatial Planning, also attended by associations, financial services industry's directors, and financial technology (fintech) players in agriculture sector.

Chairman of OJK Board of Commissioners Muliaman Hadad said that AKSI Pangan program is a follow up to the program launched by The President, Jokowi last April 2016, “Synergy of action for People’s Economy” in Brebes, Central Java.

“This AKSI Pangan Program is a real effort from OJK and related ministry, and also financial services industry players to increase financing in food sector especially in eleven major food commodity. We hope the Program could solve the problem in limited access to finance for food security sector, agriculture, forestry, and fisheries,” said Muliaman.

OJK hopes that the program can be the national movement in implementing financial scheme by way of value chain financing which will be the momentum in accelerating financial access in food sector.

PISAgro participated in the launching event by opening an exhibition booth in the area and showcasing the



*Visit by Coordinating Minister for Economic Affairs, OJK Chairman, and entourage to PISAgro booth.*



*Visit by Musdhalifah Machmud, Deputy Minister for Food and Agriculture, CMEA and Sri Kuntarsih, Director of Agricultural Funding, DG of Agriculture Infrastructure, MoA to PISAgro booth.*

value chain by booklets and video. PISAgro booth was visited by Coordinating Minister of Economic Affairs Darmin Nasution, Chairman of OJK Board of Commissioners Muliaman Hadad, and entourage.

PISAgro fully supports AKSI Pangan Program as it is in line with PISAgro's mission in supporting the government to achieve food security.

## Palm Oil Replanting, Stakeholders Urged Government to Release Regulation for Financing Farmers



© PISAgr  
Focus Group Discussion on Palm Oil Replanting Financing Scheme



© PISAgr  
Sofyan Djalil, Agrarian and Spatial Planning Minister Giving Speech in FGD

Stakeholders in Palm Oil Industry gathered in a focus group discussion (FGD) titled “Financing Acceleration Policy and Legal Certainty on Palm Oil Farmers Land with Partnership Scheme” in Jakarta, Thursday 9 March 2017 urged government in increasing welfare for palm oil farmers. One recommendation is to synchronise regulation in Palm Oil which would allow farmers to get access to finance. The discussion showed that the banks preferred partnership scheme which is the safest in terms of credit repayment.

“The partnership scheme is very effective in helping farmers access short term financing,” Bank Mandiri President Director Kartika Wirjoatmodjo said.

The FGD which was attended by Coordinating Ministry of Economic Affairs, Ministry of Agriculture, Ministry of Agrarian and Spatial Planning, Ministry of Finance, Estate-Crop Fund for Palm Oil (BPDP Sawit), Indonesian Palm Oil Association (GAPKI), farmers representation, and Partnership for Indonesia’s Sustainable Agriculture (PISAgr) through its Palm Oil Working Group along with National Banks also recommended to create regulation for controlling standardisation on the cost of land certification to make it affordable to farmers.

“In addition to land issues, the government should also pay attention to fulfilling the farmer’s need during the non productive period, we need to adapt any financing regulation for palm oil specifically as the strategic commodity for Indonesia,” said Fadhil Hasan, Indonesian Palm Oil Association Executive Director during the discussion.

Agrarian and Spatial Planning Minister Sofyan Djalil said the government would follow up the recommendations from the FGD as a consideration in the ministry’s policy regarding Palm Oil’s land ownership, stressing that the ministry will help process the certainty of land ownership in forestry area.

## Learning Conversations at Davos: Moving from “Why” to “How”

DAVOS, SWITZERLAND - As Executive Director of Grow Asia, I was fortunate to attend the World Economic Forum Annual Meeting in Davos, Switzerland for the first time. This year’s event hosted over 3,000 attendees and multiple concurrent sessions and keynote speeches. Over three busy days of conversations and meetings, several macro themes emerged: the power of multi-stakeholder partnership, preparing for the fourth industrial revolution, and the need to accelerate change and scale up impact through digital platforms. The conversations were robust and exciting, focusing on often-ambitious visions for the future.

