



PISAgro NEWS

A Quarterly Newsletter | May 2014 | Issue #7

Increasing Farmer's Income through a Collaboration along the Supply Chain

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Transparency for a more
Sustainable Cocoa Economy**

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Dear readers,

Smallholder growers in Indonesia are mostly part of a long food supply chain. They have to deal with multi layers of middlemen and at the end, most of the time prices received by them are low. Developing efficient supply chain is a topic that always comes up in the projects under PISAgro. Challenges in the low quality, productivity and scale have limited business incentives to engage with smallholder growers. But many companies are now discovering new approaches which can overcome such challenges and even transform them into opportunities.

Working along the supply chain with smallholder farmers actually fulfils two vital goals. For the private sector, they open up opportunities in a growing, profitable and largely untapped market, while for smallholder growers, they can improve their livelihoods.

In this edition of PISAgro NEWS, we discuss about the supply chain topics. In the headline section we highlight the corn working group's supply chain business model which integrates input provider, bank, off-taker and farmers union. On best practice page, you can read the effort of Cocoa working group taking the steps on supply chain's transparency and traceability. While in the agri-finance column, find an article on Financing the Supply Chain. Last but not least, on the membership, we are pleased to announce and welcome our new member Louis Dreyfus Commodities.

That's all for now, happy reading everyone !

The Editor

Increasing Farmer's Income through a Collaboration along the Supply Chain

There are many links in the supply chain, each one adding a margin, while the price is determined by country or world's market, the farmers may end up receiving a low price for their crops.

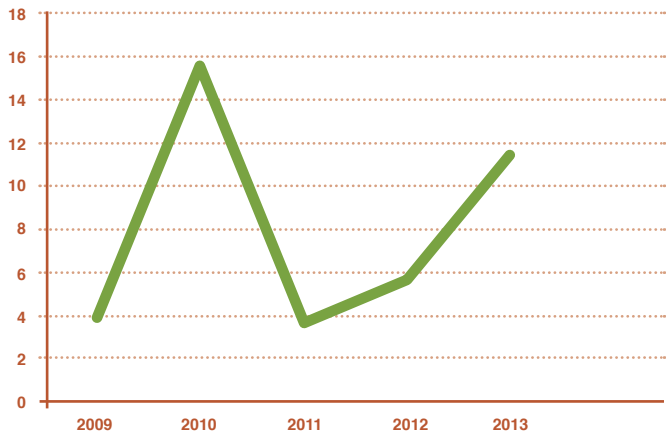
Food prices in Indonesia is increasing significantly in this past 3 years. The food inflation rose from 3.64 percent in 2011 to 11.35 percent in 2013.

In addition to that, there is a potential for increasing food prices in the second half of 2014. The Indonesian Agency for Meteorological, Climatological and Geophysics warned the rise in food prices due to the start of the dry season in some areas of Indonesia and the possible occurrence of El Nino.

There is a strong underlying agricultural growth drivers in

Table 1: Indonesian Food Inflation: 2009-2013

Source: Central Bureau of Statistics.



Indonesia such as population, urbanization, and the rise of the middle classes. But at the same time, the Indonesian agriculture and food sector is facing huge challenges, among others are climate change, poor infrastructure, and poor adoption of high technology. These forces are manifesting themselves through increased food price volatility.

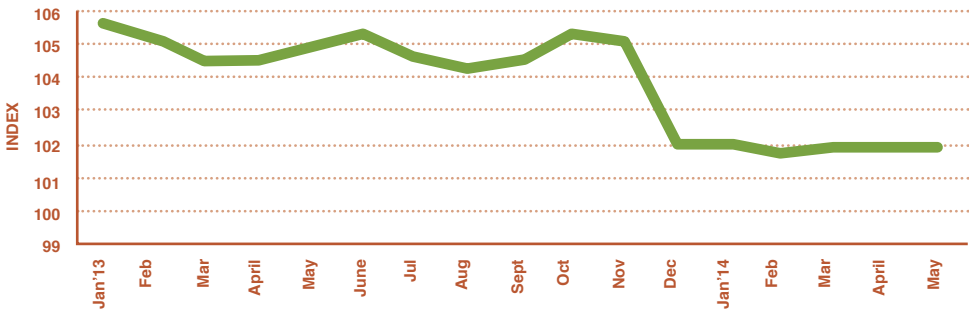
On the other side, the increased prices of agricultural produce and food do not automatically rewards the farmers. If we use Farmers Exchange Rate (Nilai Tukar Petani/ NTP) as the indicator, the Indonesian NTP keeps decreasing since November 2013 as shown in the Table 2. NTP is calculated from the

ratio of income received by farmers (HT) to the price of expenditures paid by farmers (HB). If the rate of increase in HB is higher than the rate of HT then NTP decreases, and vice versa. The NTP shows the movement of the welfare of farmers. The decrease in NTP means the decrease in the farmer's welfare.

In 2011, the number of farmers fell 5.2%, to 39.33 million people compared to 41.49 million in 2010. In the last 10 years, Indonesia has lost 5 million farmers in total. The reduction in the number of farmers over time is presumably because of the low interest of the community to be a farmer due to the low profitability of the agricultural farming.

Table 2: Indonesian Farmers Exchange Rate

Source: Central Bureau of Statistics.

