





### **Collaborative Acts Towards Food Security** Special Section: Towards Jakarta Food Security - 5

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### **Opening Remarks**



Franky Oesman Widjadja Co-Chair of PISAgro

A ccording to the National Bureau of Statistic, there are seven different national sectors that has had a positive growth during the 3<sup>rd</sup> Quartal of the year 2020. One of these sectors that has improved is the sector of Agriculture that has grown by 2.15%. Furthermore, projections have stated that that Indonesia's economy will continue to gradually improve in the year 2021.

In order to accelerate the economic recovery of Indonesia, cooperation and collaboration between multiple parties and stakeholders will be a key factor in the rehabilitation process. For that reason, PISAgro has continued to support The Indonesian Chamber of Commerce and Industry in implementing "The 5<sup>th</sup> Jakarta Food Security Summit in 2020". This event was opened by the President of the Republic of Indonesia along with several different ministers to interact and synchronize with private companies and stakeholders on the topic of Indonesia's economic recovery. It is virtually joined by more than 42,000 participants and connected people across Indonesia also more than 63 countries.

The 5<sup>th</sup> Jakarta Food Security Summit in 2020 was made with the intent to produce a common understanding and strategic cooperation between key actors for the purpose of improving condition for all stakeholders. Reciting what the President said and to remind us again what has been discussed the most during the conference, it is necessary to develop the closed loop economy and the partnership business model to support food sector as the new economic force. It has also encouraged us to gather new ideas, solutions, and recommendations to move forward for better agricultural sector.

We would first like to express our deepest gratitude to the Indonesian Government for their continued support to guide the economic sector to a positive direction. We would also like to thank the members and partners of PISAgro that has consistently strengthened their partnerships in the middle of this pandemic.

### Cover Story Reviving Indonesia Agriculture Through Integrated Database



The global COVID-19 pandemic hit as a reminder for all sectors lying around on its comfort zone. The recent slowdown in economy development has been blamed on the pandemic sudden arrival. On the other way around, science and technological development experienced only a short-term slowdown, but then accelerate quickly due to sudden realization, "Our effort was never enough before."

According to The Jakarta Post report in August 2020, Indonesian agriculture emerged as a buttress against pandemic impact. Agriculture as the second-largest contributor to national economy, managed to grow 2.19% in the second quarter, even though that is still considered lower than the economy growth within the same period in 2019. However, the threats toward this sector is worth the consideration. Due to the health issue, most extension staffs have not surveyed and giving direct reports on farmers condition. Previous plans and regular annual strategy might not work anymore, letting our farmers and food agricultural industries try to survive by itself.

#### **Uncertainty is certain**

The biggest lesson learnt from the pandemic is the fact that nothing is certain. Backupplans are necessary, emergency budget is important, while the most promising skill and behavior in the future includes flexibility and adaptiveness. The financial challenges burdened to both farmers and private sectors caused by the pandemic effects are likely. Even before the pandemic, the act to neglect small-scale issue such as drought, pest attack, and other fluctuant natural and climate events has shown that we are never ready for uncertainty. Old and 'ancient' assumptions based on 'usually' and 'used to' will not work anymore.

The advancement in weather data collection and its prediction has helped several sectors such as transportation service. Our national weather service, *Badan Meteorologi, Klimatologi, dan Geofisika* (BMKG), has been able to predict weather, wind, sea-wave heights, and even forest fire potentials. In October 2020, this service has already given prediction and early warning on La Nina phenomenon will last long and its peak will be on December. However, the utilization of this information to prevent havocs in agricultural sector is still limited to short-term programs.

As uncertainty is the most certain thing, food and agricultural sector should begin to start taking worst case as the main assumptions.

"What if extreme weather is going worst each year?'

"What if El Nino or La Nina comes and goes unpredicted?"

"What if we have the risk of oversupply and shortage at different times in one year?"

"What if lockdown-like events happen again one day?"

"What if we can not import foods at the same time as extreme weather events that might cause crop failures?"

There are scarier and more unpredictable unwanted scenarios that this sector might have to fight one day. The COVID-19 global pandemic is just one of the early reminders, not to forget the effect of worsening climate change.

### The willingness to utilize data for decision making process

The first step towards catering uncertainty is looking at the existing recorded datasets and utilize them for decision making process. Advancement in data analysis technology has enable us to receive patterns and make predictions. In agriculture perspective, predictions on weather condition, price fluctuation, national fertilizer production, and planting and harvest area updated data can be formulated to predict various information from the farmers ability to plant adequate amounts of commodities needed to national food sufficiency and potential crop-failures events.

Then again, the challenge is to convince stakeholders and key actors including private and public sectors to not rely on the 'usual' anymore. Our smallholder farmers also need to be well-informed on the fluctuant condition. BMKG has tried out its program of climate coaching program for farmers namely Sekolah Lapang Iklim (SLI) in Temanggung, Central Java. SLI aimed to improve farmers' understanding on climate change and reading weather condition to plan out farming strategy. However, this program needs to be implemented nation-wide and have sustainable process to ensure farmers' activeness and willingness to adapt to unpredicted changes.

Not only there is a need of active extension staffs to facilitate, but also there should be platforms of trusted information. Farmers will need to access the data directly or indirectly in fast-paced environments. The changes in prediction may occur anytime, the late comings of rainy season in 2019 had pushed back planting period to November, but nobody would 'usually' expect rainy season on 2020 will come on time and followed up by La Nina instead. This raises question on, "can farmers receive the prediction and recommendation as fast as the pattern begin to change?"

### Integrated compact and inclusive database

Integral factor on providing trusted platforms of prediction and recommendation is the database itself. Either the data will be processed with computer or still relying on human prediction, the system will need enormous amount of data with various data types. In a paper published by IOP Conference Series on Material Science and Engineering, Santoso and Delima from Duta Wacana Christian University Yogyakarta was able to provide a list of data entities needed for Integrated Agriculture Information System (IAIS). There are 47 data entities needed for the information system to give these information to farmers:

(1) Fertilizer price;
(2) Agriculture technique and practice;
(3) Pest management;
(4) Cultivation;
(5) Irrigation;
(6) Post-harvest processing; and
(7) Innovation in agriculture processing recommendations.

However, these 47 entities have not included other additional data entities such as weather fluctuation, social-cultural effects, and geopolitical situation, as those are the most unpredicted causals on productions and price fluctuations. We have learnt that socio-cultural events such as Eids, Christmas, New Year Eve, and other events cause different pattern in consumer demand. While other unpredicted events such as extreme weather, climate change, and global situation as we experience currently, La Nina amidst global pandemic, certainly adjust recommendations and predictions that shall be given to stakeholders, including our farmers.

Farmers and stakeholders in need on basic information have not been able to access all these necessary data from one place. These data are scattered around in various database and websites from different institutions. Sometimes the access to this information requires permission. This hinders the effort of introducing data literacy to our farmers in the future. One compact national integrated database might be future solution to data inclusion. These datasets should be inclusive and can be used by either smallholder farmers and enterprises, academician, public sector for decision making process, and private sectors as well.

#### The more – the merrier concept to not disregard diversity

In the concept of integrated database and various case scenarios planning, the long unfinished debate on 'which dataset is the most credible to use' might not be a big problem anymore. The single integrated database should be developed to cater all kinds of data from various data providers and diverse sampling methods. Users have the freedom to pick one or any of the datasets to be used in the data processing step to receive prediction and recommendation.

Big data analysis also facilitates largesize data processing, this technology is a fresh solution, "If we have more than one dataset, why not use all of them?" It has been discussed before on how agricultural sector should prepare for multi-case scenarios. including the worse. These diverse datasets have given us advantage to look for other possibilities. Not only it helps the computer to make different types of prediction, the multisource database will also teach agricultural sector to prepare for the worse. There is no need to fight over data, take advantage of them.

#### Methods to acquire data, methods to predict

Along the process to achieve complete integrated database, various technological developments have been invented to support the progress. These findings can be categorized to:

- - (1) Data collecting devices;
- (2) Data processing facilities, and
- (3) Data utilization support.

