Partnership for Indonesia’s Sustainable Agriculture
Supported by Grow Asia
2018
Partnership for Indonesia’s Sustainable Agriculture

The Partnership for Indonesia’s Sustainable Agriculture (PISAgro) was first announced by the Vice Minister of Agriculture and Vice Minister of Trade during the World Economic Forum on East Asia in Jakarta, in June 2011.

Officially established on 20 April 2012, PISAgro is a public-private partnership that was created in response to challenges and opportunities facing the agriculture sector in Indonesia. Through its “Vision 20-20-20” which aims to increase farm yields by 20%, reduce poverty by 20% and reduce greenhouse gas emissions by 20%, the partnership seeks to provide an innovative, multi-stakeholder model for addressing the nation’s agricultural challenges in a sustainable manner while improving the livelihoods of smallholder farmers.

PISAgro now has more than 70 partners, consisting of national and multinational companies, NGOs, donors and other institutions across its 12 Working Groups focused on 10 crops and commodities, and 2 cross-cutting themes.

Key strategic focuses for the year ahead:

**Focus Area 1**
Continuing to engage the government to align priorities and develop synergies with the national agenda

**Focus Area 2**
Scaling existing projects through broader participation from global and local partner organizations

**Focus Area 3**
Strengthening the partnership platform to deliver greater value to members and partners
Sustainability can only be achieved when there is a balance between economic opportunity, environmental protection and social welfare. PISAgro’s Working Groups are designing and implementing “closed loop” systems that integrate these important elements for stakeholders to deliver results, best practices, and scale up value chain initiatives together.

Franky Widjaja
Chairman & CEO
Sinar Mas Agribusiness and Food

PISAgro’s progress proves that the multi-stakeholder model is a productive way to tackle the major challenges facing Indonesia’s smallholder farmers and the agricultural industry at large. Together with other private-public partners, PISAgro has a unique role in achieving national efforts for food security and transforming agriculture from subsistence to entrepreneurship.

Dharnesh Gordhon
President Director
Nestlé Indonesia

Population | Population below the poverty line | Population in agricultural employment | Agricultural contribution to national GDP
---|---|---|---
267 million | 11% | 31% | 14%
Agricultural land | Rural population | Mobile penetration | Females employed in agriculture
570,000 km² | 46% | 21% | 29%
PISAgro Governance and Structure

**Founders Committee**
- Sinar Mas
- Nestlé Indonesia
- Indofood
- Unilever Indonesia
- Bayer Indonesia
- Syngenta Indonesia
- McKinsey & Company Indonesia

**Advisors**
- Ministry of Agriculture
- Ministry of Trade
- Ministry of Finance
- Tempo Inti Media, Tbk
- The Jakarta Post

**Board**
- Sinar Mas
- Nestlé Indonesia
- Indofood
- Unilever Indonesia
- Bayer Indonesia
- Syngenta Indonesia
- McKinsey & Company Indonesia
- IDH
- Triputra Agro Persada
- Cargill Indonesia
- Grow Asia

**Secretariat**
- Executive Director
- Communications Manager
- Office Manager

**Working Groups**

- **Agri-Finance**
  - Corn
  - Potato

- **Beef**
  - Dairy
  - Rubber

- **Cocoa**
  - Horticulture
  - Soy Bean
  - Vocational Training

- **Coffee**
  - Palm Oil
Agri-Finance

Activities

- Organizing an innovative value chain event showcasing various Working Group project schemes

- Consulting and advising commodity Working Groups on their agri-finance schemes

- Advising relevant ministerial offices on adjusting the subsidized farmer lending program to be available for more crops
**Beef**

**Activities**

- Developing financial schemes for smallholder farmers
- Helping farmers increase productivity by providing them with knowledge about best practices
- Providing high quality animal feed to optimize weight gain

**Impact**

26 farmers engaged
Cocoa

Activities

- Delivering professional farmer packages, such as agri-inputs, planting material, and knowledge
- Improving access to savings, loans, other financial services, and financial literacy trainings
- Increasing awareness of environmental issues in the cocoa sector by educating and training farmers in environmentally-friendly practices
- Building training programs to improve communities’ access to nutrition and other basic services
- Promoting the inclusivity of marginalized groups like women and youths
- Launching CocoaTrace, a cloud-based software to enable the industry to trace cocoa beans from the farm to the processing facility