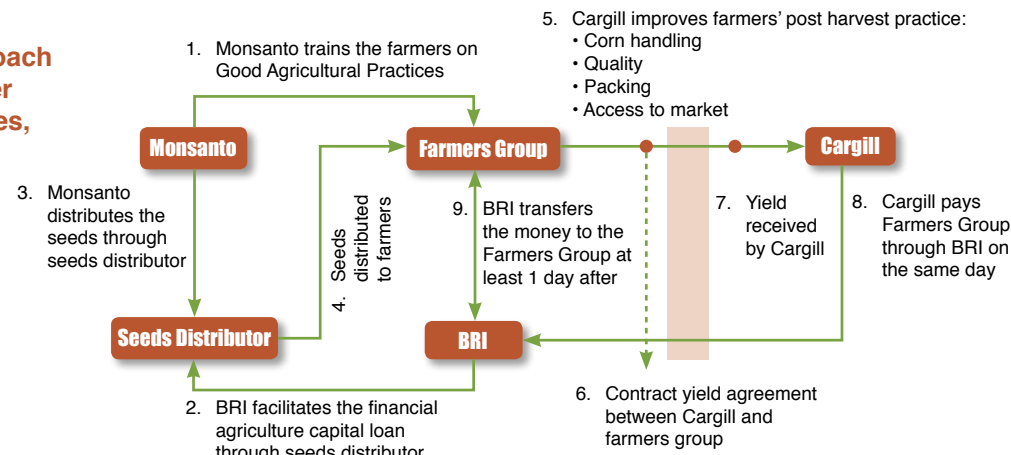


The smallholder farmers in Indonesia are unorganized. Typically, they sell their crops to middlemen, who organize and gather a large enough quantity of a given crop and sell it to an agent in a town or an exporter. In most cases, selling the raw produce to middlemen is the most feasible way for the farmers as they live in a remote area. There may be more than one middlemen in the process of getting the crop to the buyer. Since there are many links in the supply chain, each one adding a margin, while the price is determined by country or world's market, the farmers may end up receiving a low price for their crops. This price may or may not cover their costs. Another issue of concern for the smallholder farmers is that mostly they sell their crops as non-value-

added commodity. Since they do not have the technology, finances, or know-how to add value to their produce, they are not able to charge a premium price. To overcome these challenges, greater collaboration and cooperation among the various stakeholders along the agricultural supply chain is required. That includes shorten the long chain in order to make the supply chain more efficient. In this regards, smallholder farmers are needed to be empowered and assisted in productivity growth, yield enhancements, and resource efficiency, as well as to be given the access to market and finance. One example of pilot project with integrated supply chain model is being tested by PISAgro's Corn Working Group in Mojokerto, East

Java Province. It is an integrated supply chain partnership among Monsanto, BRI, Cargill and Ngudi Makmur Farmer Groups Union. In this partnership, Monsanto provides on-farm training to the farmers, BRI facilitates farmers' agricultural input loan, Cargill provides post-harvest training and off-takes the produces that meet the quality standard. The finance process between Cargill and BRI is shortened so farmers will be able to access the payment as soon as possible. Galih Kartasantana, the CSR manager of PT Cargill Indonesia said: "After the MoU signing among the parties, we are now ready to implement the project on the ground. The farmers are ready to plant the corn next month. We are expecting the big harvest at the end of this year"

Table 3: How the supply chain approach can improve the smallholder access to financial resources, technology and market



Product Traceability and Premium Transparency for a more Sustainable Cocoa Economy

According to the International Organization for Standardization (ISO) supply chain traceability is “the ability to identify and trace the history, distribution, location and application of products, parts and materials, to ensure the reliability of sustainability claims, in the areas of human rights, labor (including health and safety), the environment and anti-corruption”.

One of the basic necessities in every farm certification system is product traceability. Consumers paying more for sustainably produced products have the right to know where the ingredients of the product they buy come from. International brands are getting increasingly under



CocoaTrace™ Farmer ID Card and BT Cocoa/ Nestlé Cocoa Plan Bag Identification Card



Farmer Interview with Pak Hendra Syahputra, Aceh Tamiang

pressure to provide information about their supply chain, including full traceability of the cocoa they use in chocolate products, back to the producing countries and the farm the cocoa was grown.

The need for ensuring traceability of the cocoa traded is increasing, resulting from the requisite to substantiate claims of sustainability and also related to food safety issues. Markets now require minimum residue levels of pesticides, mycotoxins, PAH, heavy metals, etc. in cocoa beans. To be able to trace any source of contamination, the cocoa beans should be traceable from the farm or the village to the cocoa processing industry.

The Sustainable Cocoa Production Program SCPP is one of the first cocoa development programs using a Management Information System (MIS) to collect, evaluate, and report relevant data points from every smallholder cocoa farmer involved in the PISAgro Cocoa Working Group. Farmer training and product

traceability using CocoaTrace is piloted within the Nestlé Cocoa Plan (West Sulawesi) and the Cargill Promise (South Sulawesi).