The first category comprises conventional data collecting such as survey or field checks, and recent remote-sensing technology with the help of satellites, geographical information system (GIS), and sensors. Data processing facilities nowadays is the fastest category to be developed, which include big data analysis, machine learning technology, deep learning, and overall artificial intelligence (AI) within its sector. Meanwhile, data utilization support has been limited to users' limited access and knowledge to technology. This includes several farmers-support applications, precision technology, and automatization.

"Our farmers can't use smartphones, our farmers can't buy fancy automatization technology," but someday they might, not this generation but the next ones.

Reviving Indonesia agriculture is a long-term process, while uncertainty is ahead of us, integrated database is worth fighting for.

### Features

# Welcoming Blockchain, Big Data, and Precision Technology to the Farm



A dvancement in technological development bridges every single sector to integrate and unattachable. Food as basic primary needs for human beings is the only product with constant and even rising demand with the increase in population count. Along with it, fast-moving consumer goods companies and other industries using plant-based raw materials also increasing its number. Agriculture as the backbone of this industry needs to also adapt the advancement which its downstream industries have been following, that includes automation, precision, data analytics, and internet-based systems.

The usage of advanced findings on farm has been slow due to the limited understanding on 'automating' living beings, which include plants and live stocks. Despite its inability to completely replace human on farm, various technology has been developed to help and assist farmers. Stunningly, these inventions also facilitate post-farm activities and downstream industries.

#### Agriculture as a one big set of system

Agriculture, defined as the effort to cultivate and produce biomass, can never be limited to only activities on farm. It is dependent to the whole supply chain of agricultural input industries, post-harvest activities, processing and distribution ventures. Each sub-system relies on each other making agriculture as a whole set of integrated structure. At the same time, the failure of one sub-system may disturb other components as well.

Technological advancements have been used to

- (1) prevent failures of certain sub-system,
- (2) enhance the quality of components, and
- (3) connect all aspects.

Automatization has helped productions, including seeds, fertilizer, and pesticide in the upstream department also post-harvest,



food processing, and FMCG industries in the downstream department.

However, the adaptation toward automatization is not as quick for onfarm sub-system. Topographical obstacles, agricultural commodity variations, and budget limitation slowed down the development of on-farm automatization.

Regardless of the limitations, there is an urgent need to gradually introduce these technologies to our farmers. These are the advancements with potentials to be developed on farm, what the obstacles will be, and how we should start to welcome them in agricultural sector.

#### **Precision technology to support**

Precision agriculture is the implementation of sustainable approach to cultivate biomass to be more efficient, economy and environmentally profitable. These technologies allow farmers to gather more precise data, give precise inputs, and make decision precisely. The advantages comprise from precision breeding, crop selection, performance measurement, and climate prediction. Precision farming reduces crop waste and inputs residuals, thus supporting sustainability and eco-friendly business method.

The most common precision technology system includes pre-calculation, information gathering, sensor detection, monitoring tools, and specific software. This usually requires basic knowledge of technology. Besides funding issue as the most popular reason, Indonesian local farmers often reject the advance made to introduce precision technology due to lack of knowledge of sustainable farming. Therefore, the process of introduction must include the awareness of efficient sustainable agriculture.

#### The awareness and the willingness to be precise

Welcoming precision technology to the farm must be started with an effort to reach precision. Awakening the awareness of sustainable farming using precise inputs has been an outrageous challenge. It is hard to tell everyone why they should count their fertilizer needs before actually applying, why it is unnecessary to 'drown' the field with water every day, or how they should do the pest control. 'Hunch' and 'parental legacy' are often the basis to our traditional farmers' decision making process.

Czajkowsky research in 2019 highlighted farmers' willingness to participate in adopting several sustainable agricultural practices including precision farming varies based on their farm characteristics, environmental knowledge, and motivations. Czajkowsky recommends case-by-case approach to introduce precision technology to the farm. Another research by Kusova and Tesitel in 2017, market-driven factors dominate the process of adoption decision, while environmentdriven factors are obviously taken into consideration only the second in order. This shows the need to prove the advantage of precision technology which is profitable and market-friendly. Kusova also added on the fact that educational background and familiarity with IT did not appear to be predictors for the adoption of precision technology. The awareness has raised, but they need the assurance of not being ripped off with the investment.

#### Blockchain and data analysis to enhance

Different from precision and automatization technology which need to be operated onfarm, data processing technology and its derivatives can support on-farm activities without directly touching the field. Hence, this system does not need farmers' direct involvement in technology, instead just farmers' consent to provide information and join the circle. Data processing and data-based technology in agriculture have the objectives to

- (1) Provide necessary information for decision making process to farmers, such as climate prediction,
- (2) Connect on-farm activities to the supply chain,
- (3) Provide farmers access to premium market price, premium inputs source, and financial providers, and
- (4) Show transparent business process.

Several agricultural technology companies have born in the last 15 years as the provider of agriculture supply chain technology. These companies' services comprise not only a 'communication' agent between input industries, on-farm activities, and postharvest enterprises, but also crop diagnostic tools using artificial intelligence, blockchain traceability applications, and real-time market price. They often incentivize farmers for providing data to the chain, making the system profitable for everyone including the farmers.

Blockchain was currently introduced to agriculture through traceability approach. Traceability feature facilitates transparency to consumers on the source of their foods and daily products. The date your coffee bean arrived in the coffee shop, the name of its middlemen, identity of the farmers, and the implementation of Good Agricultural Practices (GAP) in their farming activities can be traced through single code. Farmers also get the advantage of premium market price, incentives, and reliable constant payment. Moreover, data provided in blockchain system cannot be erased, changed, or manipulated due to its complex storage management. Hence increasing the reliability and trust between each sub-system.

Blockchain, data analysis, data processing, and decision-making software applications indirectly enhance agricultural productivity, farmers livelihood, and supply chain efficiency. It might need to get through challenges to slowly get traditional farmers used to smartphones, nonetheless this problem has been solved by the roles of field extension staffs.

### Attracting the young and millennial farmers

These technological inventions have proven to be easily adapted by younger generations. Integrating farming and advanced technology might be the solution to attract millennial farmers since farmers regeneration rate keeps declining overtime. In the webinar KSIxChange #29 held by AIP-PRISMA on October 27, 2020, Deeng Sanyoto from TaniHub introduced the concept 'Agriculture for Everyone'. IT development and digital network, also changing the mindset of boring-tiring onfarm activities to challenging advanced agriculture have been used as approach methods to enhance regeneration.

"It is hard to force on farmers regeneration, but it can be done with mindset changing strategy. Agriculture is a holistic system, it is an ecosystem, it can be connected through technology, and advanced with technology," he said.

### Features

# Defining Food Security: There has always been more than one option



M ission to end hunger has been acknowledged as one of The United Nations Global Goals on Sustainable Development. It is specified on the 2nd goal within the agenda. Even when the number of victims on the brink of starvation is reported to be declining, food security issue has given us different question, "Is 'no hunger' enough? Or is it eradicating under- and malnourishment that defines food security?"

Food security issue in Indonesia has often been linked to the inability to meet people's 'hunger' for rice, as locals believe "It is no eating with no rice". It leads out to bad stereotypes on rice as the cause of food security failures. Its price, supplies, and values are critical matters as demands keep rising on population growth. Yet it is hardly being discussed on how to keep everyone nourished, having balanced nutritional foods, and being open for any kinds of carbohydrate diets.

By the start of green revolution in the 1970s, food security concern was to focus on national or global supply of foods. However, it is becoming less relevant due to unequal distributions, thus making food security definition shifts to household and individual levels. The priority changed to question the access to food. Maxwell and Frankenberger (1992) in Maxwell and Smith's book of Household Food Security defines food security as 'securing access at all times to suffice food for healthy life'. The core points of the concept include

- (1) the sufficiency of food, meaning the amount of food suffice calories needed for healthy and active life;
- (2) the access to food, defined by the ability and entitlement to purchase, receive, produce, or exchange food as a product,
- (3) security or balancebetween risk, insurance,and vulnerability,
- (4) time, defined by when

   it suffices, accessible,
   and secure where food
   insecurity can be happened
   in cyclical basis, transitory
   (temporary) events, or in
   chronic permanent situation.