The main draw of Davos is the quantity and quality of the meetings. I attended two group meetings focused on the World Economic Forum’s New Vision for Agriculture (NVA) and additional bilateral meetings with government officials, agribusiness representatives and Grow Asia donors. These meetings were truly “learning conversations,” in which all parties left wiser than they started.

My first meeting was a series of round table discussions on inclusive business models, with two tables focused specifically on Grow Asia’s work. I sat at a table along with the Prime Minister of Cambodia, two Ministers of Trade and Commerce (Cambodia and the Philippines), and senior executives from major multinational corporations and non-government organizations. We discussed inclusive business models and identified the increasing demand for agricultural processing, value-addition post-harvest and export markets that help to bring smallholders into the formal agribusiness sector. Given the increasing urbanization and economic growth in the region, all participants agreed that the importance of agribusiness to farming will continue to increase.

### DIGITAL TO DISRUPT STANDARD BUSINESS MODELS

These discussions allowed us to explore the opportunities provided by digital platforms to disrupt standard business models. The group gave several examples of technologies that are already



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beginning to enable crowd-sourced financing for farmers, information sharing on new technologies and improved agronomic techniques. The all-round consensus was that digital platforms will form the core for future sustainable business models by enabling multiple individual transactions between producers and off-takers, facilitating traceability and opening new avenues for aggregation and coordination.

The outcomes from the group discussions and bilateral meetings further galvanized my enthusiasm for the launch of the new Grow Asia digital platform, mFarmer, which we are rolling out in collaboration with several partners. Designed to become a regional hub for digital farming solutions, mFarmer will provide a shared platform for information such as prices, market intelligence and sharing of best practices. Individual companies will be able to host their own applications on the platform to address smallholders' future needs.

#### RESPONDING TO THE SUSTAINABLE DEVELOPMENT GOALS AND SMALLHOLDERS' NEEDS

The second meeting focused on how the NVA could best respond to the Sustainable Development Goals (SDGs). This event saw the presentation of quick-fire reports on progressing specific elements of the SDGs, followed by breakout groups each tasked with identifying one practical action for the NVA to achieve these goals. I joined a group focused on policy action and the key takeaway was a strong endorsement of Public-Private-Producer dialogues, which are at the core of Grow Asia's approach.

I also had the opportunity to meet individually with government representatives, including ministers of Trade and Commerce, to discuss ways in which they can bring additional profitable market opportunities to small scale producers. There was a keen interest in promoting higher value products to attract new investments and greater earning potential. In addition to food products currently being produced in their countries, they are exploring innovations such as producing bamboo as a raw material, bio-energy, nutraceuticals, food supplements and even cosmetic products.

#### MOVING FROM "WHY" TO "HOW"

Clearly, the challenges facing South East Asia were also considered and discussed, but hearing shared learnings from the field and details of practical solutions designed to address these challenges was both encouraging and inspiring. The region is experiencing massive growth and change, so we must now focus on moving from identifying why these challenges exist to how we can work together with our partners to create the right environment and projects to enable continued progress.

## newsflash

### Social Marketing Campaign “*Bangga Bertani Mangga*” (Proud to Farm Mangoes) on Mango Early Flowering Technology in West Nusa Tenggara and East Java



Panel Discussion on Mango Early Flowering Technology to mango farmers in West Nusa Tenggara

On January 24th – February 3rd, 2017, PISA Agro Horticulture Working Group comprising PRISMA (Promoting Rural Income Through Support Markets in Agriculture), Syngenta and Rainbow held a Mango Social Marketing Campaign “*Bangga Bertani Mangga*” (Proud to Farm Mangoes). The event was successfully conducted in five cities across two provinces: Sumbawa and East Lombok in West Nusa Tenggara (NTB); and Situbondo, Gresik, and Nganjuk in East Java. The main purpose of this event was to promote Early Flowering Technology to mango farmers in NTB and East Java. The event targeted around 2,500 farmers from Sumbawa Besar, East Lombok, South Lombok, West Lombok, North Lombok, and Central Lombok; and East Java from Situbondo, Probolinggo, Banyuwangi, Bondowoso, Gresik, Pasuruan, Bojonegoro, Tuban, Lamongan, Mojokerto, Ponorogo, Madiun, and Kediri. PISA Agro believe that the social marketing campaign will enable farmers to understand how to effectively apply the early flowering technology thereby increasing productivity.