Impact

136,877 farmers engaged, of which 13,540 are women

62% increase in baseline yield
66% increase in baseline income

GHG reduction by 23% from 1.09 to 0.77 tCO2e/MT
Coffee

**Activities**

- Developing a replanting program with better plant material that increases productivity and adaptability to climate change
- Organizing trainings for farmers to qualify for Common Codes for Coffee Community (4C)
- Creating shorter and transparent supply chain aggregators (KUB) to export markets
- Developing a financial ecosystem, and providing loans for inputs
- Piloting mobile banking and cashless transactions for farmers
- Teaching program on income diversification through intercropping and “Farmers Business School”

**Impact**

- 19,227 farmers engaged
- 43% increase in baseline yield
- $204% increase in baseline income
- Mobile bank accounts opened for 17,000 farmers
**Activities**

- Providing bundled services of agricultural inputs, Good Agricultural Practices (GAP), micro loans, financial literacy, digital payments, crop insurance and market access in West Nusa Tenggara and South Sulawesi Provinces

- Improving farmers’ access to credit loans, corn seeds, and training

- Improving farmers’ access to hybrid corn in Madura, East Java to increase productivity

**Impact**

9,020 farmers engaged, of which 644 are women

- **10%** increase in baseline yield

- **45%** increase in baseline income
Dairy

**Activities**

- Developing models for transforming Indonesia’s smallholder dairy farming sector through improved productivity, farmer incomes and increased milk production to reduce imports
- Establishing model farms to demonstrate sustainable and profitable smallholder dairy farming
- Promoting and facilitating fodder farming, nursery and distribution of better plant materials, maize farming for fodder, and development of various legumes
- Collaborating with cooperatives to establish and manage rearing farms
- Financing models for farmers to scale up from 3-4 cows currently, to 8 productive cows

**Impact**

- 25,000 farmers engaged, of which 50% are women
- 10,000 water-ad-libitum systems installed in barns
- Over 8,000 farmhouses with biogas systems
- 20 model farms
**Horticulture**

**Activities**

- **Gunung Sewu Group Initiative:**
  - Growing papaya, guava and banana
  - Optimizing farmers’ production techniques
  - Providing high quality seeds and supervising cultivation
  - Giving off-take guarantees

- **Syngenta Indonesia Initiative:**
  - Facilitating the availability of early flowering technology, which provides mango farmers with a longer harvest, produces higher quality fruit, and achieves better prices in the off-season

**Impact**

- **251 farmers** engaged over **380 hectares of land** under Gunung Sewu’s projects

- **1,713 farmers** reached under the Syngenta’s mango project
Palm Oil

Activities

Sinar Mas Initiative:

- Developing an innovative financing scheme for replanting for smallholder palm oil farmers, including farmers' living expenses as part of the financing package
- Ensuring the implementation of GAP
- Organizing farmers into cooperatives

Triputra Agro Persada and Sinar Mas Program:

- Training and guiding farmers to implement GAP
- Supporting farmers in getting short term loans for high quality fertilizers and herbicides

Impact

40,180 farmers engaged
93,377 hectares of land covered
Indoagri-IDH Project:

- Developing supply shed model and traceability capabilities
- Providing training and support to improve farming practices
- Providing advisory and guidance to farmers
- Organizing farmers into effective cooperatives
- Helping farmers become certified under the RSPO and ISPO certification guidelines

Koltiva Smallholder and Traceability Mapping:

- Developing PalmOilTrace Web and Mobile applications for online-offline data collection, data evaluation, and KPI reporting
- Deployment of up to 90 Koltiva Field Agents for data collection from mills, agents, smallholder households, and polygon mapping of smallholder plantations
- Establishing Traceability Support Service with Mills and Agents for data input in PalmOilTrace Traceability modules for every single FFB Transaction from smallholder plantation to the mill
Potato

**Activities**

- Producing high quality industrial potato seeds
- Developing the cultivation in Sumatra Island
- Facilitating access to capital
- Enhancing farmers’ capacity, building on GAP through mentoring and mechanization

**Impact**

- 4,300 farmers engaged
- 71% increase in incomes
Rubber

**Activities**

- Conducting trainings for trainers to multiply farmer champions/model farmers
- Providing technical training and field assistance to improve farmers’ productivity
- Replanting project for farmers
- Integrating database of Smallholders Management System
- Organizing tapping competitions and the GAP Quiz (Kelompencapir)

**Impact**

- 28,240 farmers engaged
- 30% increase in productivity
Soy Bean

**Activities**

- Conducting cross-learning activities among soy bean farmers in participating regions
- Training of trainers on Sustainable Agricultural Practices
- Close assistance in self-assessment process for smallholders and farmer cooperatives to attain sustainable certification
- Connecting smallholders to better inputs, financial assistance and markets
- Providing cooperatives development program in financial management, organization, and social entrepreneurship

**Impact**

- 9,000 farmers engaged
- 52% increase in baseline yield
- 51% increase in baseline income
Vocational Training