#### The scope of food security issue

Maxwell and Smith also mentioned the keywords to achieve household food security are flexibility, adaptability, diversification, and resilience. However, local food security can be defined though food availability, food variability, and accessibility to nutritious food.

Availability comprises 'enough' amount of food for everyone, despite the amount seems enough in Indonesia, the raise in population count and room for export potentials give us questions on how to expand this availability soon. Variability questions the ability to nourish everyone. There is a need to expand food security scope to not only staple foods but towards other nutritious sources as well. Therefore, the upcoming strategy may also include adding the variations, developing new varieties, or even exploring the local and endemic food sources. Accessibility talks about the entitlement to food, including the capacity to purchase and receive healthy foods. Thus, food security is never achieved with fluctuant price and food stocks not in national level only, but to regional and district levels. The issue on accessibility towards healthy foods have promote the number of obesity cases, stunting, and other medical issues.

### Introducing new options and bring back the forgotten

Enhancing variability or diversification method can be done using two types of approach. The first one and the most common one is the approach to find and engineer varieties with higher productivity and environmental adaptability. This caters toward the existing demand, such as the need of stable price and stock of rice all-year round making the food security strategy focuses on providing rice through enhancing its productivity, adaptability, and sometimes extensification strategy. Even though this idea is absolutely rational, the development of adaptive and productive varieties will take time.

The second approach is never as interesting as the first one. Reintroducing local staple foods and the forgotten local wisdom are not that appealing. However, our ancestors managed to live knowing there was limited technology of food storage making them adapt to the seasonal change of food. When there is no rice, there will always be corn, sorghum, cassava, tuber, or potato, and our ancestors accepted that. We have been too dependent on certain types of food source with the time being.

Despite the unappealing strategy, this second approach is expected to be longterm. Scientific development barely keeps up with the demand nowadays, while population count is expected to almost double in 30 years. Our lands may have limited ability to follow the requirement of certain commodities that is keep being modified and enhanced.

#### Mindset-shifting strategy

There is a challenge to balance food security measures and business values. It is undeniably hard to change industry focus to something that does not match consumers taste. However, sooner or later we have to accept that when there is no rice – there will be corn or cassava, such as how we accept fruit prices will not be the same when it is not in season.

Introducing while gradually limiting dependence to only one options may be a wise decision. Reforming traditional non-rice-based recipes might be another idea to smoothen the reintroduction. Something has to be an acceptable way to do this approach. Nonetheless, there has always been more than one option.



# Features Corn: Food and Feed



C ereals, popcorn, corn soup, roasted corn, to cornstarch, poultry feed, and corn-based biofuel. The aforementioned were not the only proofs of how wideranged the potential of corn, the typically yellowish cereal grain originated in South America. It evolves from Teosinte, the wild ancestor producing little amount of hard grains, into palatable types of corns and decent varieties for feeds. It is undeniable that corn is one of the most popular staple food and at the same time one of the most wanted nutritious feed ingredients, yet the world seems cannot sort out on how to manage the potentials.

Corn or maize highly contains carbohydrate, fatty acid, and decent amount of protein, making it nutritious energy source as staple food. The plant itself is considerably adaptable to any environmental conditions including water stress treatment, various latitudes, and soil nutrition levels. Thus, corn has been domesticated and cultivated by people around the world as valuable trade commodity and food alternatives.

#### **Corn in Indonesia**

In various locations in Indonesia, corn used to be main staple foods before 1970 as alternative when rice was not in season. The limitation on food storage technology also encouraged the usage of corn as a stock staple food. However, since the development of food storage technology, demand of corn as poultry feed, and leaning preference to rice, its position has been shifted as 'another kind of side dish' thus lowering the overall demand of corn as human foods

Government of Indonesia is currently trying to awaken corn potentials both as feed and food. It has started to be seen again as a commodity to maintain stability and avoiding hunger issue. Nonetheless Indonesia is still struggling to suffice domestic demands and has been resorting to import market.

#### Core of the poultry industry

Poultry feed industry has been relying on corn as their main ingredients. Corn would comprise more than 40% of the total components. While the poultry farming itself heavily dependent on high quality yet reasonable priced feed for it takes 50-70% of the business cost structure.

Instability of corn price as raw materials has troubled feed industries to keep up with the decent selling price. It is not surprising to see industries started to cut down the amount of corn within its ingredients to 35%. This problem was also caused by the price difference for each district and industries access to production centers. Corn plantations area have mostly shifted to several locations outside Java, while the processing industries are still mostly in Java and Sumatera. Bali, Maluku, Papua, and Nusa Tenggara have produced considerable amount of corn in the last 20 years, but those locations have no processing centers such as poultry feed industry. Recent finding shows that approximately 34% of national corn production is being cultivated in areas without direct access to feed industries, thus limiting the access, raising the price for logistic purposes, and sometimes causing farmers not being able to sell to the off-takers in needs.

### Re-introducing corn as the alternative to food security

Diversification program has been introduced to tackle food security issue. It caters the idea to introduce various kind of staple foods besides rice, reintroducing local wisdom and local varieties. Corn is one of the most popular candidates for its good adaptability and better consumers acceptance.

The discourse on food diversification program has actually been implicitly stated since 1974 by the end of Pelita I regarding Improvement on People's Food Menu. However, the idea was never brought up and even being covered up with the rice improvement program in the next Pelita(s). By the end of 1990s, the diversification program was finally attempted explicitly, but has become harder to shift back people's preference to non-rice staple foods. Nonetheless people's awareness on food security and diversification as the solution is slowly growing to support non-rice staple foods production and hopefully reduce the dependence to rice.

In Eastern Nusa Tenggara, people started to consume corn products as their staple foods due to less access and higher price for rice products. Corn contributes to food security in Eastern Nusa Tenggara by its ability to 'secure access at all times to suffice food for healthy life' based on Maxwell and Frankenberger definition on food security (1992). People would accept corn as another option besides rice and sweet potato or other kind of tuber plants. This has proved corn potential to secure national food security in various areas with capacities to boost corn production.

#### In between food, feed, and fuel

Corn is well-known for its wide-range purposes, from cooking oil, cornstarch, cereals to animal feed, and now has started to get extracted for its ethanol for biofuel. The potentials are undeniably eye-catching to various industrial sectors. Thus, national management for corn needs to be strategized well. Even though development of corn biofuel has never disrupted Indonesian national stock on corn, it should be given extra attention to not interfere food and feed commodities to produce alternative energy. Study case in Texas, United States of America, showed that ethanol production in US is driving up the cost of corn as raw material along with several other effects on food prices and stocks. It is acknowledged as a brilliant idea of producing plant-based alternative energy, but it is never wise to ask food and feed industries to compete with energy production.

Higher demand to corn as animal feed has turned away farmers from planting sweet corns and other types of palatable corns. That often causes government to resort on import option to suffice national needs. Thus, giving us questions on how to manage corn productions. Shall we focus on feed and halfheartedly put diversification program on hold? Or shall we shift the focus on corn as food materials? There is definitely a necessity to balance out feed and food corn plantation, while boosting productivity of our farms to secure food security in the future.

## Agrifinance Financial Guidance for Smallholder Farmers



ercy Corps, a global humanitarian organization, is very familiar with bringing immediate relief to communities in Indonesia affected by natural disasters. And Mercy Corps' team has reinforced that building resilient communities is just as important as responding to natural disasters when they strike. Mercy Corps works in Indonesia and around the world to help communities build resilience, including a focus on the resilience of smallholder farmers. Because food is a basic human need, it is impossible to neglect the needs of Indonesian smallholder farmers, who comprise more than 50% of local farmers and play a critical role in providing food for our tables. However, a lack of access to financial support for these smallholder farmers is one of the core national agricultural development problems and acknowledged as a major threat to farmers' resilience.