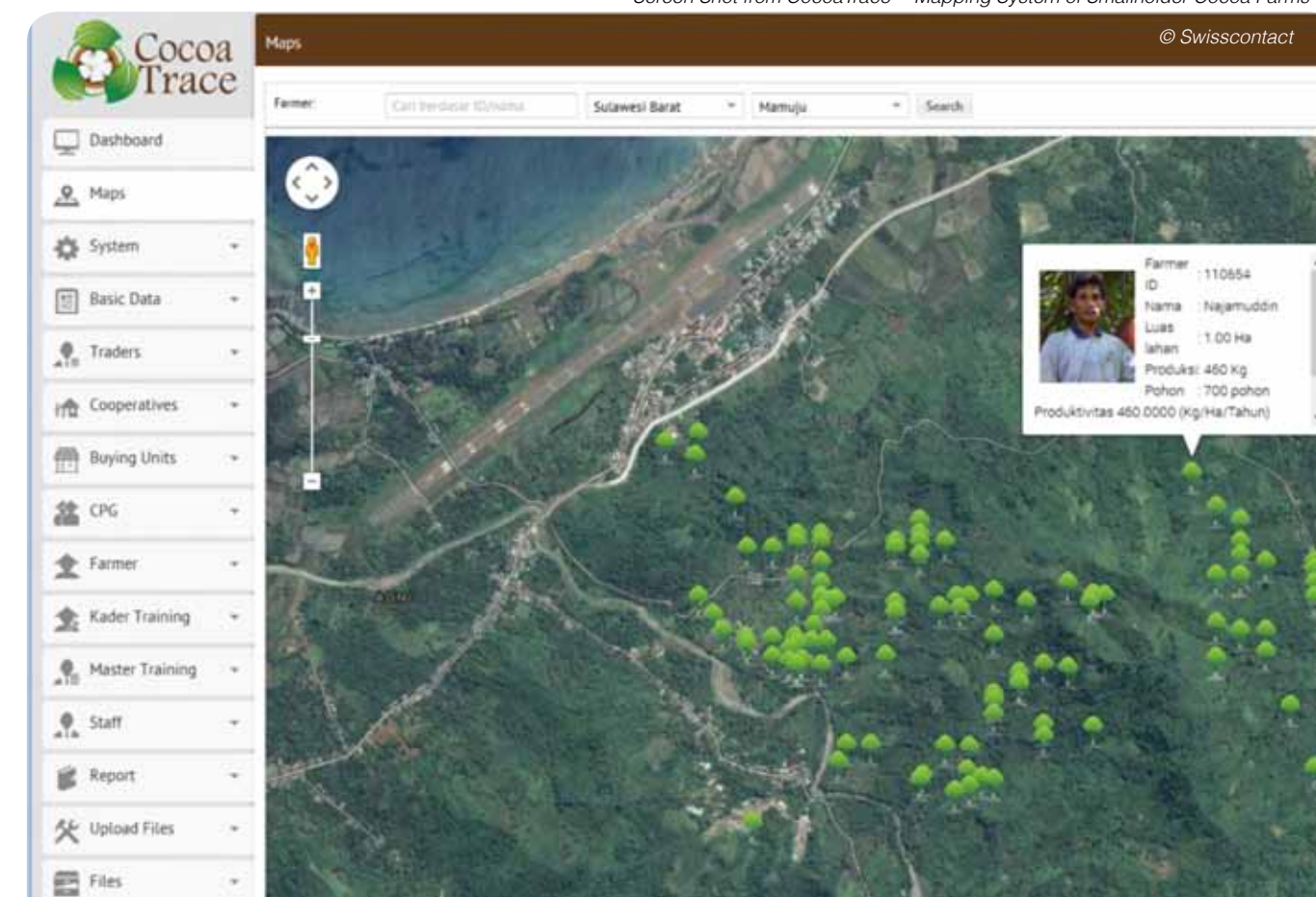
In 2013, a web and mobile application called CocoaTrace™ has been developed by an Indonesian start-up software company and introduced in SSCP by the end of 2013. To ensure sustainability of the IT system itself, SSCP engaged and motivated two young Indonesian software developer to venture out and create a Start-Up company – named PT Koltiva, established in June 2013 - to develop a Farm Management and Training Program Information System as Software as a Service. With CocoaTrace™, our Program and Implementing Partner staff and Internal Control System Managers within Farmer Organizations are now enabled to collect, edit and review farmer data on Android based handhelds (such as Samsung and Nexus Tablets) in the field and directly upload data to the back-end cloud server, saving ten thousands of

pages paper during data collection. Buyers of certified and/or traceable cocoa from Farmer Organizations are provided with login information for full access to cocoa traceability data, farmer profiles and production volumes, transparency over training days delivered and attended, and price premium distribution to ensure full transparency in the supply chain. A positive side effect of the traceability software is that it can be used for other purposes too, e.g. more efficient farmer's business analyses when applying for a loan or facilitating audits and program evaluations.



Manfred Borer
Program Director, Swisscontact

Screen Shot from CocoaTrace™ Mapping System of Smallholder Cocoa Farms





Potato Farmer

Minardi

46 years old, a Potato Farmer and member of Horsela Farmers Group in Sembalun Lawang Village, West Nusa Tenggara.

When did you start joining the partnership?

I heard about the partnership with Indofood from one of the government staff. I decided to participate in 2005. I started a trial by planting 200 kgs of industrial potato seeds and sent the produce to Indofood's plant for testing. The produce was satisfying the quality requirement of Indofood. In August 2006 we decided to plant 8 tons of seeds on 4 ha of land. The partnership then continues until now.

What are the benefits of joining the partnership?

First and foremost, the partnership gives us market guarantee. Our farm is located in a remote village, very far from the city, the market. Even if the yields are high, most of the times we have difficulty in selling them. The partnership gives us access to market. With the productivity of 23-25 tons/ha, we could get around thirty to forty percent net profit from the total production cost. So, I could save more money for financing my children's education and renovate the house.

What trainings do you receive during the partnership?

In addition to the trainings provided by the local agriculture office and Assessment Institute for Agricultural Technology (AIAT) on good agricultural practices, we receive trainings from Indofood on post harvest handlings and introduction to industrial quality requirement. Other than that, Indofood also gives training to women in the village to process the second grade quality into doughnuts, chips, bread, and other processed products. Indofood also helps women in marketing the products.