**Activities**

**Bayer Indonesia’s Project in Merauke, Papua Province:**
- Organizing a three-month modern farming practice training to Vocational High School (SMKs) students in rice farming in Wapeko
- Providing land, facilities, boarding rooms and accommodation to students
- Teaching GAP modules on rice farming, agriculture mechanization, and financial literacy: farming as business

**Triputra Agro Persada (TAP) Project in South Kalimantan Province:**
- Providing a two-year apprenticeship to university students majoring in agriculture with a mentorship program
- Providing students with accommodation and opportunities for practical application
- Supporting students with good results with an offer to work for PT Triputra Agro Persada

**Impact**

73 students engaged across 2 projects
Partnering with Indonesia’s dairy farmers to transform the supply chain

More than 25,000 dairy farmers across 41 milk cooperatives sell approximately 500,000 liters of fresh cow milk to Nestlé’s factory in Kejayan, East Java. The PISAgro Dairy collaboration ensures continued supply of high quality raw materials for production needs, while opening access to markets and providing the various support needed to improve farmers’ welfare.

Multi-stakeholder partnership platform

Grow Asia connects like-minded partners in Indonesia’s dairy industry to share knowledge

- Introduced the Dairy Working Group’s lead, Nestlé Indonesia, to other actors in the region to increase the group’s impact
- Sharing knowledge from global experience and developing guidelines for performance measurement
- Capturing and disseminating knowledge and best practices from Nestlé’s value chain initiative

Partnership for Indonesia Sustainable Agriculture (PISAgro)

Improving the milk supply chain and strengthening farmers’ capacity

- Developing models for transforming Indonesia’s smallholder dairy farming sector through improved productivity, farmer incomes and increased milk production to reduce imports
- Establishing model farms to demonstrate sustainable and profitable smallholder dairy farming
- Promoting and facilitating fodder farming, nursery and distribution of better plant materials, maize farming for fodder, and development of various legumes
- Collaborating with cooperatives to establish and manage rearing farms
- Financing models for farmers to scale up from 3-4 cows to 8 productive cows

National tri-sector behavior and collaboration

Contributing to the country’s goal of attaining food security and alleviating poverty

- Presented a White Paper to relevant government ministries to transform Indonesia’s dairy smallholders
- Provided inputs to National Dairy Roadmap to reduce reliance on imports
- Aligning with other national platforms such as KADIN
- Promoting the importance of access to finance for smallholders through subsidies and Kredit Usaha Rakyat
**Smallholder Impact**

*A comprehensive approach to community development*

- **4,500** farmers have increased their milk production to 14 litres/day/cow
- **25,000** farmers engaged of which 50% are women
- **Over 8,000** farmhouses with biogas systems, providing gas for household needs while reducing greenhouse gas emissions equivalent to **28,000** cows
- **20** model farms constructed
- **300** farmers who recycle slurry to use as fertilizer on fodder farms
- **Over 10,000** water ad-libitum systems installed in barns
- **600** hectares planted with high protein “odot” grass

**About Indonesia’s Dairy Industry**

Indonesia’s dairy industry has seen market demand rising more than 10% annually over the past decade due to changing consumer habits and population growth. Indonesia’s estimated per capita milk consumption is only 11.7 liters per annum, which is significantly lower than the 22 liters consumer per capita in the Philippines and 31 liters in Thailand.

On the production side, the majority of Indonesia’s dairy farms are small with just two to three cows. These production units are characteristically inefficient, with low productivity and profitability. On average, milk yield is less than 10 liters per animal per day, and calving intervals are between 18 and 20 months. If the price of beef is reasonable, these smallholders often prefer to sell their cows for beef slaughter rather than maintain them for milk production. Only 25% of the raw materials for milk supply are produced locally with the balance met by foreign imports.

Led by the Ministry of Agriculture, several Indonesian Ministries have plans to boost dairy production. All these plans recognize the need to enhance dairy genetics through live dairy heifer imports. The government also continues to encourage domestic milk processing industries to further increase their commitment to invest, especially with the development of integrated dairy cattle farms to reduce dependence on imported milk raw materials.

Thanks to the collaboration program from Nestlé and SAE Pujon Cooperative, I gained more knowledge about good dairy farming practices. I also use a biogas dome at home, which makes my home and its surrounding cleaner, my family healthier and our spending less. Now, I have 12 cows with an average milk production of more than 1,800 liters per month, and with the income from dairy farming, I have managed to pay for my child’s tuition for undergraduate level in the university.