In addition to a lack of access, minimum guidance on financial products is an underlying problem affecting food security and farmers' livelihoods. Ayu Sara Herlia, Mercy Corps Indonesia's Senior Business and Finance Program Officer for the Promoting Organizations that Work to Empower Rice Farmers (POWER) program, an initiative funded by John Deere, stated in her interview with PISAgro that there are three main problems hindering food security: a lack of Good Agricultural Practice (GAP), a lack of access to the supply chain, and a lack of access to financial resources.

These root causes are closely related, resulting in a continuous cause-and-effect loop. Good or even premium market targets can be realized through providing better quality products. However, without Good Agricultural Practice (GAP), the chance to reach better or premium markets is thinning out. This particular practice would also require proper agricultural input supply and equipment, which is often not within smallholder farmers' financial capability. Therefore, access to loans and other financial products are of critical importance.

Financial service providers such as bank and fintech companies have started to reach out to smaller business ventures, offering programs that cater towards financial inclusion and easier loan mechanisms with lower interest rates. Besides regular banking loan mechanisms for business ventures, Small Business Loans or Kredit Usaha Rakyat (KUR) is one of the existing financial programs subsidized by Indonesia's government, directed to micro-, small-, and medium-sized enterprises (MSMEs) including agricultural actors like smallholder farmers.

#### The overlooked problems

While loan mechanisms were already made simpler for small business ventures, accessibility is still a challenge. Farmers living in rural areas often fail to provide the necessary documents, such as a citizenship document, proof of marriage, or a certificate of business identification (Surat Keterangan Usaha). Although this issue can be solved through discussions with banks' partner and partnership with local officers (*perangkat daerah*), the lack of citizens' knowledge to provide important documents has certainly been overlooked and problematic.

The Government's loan program, KUR, has the most appeal for smallholder farmers and at the same time is the hardest to acquire. The KUR has very specific financial information services system (SLIK) criteria and every debtor also has to pass the program loan information system (SIKP). In case of needing additional loans, farmers need to first access a regular bank product with a higher credit interest. It is challenging to convince smallholder farmers to take on higher interest loan products. However, a better approach, leading with examples, and GAP assistance, will help solve this problem.

Crop failure is the most well-known issue contributing to low incomes for farmers, including their inability to pay back loans. However, in reality that is not the only overlooked issue as far as 'payback' mechanisms go. The inadequacy of financial infrastructure such as ATMs and local bank branches hinders farmers depositing their money – and it is also risky to hold onto sums of money.

#### **Financial literacy**

Another overlooked agriculture loan accessibility issue is caused by a lack of financial literacy. It is not common knowledge that any kind of debts, including loans, leases, and consumptive credits are taken into consideration for future loans. Many smallholder farmers have consumptive loans without knowing its effect on their agricultural activities.

"Financial literacy should have been taught to everyone, not only farmers, that every single banking activities are being recorded by the Indonesian Financial Services Authority (Otoritas Jasa Keuangan) and will be affecting future consideration for getting another loan. Bank needs to count the debt equity ratio for each candidate to ensure their ability to pay back," said Ayu Sara.

### POWER: Farmers group empowerment

Through the POWER program, made possible through funding from John Deere, Mercy Corps introduced the concepts of financial and business literacy and financial inclusion to strengthen participating farmer groups (kelompok tani). POWER 1.0 (2015-2018) focused on empowering and increasing the income of rice farmers in three provinces. POWER 2.0 (2019-2022) is focused on improving the livelihoods of 20,000 farmers trough GAP implementation and financial access in 6 provinces throughout Indonesia.

Empowering farmers encompasses building a strong agricultural community which includes local officers, supply chain actors, and financial providers with the expectation that independent and advanced farmer groups emerge. To achieve such a goal, Mercy Corps offers two-step programs. The first step is providing financial literacy and GAP training to all farmer groups without any exceptions. Then the farmer groups are classified based



on their background. Basic training is given to establish organization systems and strengthen their groups overall. Further specialized training is given to farmer groups according to their needs, which could range from agriculture mechanization to how to gain more advanced market exposure.

#### Guiding smallholders' needs and end-to-end solutions

Financial guidance is sometimes as simple as introducing farmers to banks and loan mechanisms. However, Ayu Sara emphasizes that financial issues cannot be solved by loan providers alone.

The idea of a closed-loop system in agriculture business is one of where the solution ensures that farmers increase their income and improve livelihoods. While financial providers give loans, farmers must be able to pay them back as well as make a profit. This can be supported through access to GAP and its requirements, such as highquality inputs and equipment. Guaranteed off-takers and assurance on good prices will ease farmers' fears, allowing them to focus on producing the best quality products.

Sometimes it is necessary to facilitate partnerships between local actors, including

helping local financial institutions understand and also expect better relationships between the actors. Moreover, local financial institutions have the advantage of understanding the cultural style and approach to reach farmers. Mercy Corps also works with financial technology (fintech) companies, and some of our farmers find that their different requirements for loan applications are simpler than those of conventional financial institutions. There are benefits and disadvantages for both conventional financial institutions and fintech companies for farmers, however, the most important thing is that they improve the agri-business environment by delivering quality financial service products.

Ayu Sara added that for NGOs and private companies with assistance programs for smallholders, it is important to never overlook good collaboration between public and private sectors. Public sectors might have better coordination, documentation, and monitoring systems while private sectors have better access to markets and post-program needs. It is expected that farmer groups will be independent and move forward at their own pace as we create better and sustainable business environments for the farmers after the program has concluded. Therefore, we see a need to connect farmers with the private sector for a win-win financial structure for all - smallholder farmers, private sector, and other supporting actors.



# Profile The Champion Sector: Struggling Against the Pandemic Chain Effects

Corn Working Group

P ISAgro Corn Working Group has made various outstanding progress, even amid the COVID-19 pandemic. The group dedication is shown in continuous activities such as meeting and networking events to discuss and approach issues in the corn sector, particularly during the crisis. To get an overview of the progress, PISAgro interviewed Thefan Kurniawan from PT Seger Agro Nusantara and Suandi Darmawan from the Australia-Indonesia Partnership for Promoting Rural Incomes through Support for Markets in Agriculture (PRISMA) as members of the Corn Working Group.

Corn working groups at its very core, according to Thefan, focuses on the prosperity of farmers by creating partnership programs with said farmers and cooperating as well as collaborating with the government in an inclusive closed loop system with several parties.

### Direct take-off after the international gate opened

PT. Seger Agro Nusantara (SAN) is a trade company that was established in 1998 and has now grown to be the biggest establishment in the corn market of Indonesia. PT. SAN has a few purchase points (with facilities of drying corn and silos) in some of the provinces in Indonesia. Our supply of shelled corn comes from farmers around our factory.

In June 2020, just as the international trade gate opened in the middle of pandemic, Seger Group released 12,000 tones of corn from Gorontalo to Philippines. That was considered one of the most outstanding achievement when most industries still struggled to adapt. Thefan explained that during the early stages of the pandemic, there was a low national price of corn due to the low demand that was caused by the temporary cessation of operations in the hotel, restaurant and café industry (horeca) as well as the restriction on large social gatherings (Pembatasan Sosial Skala Besar or PSBB) in certain areas. This has caused factories for animal feed to reduce their purchase of corn. The effect is that the produce that has been harvested by farmers are not sold or distributed during the harvest season. An alternative method to fix this problem is to export the harvests. Export is needed to offtake the production of local corn and safeguard the stability of corn prices.

#### Corn and its potentials

When he was asked on the potential of corn as a leading export commodity, Thefan answered "It is possible, but it must be supported with national food programs to increase the national production as well as cooperation with several related stakeholders. The biggest obstacle in achieving this goal is the fact that national production has not been able to meet domestic demands due to its low productivity."

Likewise, the same applies to the issue of national food security. Thefan believes that corn has tremendous potential to solve the problem of food security. If farmer's productivity can be improved, adequate agricultural land is provided and an increased frequency in corn cultivation to once every year, then it is possible for corn to be one of Indonesia's main food commodity.