What are the challenges?

We spend more than fifty percent of the production cost on buying the seeds. They are expensive. The seed production itself depends highly on the nursery which is located in Java. We hope the partnership could help providing nursery facilities in our village so we could produce the seeds locally. By producing the seeds locally, we can get a much lower price, which means more profit for the farmers. Other challenge is the storing facilities. During the harvest time, Indofood can only ship a maximum of 150 tons of potatoes daily. That means, we must store the rest of the potatoes in a warehouse having the capacity of storing 200 tons.

What do you expect from the partnership in the future?

I personally think the partnership has done a lot in helping the farmers. In the future, we hope Indofood could either provide a storing house with bigger capacity or increase their shipping quota.



Rice Farmer

Asmuni

31 years old, a Rice Farmer and member of Maju Bersama Farmers Group in Curug Village, West Java.

When did you start joining the partnership?

I've been a member of Maju Bersama Farmers Group since 2011, but I joined the partnership with Bayer and Tiga Pilar Sejahtera in 2013, thanks to a farmer friend who invited me.

What are the benefits of joining the partnership?

The yield of my farm improved to 5.94 tons/bahu (1 bahu = 0,7 hectare). Before joining the partnership, it was 5 tons/bahu. I used to sell the rice to collectors who usually purchase it at a low price. Like many other farmers, I have no option but to sell it to them. Now, with the partnership, Tiga Pilar Sejahtera buys the rice with the market price. And as the quality of my rice improves, I can get premium price. I used to get 18 million rupiahs per bahu, now I could get 28 million rupiahs per bahu. I didn't expect the improvement would be this significant. Now, with the additional income, I could save up for my daughter's education (Asmuni's daughter is 1.5 years old). This is amazing!

What trainings do you receive during the partnership?

We usually meet once a week to discuss topics related to the rice farming. Together with the field coordinator, we observe the farm carefully and we do it on a daily basis. The field coordinator closely assists us from the growing process to the harvest time.

What are the challenges?

Many of my farmer friends are very interested to join the partnership particularly after seeing that my rice field is better than theirs. But, they are reluctant when finding out that they must wait four to five days to get the full payments after selling the rice. Most of the farmers fear of not getting the full payment as promised. I hope this issue could be fixed. On the farm issue, sometimes the field coordinator doesn't have the solution to certain pest attacks. So, farmers buy pesticides from other companies.

What do you expect from the partnership in the future?

I have received many positive things from joining the partnership. My only concern is the payment mechanism. I hope this issue could be fixed in the near future.

Reflections from the Grow Asia Agriculture Forum

By Kavita Prakash-Mani and Tania Tanvir

150 leaders from ASEAN governments, private sector, NGOs, international organizations and farmers associations gathered at the inaugural Grow Asia Agriculture Forum on 21 May in Manila to set the agenda for Grow Asia.

Grow Asia is being developed to serve as a multi-stakeholder partnership platform to catalyse action that contributes to food security and sustainable, inclusive agricultural development in support of national and regional priorities in the ASEAN region. Country-led and locally driven, Grow Asia will support market-based scalable solutions with measurable positive impacts on inclusive and sustainable agricultural growth, especially focusing on smallholder farmer development and environmental sustainability of agriculture.

It will build on the experience of the World Economic Forum's New Vision for Agriculture (NVA) in facilitating multi-stakeholder partnerships in 15 countries around the world – including the Partnership for Sustainable Agriculture in Indonesia (PISAgro) and partnerships in Vietnam and Myanmar.

Exploring country specific opportunities

The Grow Asia Agriculture Forum started with recognising the successful partnerships in Indonesia and Vietnam and highlighting the achievements to date and sharing future plans. Vice Minister for Agriculture, Pak Rusman Heriawan and Pak Franky Widjaja, Chairman and CEO of Sinar Mas Agribusiness & Food and co-chair of PISAgro, joined the panel discussion in the Opening Plenary to share the experience in Indonesia and offered support to other countries who might want to adopt a similar model.

Eight of the ten ASEAN countries were represented at the event by Ministers, Vice Ministers or Senior Officials from the Ministry of Agriculture (Vietnam, Indonesia, Philippines, Myanmar, Malaysia, Laos, Cambodia and Singapore). They led country specific sessions to share their country's vision and plan

for food security and sustainable agriculture development. They invited companies and other stakeholders to join them in partnership to address the opportunities and challenges they face in this regard.

The Indonesia discussion was led by Pak Rusman together with Pak Franky. Many companies, NGOs and other stakeholders noted their interest to partner and invest in Indonesia. Participants outlined specific opportunities including setting up a working group on Food Loss and Waste. Stakeholders also expressed interest in commodities such as soya and horticulture, which are current focus crops in the PISAgro platform.

Participants also discussed the need for adoption of best practices and technology by farmers and for strategies to scale up efforts to reach more farmers including through leveraging donor financing.

The PISAgro model was held as a best practice for the other countries to learn from and adapt to their specific needs. PISAgro was lauded for its well-organized governance structure and establishment of an independent secretariat, both recognized as key success factors.

At the regional level

Stakeholders also highlighted the opportunity for cross-border collaboration especially given that crop value chains often extend beyond one country. They discussed the need for harmonisation of policies and facilitation of more open trade as key steps towards this type of approach.

There was strong alignment around a recommendation for Grow Asia to support and work closely with the ASEAN Food Security Framework and to support the delivery of the 5-year plan.