**Wisman Djaja**
Sustainability Agriculture Development & Procurement Director, PT Nestlé Indonesia

One of the challenges in the national dairy industry today is how local dairy farms can meet the growing demand for milk in Indonesia. Although milk production in Pujon continues to increase, the demand for milk in Indonesia is still largely met by imported raw materials. Therefore, the Department wishes to boost the population of dairy cows in order to help boost milk production.

**Ir. Sudjono**
Head of the Department of Animal Husbandry and Animal Health, Malang Regency

Our collaboration with Nestlé has enabled continuous innovation in order to jointly face the challenges and development in dairy farming. It is very important for us since most of Pujon’s community depends on the dairy industry for a living.

**Mr. Hariyanto**
Dairy Farmer

**Abdi Suwasono**
Chairman of SAE Pujon Cooperative
Partners

Agri-Finance
- International Finance Corporation (IFC)
- Rabobank Indonesia
- IDH
- Mercy Corps Indonesia
- Swisscontact
- DFAT (AIP-PRISMA)
- Bank Rakyat Indonesia (BRI)
- Bank Andara
- Bank Negara Indonesia (BNI)
- Swiss-Re

Beef
- KIBIF

Cocoa
- Swisscontact
- Nestlé Indonesia
- Cargill Indonesia
- UTZ
- Koltiva
- Yara Indonesia
- Indonesian Coffee and Cocoa Research Institute (ICCRI)
- SECO-Switzerland
- MCA-Indonesia
- 3 financial institutions and 6 leading cocoa supply chain companies
- 11 Provincial Governments
- 57 District Governments

Coffee
- Nestlé Indonesia
- IDH
- Yara Indonesia
- ICCRI
- Rabobank Foundation
- Bank BTPN
- Telkomsel
- Rainforest Alliance

Corn
- DFAT (AIP-PRISMA)
- Syngenta Indonesia
- Cargill Indonesia
- Mercy Corps Indonesia
- Bank OK Indonesia
- Directorate General of Food Crops, Ministry of Agriculture
- ACA Asuransi
- Coordinating Ministry of Economic Affairs
- 8 villages
- BPR Pesisir Akbar

Dairy
- Nestlé Indonesia
- Brawijaya University
- CSIRO
- Milk Cooperatives
- Bank BTPN

Horticulture
- Great Giant Pineapple
- Syngenta Indonesia
- DFAT (AIP-PRISMA)
- East West Seed Indonesia
- PT Suryonusa Agromakmur
- University of Mataram
- Directorate General of Horticulture-Ministry of Agriculture
- Assessment Institute of Agriculture Technology of West Nusa Tenggara & East Java
- Provincial Government of West Nusa Tenggara & East Java
- Local mango collectors

Palm Oil
- Sinar Mas
- IDH
- LDC Indonesia
- Rabobank Indonesia
- Triputra Agro Persada
- Koltiva
- Yara Indonesia
- Indofood Agri
- Tiga Pilar Sejahtera Food
- BRI Agro
- Directorate General of Plantation, Ministry of Agriculture
- PT Perkebunan Nusantara III
- Indonesian Palm Oil Association (GAPKI)
- SPKS (Palm Oil Smallholders Union)
Potato
• Indofood
• Yara Indonesia
• Directorate General of Horticulture, Ministry of Agriculture
• Sarana Tani

Rubber
• Kirana Megatara
• Pirelli
• Michelin
• Sregrip GIZ
• GoodYear
• Conservation International
• SNV
• Bogor Institute of Agriculture
• Bank BTPN

Soy Bean
• Unilever Indonesia
• Nestlé Indonesia
• Indofood
• Syngenta Indonesia
• Indonesian Bureau of Logistics (BULOG)
• Bank Negara Indonesia (BNI)
• University of Gajah Mada
• Directorate General of Legumes and Tuber Crops, Ministry of Agriculture
• GAKOPTINDO

Vocational Training
• Bayer Indonesia
• Medco
• Kubota
• International Finance Corporation (IFC)
• Five Vocational High School (SMKs) in Merauke Regency, Papua
• Regional government of Merauke Regency
• Ministry of Education
• PT Triputra Agro Persada
• Instiper, DI Yogyakarta
• STIPAP Medan
• LPP Yogyakarta
Engage

www.pisagro.org
@PISAgro
@WEFPISAgro
@PISAgro

Contact

Sinar Mas Land Plaza Tower 1
7th Floor, Jl. MH. Thamrin Kav. 51,
Jakarta 10350, Indonesia
T +62 21 5047 8888
F +62 21 5043 8888

Z Martini Indrawati
Executive Director, PISAgro
martini@pisagro.org

PISAgro Secretariat
contact@pisagro.org

Pranav Sethaputra
Manager, Partnerships
pranav@growasia.org