There are still several challenges that needs to be addressed in this sector. Currently there are numerous hindrances that can be found in the field such as low productivity of farmers, cultivation process that is still not in accordance to Good Agricultural Practice (GAP), efficient mechanization of agriculture that has not been implemented, and the fact that farmers are not "bankable" making it hard for them to receive Loan for Small Scale Industries (*Kredit Usaha Rakyat*). In the future, Thefan has stated that increasing productivity, improving access and use of technology, and utilization of limited land will be a topic that needs to be discussed.

### Formulating strategy through studies and assessment

In the wake of the global pandemic, PRISMA stands deeply committed to improving farmers'

livelihood, farm productivity, and business competitiveness in the corn sector. PRISMA works to ensure that the corn markets remain functioning during this pandemic by employing commodities studies and assessment to identify root causes, formulation of business models and strategy as solutions, and develop partnerships to apply the solutions. The partnerships range from collaboration and co-investment with the private sector in field activities, capacity building and assistance to farmers, to coordination to support local government programs.

In some PRISMA's working areas such as in southern Central Java and NTT, corn farmers still experience lack of off-taking services including access to information on good postharvest practices. This condition was prominent during movement restrictions due to COVID-19 pandemic. As a result, the issues negatively affect the quality of corn grain and potential higher income for farmers. When the off-taking and its embedded services such as farmers training are available and accessible, farmers will have more incentive to adopt higher-yielding corn seed hence more profits for farmers. "Seeing the opportunities to improve corn sector growth through off-taking, PRISMA engages with PT SAN as a new partner in addressing issues in off-taking services," said Suandi.

### Post-Social Restriction: revival time or after-effect threats?

As the pandemic draws on, Indonesian has begun to ease up the "large-scale social restrictions" (Pembatasan Sosial Berskala Besar, PSBB) and shifted to "the new normal" to push for economic recovery. However, since the pandemic hits the smallholder farmers in many different ways, the opportunities can turn into a dire situation for the food and agricultural sector, including corn. During the strict social and movement limitation, the demand for corn has slightly decreased. At the same time, farmers could not sell their products freely due to movement restrictions across many regions. The decrease in farmers' income has threatened their financial capacity to suffice daily household needs and to invest in seeds, pesticides, fertilizers, or other spending for the next growing season. Moreover, farmers also experience difficulty in accessing subsidized fertilizers in recent months. All these issues pose more risks of reduction in farming productivity and production next year.

# Profile **Cattle Teaching Factory**

#### **KIBIF**

**S** ubang, September 3, 2020 – KIBIF attended coordination meeting on curriculum arrangement between Polytechnic of Agricultural Development (*Polbangtan*) Bogor under the Ministry of Agriculture and KIBIF. The meeting was held as a follow-up to the link and match partnership in vocational program between Polbangtan Bogor and KIBIF, in which the company acts as one of the link & match partners, is now starting to facilitate beef cattle farming sector.

PT Estika Tata Tiara Tbk (KIBIF) is a one of the cattle companies pioneering in integrated beef production. It is committed to provide halal, healthy, and delicious products with standardized processes. KIBIF production chains comprise fattening process in feedlot and live cattle products, abattoir (handling and slaughtering), food processing, and market distribution. The professional and tidy production standard required at most 3 months training period for every newly-hired to get used to it. It is evaluated to be time and money inefficient for the whole production system.

KIBIF has taken interest on the PISAgro program to facilitate link & match between vocational institutions and industries. Collaboration with vocational studies is expected to solve the need of ready-towork graduates used to industrial standard. KIBIF is now currently in partnership with Polbangtan Bogor, Polbangtan Manokwari, SMK-PPN Sembawa, and SMK Juara Peternakan Subang. The vocational partnership program includes collaboration in drafting and aligning learning curriculum, field practice program, field industrial practice program, student and lecturer internship, field visitation, study tour, fieldtrip, and online class program with KIBIF field officers as the instructors.



Partnership between vocational institutions and industries still have many flaws to be further evaluated. One of the challenges to match schedule between KIBIF and schools, especially for online and practical class with actual practitioners.

"We have started the vocationaltraining program in 2016. Since then, we began to focus on gathering partnership with various vocational institutions since 2018. These partners include Polbangtan and vocational high schools under Ministry of Agriculture and Ministry of Education. There are still challenges and shortcomings in this vocational program we are working on. Therefore, KIBIF is open for any inputs and critics on our programs," said Vivi Wijayanti from Partnerships and Vocational Training KIBIF.

Another program that is currently being prepared is applying teaching factory (TEFA) to the schools and campuses. It aims to build industrial standardized beef cattle cowshed and apply the system to schools as educational purpose. Students are expected to understand industrial standard and receive aligned curriculum with industrial actual needs.

The link & match program was not designed only to produce competent graduates, with the ability to compete in global-scale market, ready-to-work, and limited to acquiring skills in which industries need. The big picture of this program also prepares future young and talented entrepreneurs taking their paths in beef cattle fattening industry.

# Profile Technology to Connect the Chain

Koltiva



"If you don't have data, your ideas are just opinions and not facts," said the CEO of Koltiva, Manfred Borer in his interview with PISAgro.

K oltiva is an information technology company focusing on software development and IT-based solutions for end-to-end business process in agriculture. Founded in 2013 by Furqonuddin Ramdhani and Ainu Rofiq, Koltiva is now currently connecting people from 27 countries and one of the leading agriculture system companies.

The need from industry for the development of project management software inspired Koltiva to fulfill the demand. This company provides service in tracking, supplier training, coaching of farmers in potential commodities, and also support a mapping system and farmers locations verification as a mean to avoid clashes against protected forest area. Koltiva has supported various companies such as PISAgro members; Mars and Cargill to improve software and programs for cocoa development in Indonesia.

# Demand for traceability and transparency

The movement of 'knowing where your food and daily products came from' has raised the demand of transparency in food production. Companies began to adopt traceability systems which allows identification and verification of product origin and its movement. Koltiva catered to the need of a system to trace each product from the farm through the supply chain by developing the supporting software application.

Manfred Borer, the CEO of Koltiva, explained how Koltiva traceability systems will not only benefit end-customers for its transparency, but also everyone along the supply chain including farmers. The process starts with farmers digital profiles. Farmers who sell their products on the later stages of supply chains will have access to premium price and markets due to its traceable premium qualities. Every movement of the product on who buys directly from the farmers and the industries related along the way are being recorded, thus both consumers can trust the quality and the farmers also get trusted buyers.

#### Improving farmers life through supply chain access and added values

"It is about improving living condition, income, and empowering good social environment impacts, all to achieve SDG (Sustainable Development Goals)", he stated as to explain indirect benefits of the application to smallholder farmers. Through specialized commodity platforms like CocoaTraceRubberTrace. and PalmOilTrace: farmers get to access premium market and trusted off-takers, they also have access through the FarmCloud application to digital finance, payments, and highquality farm inputs such as fertilizers and seeds. The platform supports farmers on improving their knowledge by providing training videos, learning materials, and in-app notifications from extension staff.

The partnership of Koltiva with PISAgro members also extend additional services to achieve voluntary sustainability certification, supply chain code of conduct verification, and farmers' training. The cloud-based platform ecosystem includes besides digital producer profiles and supply chain transactions also price information, input supply marketplace, and weather information smallholders. Koltiva has joint and contractual agreements with various stakeholders along the value chain, thus connect the whole agricultural environment in a transparent end-to-end traceability. Therefore, aside from the direct incentives in form of quality- and premium payment for sale recorded within the platform. farmers receive indirect incentives such as digital profile, access to knowledge and information, coaching and training programs, and a digital payment system. These added values are included in Koltiva's commitment in improving farmers' livelihood and an effort to achieve digital inclusion for all.

#### Tackling challenges in between

The introduction of Koltiva products and technology to smallholder farmers is one of the most challenging process. Only 14-16% farmers in Koltiva traced supply chains actually own smartphones, making them unable to interact directly with other stakeholders through applications. Extension staffs play their big role in assisting clients throughout different stages of the chain, that includes farmers. These staffs register farmers' identity so that they receive digital producer and farm profiles. After farmers sell their products in the downstream supply chain, information is added in the FarmGate application stations. Each sold product carries farmers' identification numbers from farm to fork, enabling 100% end-to-end traceability.