Creating sustainable solutions

Solution sessions were held to discuss topics such as raising productivity of smallholder farmers, enabling access to finance, developing value chain linkages and climate-smart agriculture, and strengthening the enabling environment. The sessions resulted in a number of specific recommendations for Grow Asia and the country partnerships. In summary, these included:

• Focus on the Farmer

Disseminate knowledge and tools to make farming productive, profitable and attractive for future generations

• Research for Development

Co-create technology along with farmers themselves and invest in its development and dissemination so that it reaches the farmers who need it most

• Aggregate Farmers

To increase farmer empowerment and enable better provision of services like knowledge, finance

and market access

• Reduction of Food Loss

Invest in localized processing, logistics, storage and transport infrastructure

• Provision of Agri-Finance

Aggregate farmers, leverage value chain to create closed loop systems, include insurance & credit guarantees

• Efficient use of

Environmental Resources

Improve water efficiency of agriculture, and invest in better forest & land use management

The clear message heard was that smallholder farmers need to be the focal point of all activities. It is important to recognise and celebrate their contribution. Farming needs to be profitable to result in rural community development, raise people out of poverty and ensure food security – and also to be attractive to the youth and the next generation of farmers. Women farmers need special attention.

Going forward

Over the course of 2014, Grow Asia will continue to consult with stakeholders, define its governance and formalise its strategy. This strategy will be presented to the ASEAN Ministers for Agriculture and Forestry in September 2014 for their approval.

Grow Asia will work closely with PISAgro to support, strengthen and scale its activities, to share best practices and models, and to leverage its experience in other ASEAN countries.

Kavita Prakash-Mani is a Special Advisor at Grow Asia and Tania Tanvir is Senior Project Manager at the New Vision of Agriculture Initiative

Franky Oesman Widjaja, Chairman and Executive Officer Sinar Mas, speaking at the opening plenary

Opening Plenary Panelists



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From left to right: Sean de Cleene (Senior Vice-President, Yara International), Cao Duc Phat (Minister of Agriculture and Rural Development of Vietnam), Rusman Heriawan (Vice Minister of Agriculture of Indonesia)

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Financing the Supply Chain

There are a number of key challenges in developing agribusiness supply chains, in particular those dominated by smallholders. Getting farmers to consistently use good agricultural practices and fertilizer is one. Ensuring the availability of information and the right inputs for the farm is another. Making farming attractive for a new, more entrepreneurial generation is a third one. But underlying many of these is the need to finance the supply chain, for both the harvest and renovation cycle (short and longer-term financing, respectively).

IFC just finished a two-year program providing credit to smallholder cocoa farmers in Sulawesi. We worked with a banking partner, an agribusiness trader and a donor-funded project to offset the small loan size (\$300) and provide farmers with both credit and technical assistance. We saw some successes and some problem areas; both provided us with a great deal of learning.

Farmers generally have access to credit, just not often with the formal (banking) sector. We learned that farmers find it very interesting to borrow from a bank, as it allows them to learn new things and develop new networks. On the flipside, they consider bank interest rates high – in particular because they assume they are not paying interest on the loans from the village traders and middlemen (rather, they bring their harvest to them, and get discounted on the price per unit). This highlights the need for ‘financial

literacy’ training, to explain financial basics. Flexibility is another point of improvement for banks – they have a lot more problems in turning over a loan to the next cycle, like middlemen do.

We also found that farmers generally already apply fertilizer, just not in the recommended quantities (roughly half of the recommended dosage). Our project showed sharp increases in use during the year(s) we offered loans, but when the program ended farmers reverted back to their ‘default’ amount. Farmers saw increased yields through the program, but there was a lot of variance in the results, meaning farmers can’t trust on fertilizer alone to guarantee better yields. Only those farmers that consistently and continuously applied the recommended amount saw clearly superior performance.

We learned that farmers generally apply a ‘minimal loss’ strategy to their borrowing and input decisions - they borrow, but are very concerned about overextending themselves in case an adverse event (extreme weather, pests etc.). In that case, they could literally lose the farm if they are too much in debt. Rather, they prefer applying as much as they can finance ‘safely’, and hope for the best when applying sub-optimal volumes. This suggests products like crop insurance may promote the use of sufficient amounts of fertilizer. These and other challenges make financing the supply chain a continuous area of further learning

and experimentation. We know that value chain financing (creating partnerships to bring a combination of credit and technical assistance to farmers) is the preferred solution in some situations, where more simple direct lending can work well in others (larger farmers, agri traders etc.) We have also observed the power of the farmer group – where most farmers who did not repay on time claimed bad harvests as a cause, our analysis showed much higher correlation with the behavior of the farmer group on timely repayment (if the majority of the farmer group paid on time, so would individual farmers). This would suggest the farmer group could serve as peer-pressure motivation to ensure repayment for farmers, the farmer group leader could be offered incentives to ensure timely repayment, for example. All of these lessons gradually provide us with more experience and information, and will lead to step-by-step improvements in agri-finance over time.



Rick van der Kamp
IFC Operations Officer

1 Independent Smallholder Farmers have been Identified for Participation in The Palm Oil Replanting Program

Last year, palm oil working group’s project led by Sinar Mas agri has conducted independent smallholder farmers mapping in Kampar District, Riau. About 400 independent smallholders from 10 villages, owning 260 ha plantation are identified as having productivity of 7 tons Fresh Fruit Bunch (FFB)/ha to 16tons FFB/ha. The age of the palm trees are varied from 6 years old to 21years old.

Sinar Mas in collaboration with The Indonesian Chamber of Commerce & Industry (Kadin) then held a socialization on innovative financing scheme to help the independent growers increasing their yields via replanting the palm trees with much better and certified seeds. The socialization was conducted in 10 villages to 178 farmers during the period of July to the end of 2013.