Indonesia is the fourth largest global mango producer with 2.4 MT of mango harvested annually. However, despite being a large producer of mangoes, small

holder farmers do not receive a great income from their product. Experts state that plummeting market prices during the peak season (November to December), hinder farmers from receiving a good price. Through early flowering technology, farmers are able to grow mangoes in the off-season period from July to September, thereby allowing an increase in harvest from once to 2-3 times a year. By selling during the off-season, farmers receive a higher price for their fruit.

The social marketing events was used to introduce the technology to farmers. The event also provided information on how to better take care of the mango trees. Ir. Dicky Hartono, an expert in early flowering technology, provided information to farmers on practical application of the technology. Dr. Zainuri, an expert from Mataram University, also provided information to farmers through a talk show session presented two successful farmers. These two farmers shared their stories in applying early flowering technology for mango and how using the technology has increased their mango productivity and improved their family income.

As a guest star, Ian Baker, an expert and mango farmer from Australia, also provided first hand testimony on



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Sosialization on early flowering technology for mango to improve farmers' income

the use of the technology. Ian attested to the fact that Indonesian mango trees are more responsive than Ian's mango trees in Australia to the technology. In Indonesia, 10-15 ml of Paclobutrazol per tree is enough, while in Australia, Ian needs to use 100 ml of Paclobutrazol per tree.

At the event Syngenta and Rainbow had booths set up to provide specific product information to farmers. In the booths, farmers were able to discuss with agronomist from each company on how to apply the technology. Moreover, farmers were guided on how to deal with pest and disease. Paclobutrazol products

from Syngenta, known as Cultar and from Rainbow, Pazole, were also available for sale in each booth. Further free consultations to farmers from experts were provided at the PISAgro booth.

All in all, PISAgro hope that the campaign was beneficial for mango farmers. With increased knowledge sharing on the application of early flowering technology, it is hoped that farmers will be able to increase production and income.

## newsflash

# Beef Cattle Working Group Kick Off Program



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Conducted survey to the farmers' barn to ensure that they have the standardized plant to have the breeding and fattening cattle



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Coordination meeting with with farmers group in Subang, West Java called Sentra Peternakan Rakyat Kasaliang



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Beef Cattle in the barn

KIBIF is the new working group in PISAgro which aims to increase Indonesia's national beef production by empowering smallholder cattle farmers. KIBIF participation to succeeds government project in order to self-supporting in beef is by breeding the productive heifers. The new Government policy requires every feedloters to import 1 breeder for every 5 feeder inspired KIBIF to partner with the smallholder cattle farmers.

KIBIF started the pilot project in December 2016 in Subang, West Java. For the pilot project, we partnered with 14 farmers and supplied 28 breeding cattle until January 2017. There were 6 breeding cattle that succeeded in giving birth. For the year 2017 the target is to partner with 50 farmers and supply 1000 breeding cattle.

KIBIF visited Sentra Peternakan Rakyat (SPR) and proposed the partnership program with its farmers group. Their mission is to increase farmers' productivity, competitiveness and income. SPR has about 700 members of farmers and they recommend 30 farmers for the pilot project.

For the first step, KIBIF surveyed some farmer plants in Subang, West Java. The aim of survey is to collect all information that we need about farmers' condition, to know about the problems faced by farmers, and to ensure that the farmers have the standardized plant for imported cattle breeding. Based on the survey, the problems faced by local farmers are that they do not have direct access to market, lack of infrastructure, limited financial support, raised cattle for savings and not for business (2 to 3 head of cattle per farmer), and farmers' limited knowledge in cattle breeding.