The obstacle to not having smartphones is not limiting farmers' access to know their products movement. For farmers without smartphones Koltiva provides an SMS gateway service for its clients. Whenever farmers sell products, they receive an SMS back to their phones with the sales transaction resume.

### Long way to go to fully transparent process

There is a long way to achieve fully transparent processes where in the future more farmers have smartphones and a more direct interaction with the supply chain. Immediate response will be given in the form of market prices, training videos, and information sharing.

Koltiva has also prepared long-term plan development to enhance its transparency and traceability platform. Cashless payment currently being piloted to make all transactions transparent, including prices paid to farmers. Even though adaptation to technological development in agricultural sectors is still far behind compared to other sectors, lately it is gaining speed. Koltiva already partnered up with more than 300,000 smallholder farmers in Indonesia, but comparatively there are millions of farmers in Indonesia, so our reach is still small even after almost 10 years," the CEO said closing his interview with PISAgro.

# Update PISAgro Data Center



The collaboration between PISAgro and Koltiva has the outcome of development in business association management platform currently named PISAgroTrace. Koltiva is adapting the concept of common business support organizations to PISAgro for internal management of knowledge, communication platform, member administration and invoicing, and to follow up key performance indicators. It is expected to help collecting data from the members, including but not limited to number of farmers reached and engaged, and also giving information on farmers activities related to achievements in sustainable agricultural practices.

The system itself relies on PISAgro members' consent on providing data and information that are in line with PISAgro reporting requirements. "It is challenging to convince each member to be willing to provide PISAgro detailed information, but we respect their decision and grateful for members willingness to provide the number of farmers they are working with at village or district level," stated by Manfred Borer, CEO of Koltiva. PISAgro is targeting 2.5 million farmers reached by 2025 and already recorded 1.3 million individual farmers by this year.

#### Next steps - future developments

After the web application is complete, there will be future developments and updates on its communication service, including a mobile application to access notifications and the knowledge base of PISAgro. This is projected to fulfill the needs of working group leaders and project managers to efficiently use the platform to communicate activities, events and working group acievements.

The platforms features include:

- Event management, thus any event sent through chatting application or social media can be directed to the platform
- 2. Register members' participation in events such as the general assembly
- 3. Manage key performance indicators of PISAgro members and its farmers development
- 4. Member administration and keeping updates on member fees

# **Special Section Towards Jakarta Food Security Summit 5**





# ARTA FOOD SECURITY SUMMIT - 5

Pemulihan Ekonomi Nasional untuk Mendukung Ketahanan Pangan & Gizi, serta Meningkatkan Kesejahteraan Petani, Peternak, Nelavan & Industri Pengolahan

18-19 NOVEMBER 2020 09.00 - 15.30 WIB



Ir. H. Joko Widodo Presiden Republik Indonesia



Sofyan A. Djalil

Nestle mandiri







Luhut B.

Pandjaitan



Airlangga

Hartarto









Jong-Jin

Kim

















William Sunarso Patrick Walujo Tanuwijaya



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Teten

Siti Nurbaya

Bakar



Karen

**Arif Satria** 



BERITA SATU organized by Dkatadata



Kontak: Event@katadata.co.id LD +62851 5633 8174 Pembicara dalam konfirmasi

(Tersedia dalam Bahasa Inggris)

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Roeslani



Arif

Patrick

Rachmat





Lukman

Bayu Krisnamurthi



Edhy Agus Prabowo Suparmanto

Yugi

Prayanto

Retno Lestari

Priansari

Marsudi

LIVE AT C F Kadin Indonesia

Free + E-Certificate (khusus peserta Zoom)











Franciscus









Shinta W. Kamdani

**Erick Thohir** 

Sri Mulyani

Indrawati



### 18-19 November 2020

In commemoration of World Food Day last October, the World Food Organization (FAO) stated that the Covid-19 Pandemic had revealed that the global food and agricultural system was still fragile and triggered a world economic recession. According to The Economist Intelligence Unit, Indonesia is ranked 62 out of 113 countries in the Global Food Security Index. Therefore, the Indonesian Chamber of Commerce and Industry views the importance of synergy efforts among stakeholders to formulate the best steps in the context of accelerating economic recovery, improving the welfare of farmers, ranchers, fishermen and processing industries, and realizing national food security and nutrition with sustainable principles including through the development of food storage. (food estate).

### What is JFSS?

Held every two years since 2010, JFSS is a crosssectoral forum that brings together government, private sector, civil society organizations, international organizations, farmers and academics to make the best steps to increase the production, added value and competitiveness of strategic food commodities in the context of acceleration to achieve national food security and nutrition with sustainable principles and improve the welfare of farmers, ranchers and fishermen as well as processed industries.

# Jakarta Food Security Summit - 5 Agenda

### 18<sup>th</sup> November 2020

#### 09:00 -10:42

#### **Opening Session**

Video Link



#### Ir. H. Joko Widodo President of Indonesia Transcript

Speech



#### Rosan Perkasa Roeslani

Chairman of Indonesian Chamber of Commerce and Industry (KADIN)



Host:

Juan Permata Adoe



Dr. Airlangga Hartarto Coordinating Minister for Economic Affairs

Jong-Jin Kim Assistant Director General and FAO **Regional Representative** for Asia and the Pacific

Speech **Transcript** 



Deputy Chairman of KADIN for Agribusiness, Food, and Forestry

#### Session I: COVID-19, A Momentum to 11.00 -**Support Farmers, Ranchers, and Fishermen** 13.00

<u>Video Link</u>

No one is immune to a food crisis. The world, which experienced a food crisis in 2008, is now again faced with the threat of a further food crisis. The Covid-19 pandemic disrupted the flow of world food trade. This is the time to side with farmers, ranchers and fishermen, which in turn will solve the food and nutrition crisis, prosper farmers, ranchers, fishermen, and promote the processing industry and create a more equitable economy, including through the development of a food estate.

#### Moderator:





Prof. Dr. **Bustanul** Arifin



Dr. Siti Nurbaya Bakar Minister of Environment and Forestry

**Keynote Speakers** 



PPT Basuki Hadimuljono, Ph.D Minister of Public Works Link and Public Housing



Dr. Sofyan A. Djalil Minister of Agrarian and Spatial Planning

Dr. Syahrul Yasin Limpo

Minister of Agriculture

PPT <u>Link</u>

PPT

Link

PPT

Link

**Arif Patrick Rachmat** Head of Agri Forestry

Department KADIN



**Speakers:** 

**Karen Tambayong** Head of Horticulture Department KADIN



Prof. Dr. Arif Satria Rector of IPB University



#### 14.00 -16.00

#### **Session II: Maximizing The Potential of Domestic Market**

Video Link

Agriculture and food are the keys to promoting national economic recovery. However, this potential needs to be supported by efforts to recover domestic consumption which was also suppressed by the pandemic. This is where a number of strategic steps and policies are needed, such as providing incentives to maximize market power, boost people's purchasing power, increase competitiveness, food consumption and domestic food production.

#### **Keynote Speakers** Moderator:





Sri Mulyani Indrawati, Ph.D Minister of Finance

Raden Pardede. Ph.D



Teten Masduki Minister for Cooperatives and SMEs



Agus Suparmanto Minister of Trade

PPT Link



Head of Food Security Department KADIN

**Franciscus Welirang** 



**Speakers:** 

William Tanuwijaya Co-founder & CEO Tokopedia



#### Sunarso

President Director at Bank Rakyat Indonesia Persero Tbk

#### PPT Link

### 19<sup>th</sup> November 2020



fisheries sector. The agricultural business sector actually experienced high growth while other sectors were weakening in the second quarter of 2020. When the overall value of Indonesia's exports declined, the export performance of the agricultural and fisheries sectors actually showed a positive trend. However, pandemic Covid-19 inhibits the import-export trade between countries as a result of human traffic restriction policy. It is hoped that these obstacles can be overcome with the Travel Corridor Arrangement (TCA) policy or also known as the Reciprocal Green Lane (RGL).