The productivity of independent palm oil farmers has been constantly decreasing due to aging trees and the utilization of low quality seeds. Unlike the plasma farmers who gained the support of companies, independent farmers generally cultivate palm without cooperation with other parties. There is no standard of good agricultural practices (GAP) adopted by the farmers. Low productivity is often circumvented by land expansion, even into the protected areas of high conservation value. Palm Oil Working Group introduces an innovative financing scheme aims at helping smallholder farmers to increase their yields without land expansion.

The socialization of the program has generated positive response from the farmers and has continued throughout the first months of 2014. The farmers were convinced of the benefits of the project and they are very enthusiastic about joining in. The socialization itself received support from community and village leaders.

Independent Smallholder Farmers in Kampar District, Riau

No.	Number of Farmers	Land (Hectares)	Planting Year	Current FFB Yield (ton/ha)	Location (name of village)
1	19	37.95	2002	11.37	Tapung Makmur
2	21	41.00	1998	12.78	Kota Aman
3	46	26.41	1993-1995	12.37	Kijang Makmur
4	28	11.90	1994-1999	11.26	Kijang Jaya
5	5	10.00	2008	7.70	Tandan Sari
6	53	38.50	1996-1999	16.25	Kota Baru
7	37	20.00	1996-1999	10.65	Beringin Lestari
8	178	49.68	2001	14.40	Kayu Aro
9	12	23.54	1998 & 2010	12.61	Sibuak
Total	339	258.98			

Potato Working Group is Producing 400,000 knol Industrial Potato Seeds in 2014. More Seed Breeders will be Engaged.

During April to September 2014, PISAgro's potato working group aims to engage more seed breeders to focus on producing 400,000 knol high quality industrial potato seeds.



© Indofood

Participants of PISAgro's Potato Working Group

300,000 knol will be produced in Garut and Pangalengan, while the 100,000 knol other will be produced in South Minahasa. The planting season is set to be in the period of November 2014 to April 2015.

Suryanto Lim, Agro Division Manager of Indofood summarized the result of

the potato working group workshop, which was hosted by Indofood on March 14, 2014.

The workshop itself was aimed to synergize the efforts of all stakeholders within the potato supply chain. Suryanto Lim said, "All actors in the potato supply chain including input supplier, seed breeder, loan provider, and off-taker must come together in synergy"

The workshop was well attended by 30 stakeholders, that includes farmers, seed breeders, representatives of Directorate General Horticulture, Ministry of Agriculture, Indofood, World Bank, and Bank Mandiri.



© Indofood

Top: Reviewing PISAgro's Potato Working Group Project in 2013
Bottom: Discussion during the financial aspect session



© Indofood

Rice Working Group's Farmers Celebrate Significant Yield and Income Increase

The farmers in Rice Working Group celebrate 18% higher yield and 23.5% higher income compared to the control groups in Indramayu District. Kukuh Ambar Waluyo, the leader of PISAgro's Rice Working Group said: "It is so far the highest yield increase compared to the previous harvests"

Early this year, the Rice Working Group worked in partnership with 450 smallholder farmers on 405 ha of land in Indramayu and 150 ha of land in Subang, West Java. While the Indramayu farmers celebrating their success, the harvest in Subang is expected to coming up soon this month.

Another group's milestone in this month is the MoU signing with 2 farmers groups in Indramayu and Subang Districts to work on 800 ha of land.



© Tiga Pilar Sejahtera/Bayer CropScience



© Tiga Pilar Sejahtera/Bayer CropScience

Top: PISAgro's Rice Working Group and farmers during rice paddy visit in Indramayu
Bottom: PISAgro's Rice Working Group with members of Maju Bersama Farmers Group

Yield result - Indramayu (3 farmers group, 450 farmers, 405 Ha of land)

Benefit	Yield		Quality (price)		Income		
	Farmer Practice kg/Ha	PISAgro kg/Ha	Price per kg (Farmer Practice)	Price per kg Tiga Pilar Sejahtera(TPS) Rp/kg	Farmer Practice Rp/Ha	PISAgro Rp/Ha	Increase Rp/Ha
	6,000	7,100	4,600	4,800	27,600,000	34,080,000	6,480,000
Percentage (%)		18.3		4.35			23.5

PISAgro's Rice Working Group Project Location in 2014

No	District	Ha	No of farmer	Sub District
Central Java				
1	Klaten	1032	1806	Wedi, Gantiwarno, Jogonalan, Klaten Selatan, Pedanm Trucuk, Ceper, Ngawen, Karangano, Polanharjo, Jatnom
2	Boyolali	224	255	Boyolali, Mojosongo, Sawit, Sambi
3	Sukoharjo	319	340	Nguter, Bulu, Baki, Kartosuro, Tawang Sari, Gatak, Mojolaban Polokarto, Sukoharjo, Weru
4	Sragen	281	324	Masaran, Karangmalang, Sambirejo, Gondang, Kalijambe, Jenar, Kedawung, Sumberlawang, Ngrampal, Gesi
5	Karanganyar	268	305	Karanganyar, Tasikmadu, Colomadu, Kebak Kramat, Jaten, Mejoto, Majogedang, Jamantono, Mateseh
TOTAL 1		2,124	3,030	
West Java				
6	Karawang	842	506	Pedes, Rengas Dengklok, Rawamerta, Tirtajaya, Cilebar, Tirtamulya, Jati sari, Banyusari, Teluk Jambé, Mahalaya, Cilamaya, Karawang Barat, Tempuran, Lemah Abang
7	Subang	1,023	926	Cipeundeuy, Ciasem, Sukasari, Patokbeusi, Blanakan, Tambak Dahan, Cikaum, Legon Kulon, Pamanukan, Pusakanagara, Pagaden, Biong, Cipunagara, Kotasari
8	Indramayu	1,000	490	Sidadadi, Haurgeulis
TOTAL 2		2,865	1,922	
GRAND TOTAL		5,000	4,952	

4 | Soy Working Group's Farmers Plant Yellow Soybean on 200 ha Land in Indramayu



Discussion during PISAgro's Soy Working Group, BULOG, and local agriculture service's visit to farmers in Indramayu.