## Supporting Gender Equality and Reducing Inequality in Agriculture Sector



(Left to right) Georgina Hernandez-Yang, Head of Advocacy and Anti-Poverty Programs, and Spokesperson, Office of the Vice-President, Philippines - Margareta Fatima, Farmer, West Nusa Tenggara, Indonesia - Dini Widiastuti, Economic Justice Programme Director, Oxfam Indonesia at the RBF event "Goal 10 – Reduced Inequalities: Reduce inequality within and among countries"

Responsible Business Forum (RBF) Singapore was held in Marina Bay Sands Convention Centre, Singapore on 22-24 November 2016.

This special event mainly discussed about gender equality and how to reduce inequalities toward disabilities and income inequality between women and men farmers. This topic was in line with the 5th and 10th points in SDG's goals. The speakers included Nagesh Kumar - Head, South and South-West Asia Office, Director, Social Development Division, UN ESCAP; Chia Boon Chong - Associate Director, Group CSR, Singtel; Georgina Hernandez-Yang - Head of Advocacy and Anti-Poverty Programs, and Spokesperson, Office of the Vice-President, Philippines; Dini Widiastuti - Economic Justice Program Director, Oxfam Indonesia; Margareta Fatima, Farmer, West Nusa Tenggara, Indonesia.

The forum revealed that companies, especially agriculture companies, and government need to create

more active invitation for women farmers to attend agriculture training program, to share their knowledge and to learn how to improve their skills in agriculture. In many areas, women farmers are considered as "the assistance" of their husbands, their capability in agriculture practices was just looking their husbands or their neighbors. Many more female farmers are still lacking in access to knowledge and better technology. This is because they didn't get chance to attend any trainings.

Syngenta through The Good Growth Plan is aimed to empower small holder farmers, including women farmers. Therefore, Syngenta actively took part in this particular topic of RBF. Syngenta together with PISAgro have been giving training programs to not only men farmers but also women farmers so that they can work better in the field. Syngenta and PISAgro are also providing loans with reasonable interest and allowing farmers to access to high quality seeds and crop protection technology and good agriculture



Margareta Fatima, Syngenta's woman farmer, with panelist and moderator at WOCAN event "Addressing Gender Equality Goals in Food and Agriculture Companies"

practices without having problem in planning the working capital.

The programs have taught the farmers on how to manage their finance better, how to make prepayment to bank directly via mobile technology and the program also granted them the access to crop insurance as well as to market. This is a highly-valuable model that Syngenta and other partners has provided to farmers and their community. In running this program, Syngenta and PISAgro also collaborated with Bank Andara, Mercy Corps Indonesia, ACA Insurance and BPR Pesisir Pantai.

The pilot project has been successfully conducted in West Nusa Tenggara in which Margareta Fatima, women farmers from Bima has been a concrete example that the program gave significant impact by improving her skills in agriculture and at the end increasing her income. She now transfers her agronomy skills that she learned from the program to her fellow farmers. They often came to her to seek for advise and consulted on how to have a good agriculture practices in planting, particularly corn including managing pest and disease problems in their fields.

## PISAgro Secretariat's New Executive Director



Ema Yunida

PISAgro had appointed Ema Yunida as the New Executive Director in February 2017. With over 15 years of experience in development and sustainability program implementation across the Indonesia archipelago, including field based postings with several NGOs and International organizations, Ema commits a broad experience for PISAgro. In her last role, she was dealing with climate change adaption and resilience program as Regional Manager funded by USAID.

She holds a Bachelor in Economics from the University of Lampung and is married with two children. She is fond of music and has great passion with yoga. Under her leadership, we wish to see PISAgro thrive and ensure its continued success.



# PISAgro

Partnership for Indonesia's Sustainable Agriculture

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