#### **Moderator:**



Dr. Aviliani

**Retno Marsudi** 

**Keynote Speakers** 

Minister of Foreign Affairs



**Dr. Agus Gumiwang** PPT Kartasasmita <u>Link</u> Minister for Industry



**Dr. Edhy Prabowo** Minister of Maritime Affairs and Fisheries

#### **Speakers:**



Yugi Prayanto Deputy Chairman of

**KADIN** for Maritime Affairs and Fisheries

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Shinta W. Kamdani PPT Deputy Chairman of KADIN Link for International Relations



Dr. Bayu Krisnamurthi Vice Minister of Trade (2011-2014)



#### 13.00 -15.00 Video Link

#### Session IV: Developing a New Post-Pandemic Strategy

The Covid-19 pandemic proves that the agricultural sector is still the foundation for national economic recovery. The presence of the Job Creation Law is expected to open investment taps to improve food security, land use, food estate development, post-harvest handling technology facilities, and the application of information and communication technology (ICT) in the agribusiness industry.

#### **Keynote Speakers**



Jenderal TNI (Purn.) Luhut B. Pandjaitan Coordinating Minister for Maritime Affairs and Investment



**Prof. Bambang** Brodjonegoro, Ph.D Minister of Research and Technology



**Erick Thohir** Minister of State Owned Enterprises (BUMN) and Head of COVID-19 Response & Economic Recovery Committee



Letnan Jenderal **Agus Putranto** Minister of Health





#### Juan Permata Adoe

Deputy Chairman of Kadin for Food Processing and Animal Husbandry Industry



Adhi Lukman

Head of the Food Industry Development Department KADIN



PPT

<u>Link</u>

#### Patrick Walujo

Co-Founder & Co-Managing Partner Northstar Group



TNI Dr. dr. Terawan

15.00 -16.00 Video Link

#### **Closing Session**

Dr. Sofyan A. Djalil Minister of Agrarian and Spatial Planning



#### Rosan Perkasa Roeslani

Chairman of Indonesian Chamber of Commerce and Industry (KADIN)

# Jakarta Food Security Summit - 5 Accelerating Economy Recovery to Actualize Food Security and Improve Farmers Livelihood



ccording to The Economist Intelligence A Unit, Indonesia is ranked 62 out of 113 countries in the Global Food Security Index. Therefore, the Indonesian Chamber of Commerce and Industry views the importance of synergy efforts among stakeholders to formulate the best steps in the context of accelerating economic recovery, improving the welfare of farmers, ranchers, fishermen and processing industries, and realizing national food security and nutrition with sustainable principles including through the development of food storage (food estate). - From Katadata, official organizing partner of the 5th JFSS 2020.

In the beginning of 2020, all parts of the world are startled with the existence of COVID-19 virus and in March 2020 WHO declared this incident a global pandemic. The outbreak, which initially attacked health sector only, has affected all sectors of life, and even paralyzed the economic sector in various fields. As a result, a world economic recession was inevitable in various countries including Indonesia. The most obvious impact is the increasing number of unemployment, due to a slowdown in the productivity of the production sector. One of the sectors that can be relied on to maintain economic, social and political stability is by continuing to increase production growth in the food sector. This position is strategic because there is not a single country in the world that can develop its economy without being supported by sufficient food availability for its citizens. Therefore, the effort to actualize national food security is a necessity that needs to be continuously developed.

Despite the high expectation on the plan, it is acknowledged that the food sector, during the pandemic, has suffered a "hard hit" that was felt by farmers, ranchers and fishermen, making the condition of national food security in general can be said to be disrupted. The strict enforcement of health protocols and limitation policies in several regions have resulted in a decline in food production, distribution and consumption activities. The large number of MSMEs that have to go out of business and the number of workers who have been laid off have affected people's economic access to food, because people's purchasing power has decreased.

KADIN Indonesia Food and Animal Husbandry Industry Maritime and Fisheries Affairs will hold the 5th Jakarta Food Security Summit (JFSS-5). The event will carry out the theme of "Encouraging the Acceleration of Economic Recovery to Achieve Food Security and Improve the Welfare of Farmers, Ranchers and Fishermen".

Held every two years since 2010, JFSS is a cross-sectoral forum that brings together government, private sector, civil society organizations, international organizations, farmers and academics to make the best steps to increase the production, added value and competitiveness of strategic food commodities in the context of acceleration to achieve food security and improvement of national nutrition adequacy.

Through the implementation of this activity, it is expected that in addition to recommendations to the government, concrete steps and activities can be encouraged to accelerate the recovery of the national economy, especially by raising efforts to achieve national food security and enabling and prospering farmers, breeders, and fishermen as the main stakeholder of production and the economy in agriculture, livestock and fisheries sector. Thus, it is hoped that these efforts will be able to contribute to the economic recovery from the recession that occurred and these sectors will be able to develop significantly.

### Core values and targeted goals from this meeting includes:

- a. Coordinating and synchronizing the synergistic efforts of stakeholders in the context of accelerating the realization of real programs to increase production, added value and competitiveness of strategic food commodities related to national food security with sustainable principles and the improvement of the welfare of farmers, breeders and fishermen.
- b. Formulating input and recommendations to the government and related parties regarding policies that need to be taken to accelerate the process of economic recovery, promote and develop the agriculture, livestock and fisheries sectors as an effort to fulfill food needs, as to support the development of other sectors.
- Ĩ
- c. Formulate input and recommendations to the government and other related parties in order to accelerate economic recovery, increase economic growth and equity in the agriculture, livestock and fisheries sectors, and reduce inequality and poverty, increase the purchasing power of farmers, breeders, and fishermen.

The event was held on November 18-19, 2020 inviting many speakers from various backgrounds, including Ir.H. Joko Widodo, the President of Republic of Indonesia along with his ministers, Jong Jin-Kim, the Assistant Director General FAO, representatives from private sectors, and academicians.

# Jakarta Food Security Summit - 5 **PISAgro on JFSS Preparation**



"Collaboration and the good use of data are fundamental in strategies that aim for sustainable outcomes" – Suandi Darmawan, Head of Portfolio PRISMA

he Jakarta Food Security Summit provides opportunities for communication and collaboration between the private sector and the government. The event can facilitate dialogues between the two sectors to support a policymaking process that considers stakeholders' views into and can benefits various market actors. The event also offers opportunities for a collaboration between the public and private sectors. Such collaboration, according to Suandi Darmawan (Head of Portfolio of the Australia-Indonesia Partnership for Promoting Rural Incomes through Support for Markets in Agriculture or PRISMA), is a constructive approach to create a better business enabling environment for stimulating agricultural market growth, including in the corn sector.

PRISMA, a member of the corn working group, acknowledges collaboration and data-driven strategy as the fundamental approaches in its more than seven years of experience in the corn sector. The two approaches are vital in addressing the corn sector's main issues, such as low quality of seeds, the slow adoption rate of high-yielding seeds, and lack of off-taking services. Based on PRISMA's successful model in Madura, these two approaches are relevant to the government policy, e.g. the subsidy program.

In Madura example, a hybridization program through commercial activities and improved subsidy arrangement proved to be an effective approach to increase corn production and commercial seed market penetration. PRISMA facilitated a publicprivate collaboration to improve corn seed subsidy planning and delivery. By synchronizing private and government data of farming areas, both parties can differentiate areas for the subsidy and commercial markets. This arrangement could reduce overlap areas between subsidy and commercial farmers and shift the subsidy to areas where farmers were still planting local corn. Learning from the corn sector initiative in Madura by PRISMA shows how collaboration between the private and public sectors can achieve goals set by each party. Data-driven or evidence-based practice enables the partnership to develop sound strategies. These learnings are useful for policymakers and private sectors to adopt.

Using the momentum of JFSS, agricultural market actors including from the corn sectors can exchange ideas, best practices and lessons learned and explore potential collaborations. Both the government and the private sector can carry out self-reflection in reviewing previous policies and activities. Therefore, future policies and decisions that come up from the implementation of JFSS can be more strategic to sustainably improve competitiveness of corn business players, including farmers.