In collaboration with the Ministry of Agriculture, the working group aims to design an end-to-end supply chain approach. Farmers expressed their expectation to engage directly with BULOG (Indonesian Bureau of Logistics) to give market guarantee to farmers.

Soy working group has developed programs with smallholder farmers in Indramayu, Grobogan, Nganjuk, and Madiun. In 2014, the group will be engaging with 177 farmer groups, targeting to plant on 5,400 ha land, producing 10,800 tons of yellow soybean.

PISAgro's Soy Working Group, BULOG, and local agriculture service visited farmers in Indramayu.



In this planting season, soybean farmers under the partnership with Unilever Indonesia has planted yellow soybeans on 200 ha land in Kroya and Trisi Village, Indramayu, West Java.

5 | Indonesian Cocoa Productivity can be Increased Six-Fold without Land Extension



Top: Talk Show on Cocoa Smallholder Cocoa Farmers: Public and Private Sector Perspectives
Bottom: Visitors at PISAgro's Cocoa Working Group booth

The demand of cocoa in Indonesia is increasing 2 to 4 percent per year, while the farm production is not growing as fast as the demand. Concerns were raised that Indonesia will face cocoa raw material deficit soon.

In the 6th Indonesia International Cocoa Conference & Dinner on 16 May 2014 in Nusa Dua, Bali, Chairman of Indonesian Cocoa Industry Association, Piter Jasman, said: "Indonesian cocoa productivity

has the potential to be increased to two or even three tons per ha from the current 500kg per ha. The productivity can be increased by planting better seeds, applying fertilizer, doing regular farm maintenance without having to do a land extension"

The Indonesian Cocoa Association (ASKINDO) in collaboration with the World Cocoa Foundation supported by Indonesian Cocoa Board organized the 6th Indonesia International Cocoa Conference & Dinner on 15-16 May 2014 in Nusa Dua in Bali, Indonesia. The two-day conference discussed among others: the challenges & opportunities of sustainability for smallholder cocoa farmers, the path to sustainability for smallholders, global overview and current cocoa outlook, certification of sustainable cocoa production.

In a session of Certification of Sustainable Cocoa Production, Manfred Borer, Program Director of Swisscontact – SCPP explained the



PISAgro's Cocoa Working Group at The 6th Indonesia International Cocoa Conference (IICC)

importance of cocoa certification as to verify that cocoa beans produced in such a way that is good for farmers, the environment and the industry. He said, "SCPP is using a web and mobile based application called 'Cocoa Trace' which enables all partners' staffs and Program's field staffs to access, collect, edit, and review farmer data in the field and directly upload data to the backend server. With this, cocoa producers can be engaged in a value chain and transparency in the supply chain can be ensured".

Participating in the conference were members of PISAgro such as Nestlé Indonesia, Swisscontact, BT Cocoa, Cargill, IFC, and IDH.

PISAgro's Cocoa Working Group at The 6th Indonesia International Cocoa Conference (IICC)



"Indonesian cocoa productivity has the potential to be increased to two or even three tons per ha from the current 500kg per ha. The productivity can be increased by planting better seeds, applying fertilizer, doing regular farm maintenance without having to do a land extension."

6 | Corn Working Group to Start Corn-Coconut Intercropping Project in Amurang, North Sulawesi

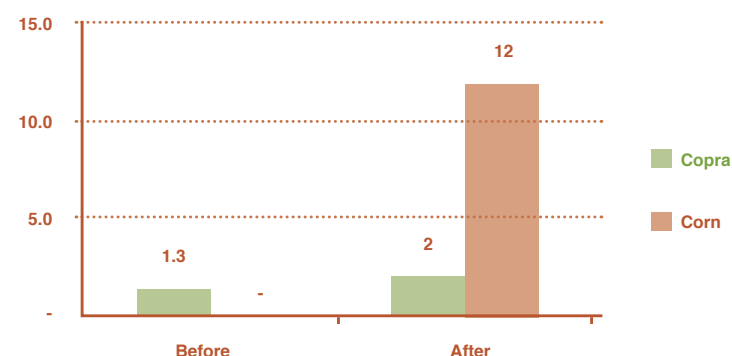
Led by Cargill Indonesia, Corn Working Group will inaugurate its first corn-coconut intercropping project in Amurang, North Sulawesi in Agustus 2014.

The project is aimed at helping smallholder farmers to achieve higher income by sustainably rejuvenate their declining coconut production and at the same time create corn supply chain in order to diversify farmer's income, reduce farmer's risks and improve their farming sustainability.