"PT SAN hopes that it can contribute in addressing the poverty of corn farmers in Indonesia by collaborating with different stake holders and hope that support from the government can be increased," – Thefan Kurniawan of PT Seger Agro Nusantara

The 5<sup>th</sup> Jakarta Food Security Summit is expected to produce a set of recommendations for the government. These recommendations can hopefully be agreed upon and can become actual policies that will support the goal of improving food security and eradicating poverty for the farmer community.



PT SAN along with corn working groups emphasize on several different problems that may hinder the improvement of national food security. These obstacles include:



1. Limited amount and access to irrigation

- 2. U
  - Underusage of high yielding seeds by farmers, especially those in underperforming regions

 A less than optimal availability of fertilizers and other farming tools and equipment

To resolve the problems mentioned above, cooperation from several different parties is needed. JFSS is an appropriate platform to solve this issue since it is able to gather different stakeholders. Collaboration and partnership are solutions that requires a conference between both public and private sectors.

In summary, PT SAN and working groups constructed a set of recommendations for the national government in an attempt to solve these problems. Collaboration was done to build a strategy to evaluate the quality of seeds as well as cooperating in overseeing training GAP for farmers and widening the market for quality seeds to underperforming areas. An improvement of the current paradigm is needed so that farmers and other parties focus more on the quality of seeds and not just their quantity. These goals can be achieved by collaborations between the government, seed producers, and commodity off-takers.

The same can be said about fertilizers. Collaboration with producers of fertilizers and kiosks of farming products is needed to have a systematic distribution of goods. A more expansive farming irrigation system in dry areas as well introducing and facilitating the mechanization of agriculture is also a part of our recommendation. It must also be remembered that there is a need to put importance on improving the management of agriculture facilities. One of the ways to achieve this is by improving the service of Rental Tools and Machines for Agriculture (Usaha Pelayanan Jasa Alat dan Mesin Pertanian) to the sub-district level

### 🙈 JAKARTA FOOD SECURITY SUMMIT - 5





### Jakarta Food Security Summit - 5

### **Event Summary: Re-planning Strategy, Reviving Potentials, Enhancing Collaboration,** and Achieve Food Security

he Indonesian Chamber of Trade and Industry (KADIN) has successfully held the fifth biennial event of the Jakarta Food Security Summit (JFSS) on November 18-19. Even though the event was held online this year due to the pandemic, the JFSS event has succeeded in gathering speakers from various circles who are influential in efforts to achieve food security. The event was recorded to be attended by around 26,000 participants from 63 countries divided into 6 sessions and 3 media platforms. Meanwhile it also has successfully invited the President of Republic of Indonesia along with his 13 ministers.

Chief Executive of JFSS-5, Juan Permata Adoe stated on the virtual Press Conference stated that, "JFSS is a cross-sectoral forum for government, private-sector, academics, farmers, and international

agencies to brainstorm together, to exchange information and opinions, and solve food security problems together."

This year's JFSS-5 event brought up discussion to relate with the conditions of the Covid-19 pandemic. Barriers to health, logistics and food availability are the main focus, not only in Indonesia but for all countries in the world. Therefore, the main focuses that are expected to accelerate the recovery of the economic sector related to agriculture and food security include:



1. Fulfillment of domestic market potential

- 2. Increase in exports during the pandemic



3. Collaboration in preparing post-pandemic strategies

To achieve those, it requires the collaboration of all stakeholders from upstream departments, namely suppliers from farmers, fisheries actors, breeders and micro-small-medium enterprises to downstream industries, namely medium and large industries supported by balanced regulations from the government in supporting a conducive business environment.

In the opening session of the event, Franky Oesman Widjaja as the Deputy Chairperson of KADIN for Agribusiness, Food and Forestry delivered his report on the success of KADIN in collaboration with PISAgro in fulfilling its promise to provide assistance to 1 million farmers in the 2014-2020 period. This success earned praise from the President of the Republic of Indonesia Joko Widodo as well as providing further challenges to foster a total of 2 million farmers by 2023.

As a keynote speaker and special guest at the opening ceremony, the president conveyed the need to increase the efficiency and performance of food production by building a partnership model. Inclusive Closed Loop is a scheme that is considered beneficial and supports inclusive collaboration. This partnership concept provides farmers with the opportunity to connect with various financial institutions, companies and retailers to create synergies across all aspects of the supply chain. Karen Tambayong from the Indonesian Chamber of Commerce and Industry's Permanent Committee for Horticulture, explained that this system must involve a minimum of four parties, namely corporations, banks, cooperatives and the government. The company is tasked with seeking funding and an auction with a guarantee of purchasing the harvest. The bank will prepare a funding facility through a cooperative with attractive interest. In addition, they can provide insurance to protect farmers from the risk of crop failure. The cooperative in this case disbursed bank credit loans to farmers. Meanwhile, the government will provide assistance to farmers from seeds, fertilizers, mechanization, and technology. The regulator also ensures the availability of land, certification, and infrastructure provision. This method is expected to be a solution to reduce imports and increase domestic capacity. This partnership form has also been proven successful by the collaboration between PISAgro and Kadin to bring together various stakeholders in the agricultural sector.

From the government side, as a provider and guarantor of food security for all Indonesian people, the Ministry of State-Owned Enterprises (BUMN) has compiled a BUMN food cluster design that will focus on increasing supply chain efficiency of each food commodity. This cluster encourages each food BUMN to work together and not



Opening Session: Rosan Perkasa Roeslani, Chairperson of KADIN Indonesia



Opening Session: Franky Oesman Widjaja, Deputy Chairperson of KADIN for Agribusiness, Food, and Forestry

### 🔍 JAKARTA FOOD SECURITY SUMMIT - 5



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compete for the interests of food security. This food security holding scheme also allows retail and private start-ups to cooperate with the government. According to Erick Thohir, Minister of BUMN, this cluster consists of nine companies which will be hosted by PT Rajawali Nusantara Indonesia (Persero) (RNI).

The discussion session was divided into the first session to discuss the COVID-19 moment to support farmers, the second session to recognize the exceling potential in the domestic market, the third session related to the export strategy during and in the post-pandemic era, and the fourth session to discuss the strategy to keep going forward after pandemic.

These four sessions presented by varieties of speakers from academia, private

sector, and government representatives, resulting in discussions on food security issues from diverse sectors.

For instance, the presence of the Minister of Foreign Affairs, Retno Marsudi, provided information related to diplomatic efforts by the government to reopen business and trade access with various countries, especially Japan, through the Travel Corridor Agreement.

Meanwhile, Ministry of Marine Affairs and Fisheries, in terms of aquaculture as one of the agricultural sub-sectors conveyed various obstacles in the export and import of marine products. According to the presentation, both the government and fisheries business actors must strengthen the logistics system and improve the supply chain in order to



increase the competitiveness of our fishery products in the global market.

From an economic perspective, the Minister of Finance, Sri Mulyani Indrawati, also attended, explaining financial support in the form of insurance premium subsidies for farmers and breeders. Although the Head of the Standing Commission for Food Security, Fransiscus Welirang, gave his opinion that the financial assistance is not enough because it has not touched the whole cultivation process, especially post-harvest business.

National food security was discussed from a different perspective by the Minister of Health, Terawan Agus Putranto. In

his presentation, he also highlighted how Indonesian people have not fulfilled the consumption of healthy foods in the form of fruits and vegetables according to the recommended amount. Food security from the perspective of health must also include efforts to balance community nutrition through education and easy access to nutritious food.

The event, which was held for two days, still holds a lot more information from various speakers who are competent in their respective fields. Shall anyone want to re-access the recording of the Jakarta Food Security Summit 5 event can directly check the Kadin Indonesia or Katadata Indonesia official Youtube channel.

#### **Link Youtube Channel**

Infographic Source: KADIN | Design: <u>katadata.co.id</u>

# Inclusive Closed Loop: A Solution for Food Security



# PUBLICATION **PISAgro 2019-2020**

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