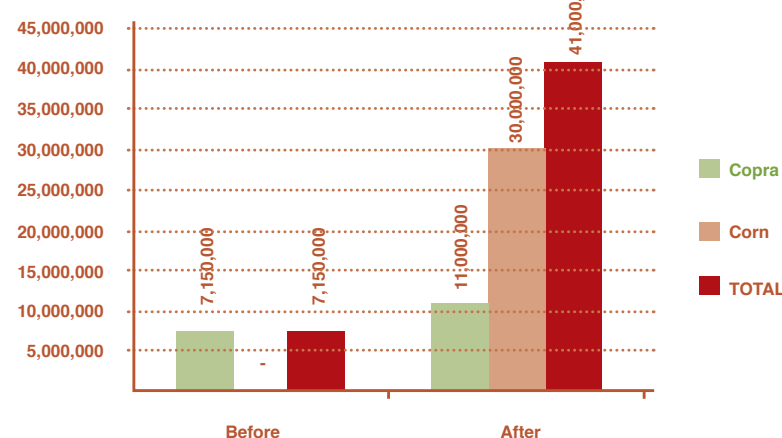
In this project, Cargill will lead the team in providing more productive coconut seedlings, fertilizer and educate farmers on agronomic practices, integrated pest management, post-harvest management, waste management, food safety and market knowledge.

In 2016, the group plans to work with 500 farmers. Rejuvenate 400 ha of coconut field, by delivering 40,000 coconut seedling. Increase coconut productivity from 1.3ton/ha/year to 2 ton/ha/year. Increase farmers income from coconut to IDR 11 million per year (based on coconut price IDR5,500/kg). Increase corn productivity from the current 4-6ton/ha/year to 12 ton/ha/year. Double farmer's income from corn to IDR30,000,000/yr (based on corn price IDR2,500/kg). In total the coconut-corn intercropping program is expected to increase farmers' income by IDR 41 million/ha/year.

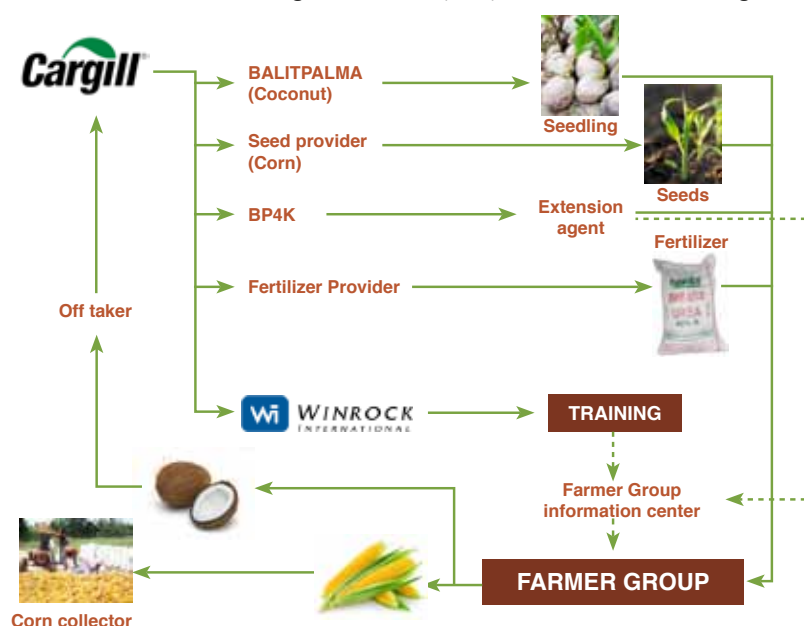
Farmers' productivity increase (ton/ha/year)



Farmers' income increase (IDR/ha/year)



The partners in the project's supply chain are: Indonesian Palm Research Center (Balitpalma) as the coconut seedlings provider, PT Pupuk Kaltim as fertilizer provider, and Winrock International in collaboration with Balitpama and BPTP to conduct training of trainers (ToT) to local extension agents.



welcome new members

This quarter of the year,

Louis Dreyfus Commodities has officially joined PISAgro.

Louis Dreyfus Commodities



It is a global merchandizer of commodities and processor of agricultural goods, operating a significant network of assets around the world. Since 1851, its portfolio has grown to include Oilseeds, Grains, Rice, Feed, Freight, Finance, Coffee, Cotton, Sugar, Juice, Dairy, Fertilizers & Inputs and Metals. Louis Dreyfus Commodities helps feed and clothe some 500 million people every year by originating, processing and transporting approximately 77 million tons of commodities.

PISAgroNEWS had the chance to talk to Sanjay Joneja, the President Director of Louis Dreyfus Commodities Indonesia.

PISAgroNEWS: Why does Louis Dreyfus Commodities join PISAgro?

As a business with over 163 years of history, a culture of promoting and maintaining sustainable enterprise prevails throughout Louis Dreyfus Commodities. Our approach draws on stakeholders' views, covering the four pillars of Environment, People, Community and Partners. As our business grows in Indonesia, we are fully committed to a collaborative approach with all stakeholders in our industry. PISAgro has been doing commendable work on sustainable agriculture in Indonesia and joining this partnership is an opportunity to work with other members towards a more sustainable future for all.

PISAgroNEWS: What target does Louis Dreyfus Commodities wish to achieve by joining PISAgro?

We fully share and support PISAgro's vision of 20-20-20, a 20% increase in yield, a 20% reduction in CO2 emission and a 20% reduction in poverty. Working together with PISAgro, we would like to better understand the needs of different stakeholders in the Indonesian agricultural sector and develop programs and initiatives that support both the environment and the communities that we work with in Indonesia, across a variety of themes tailored to local needs. We look forward to learning from and contributing to PISAgro's ongoing efforts.

As a start, Louis Dreyfus Commodities will join the palm oil and coffee working group.



PISAgro



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