



# PISAgro NEWS

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at The Regional Level

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## editorial team

Chief Editor: Harry Hanawi

Associate Editors: Widiastuti  
Gita Sihombing

Photos contributor: Members of PISAgro

### Partnership for Indonesia's Sustainable Agriculture (PISAgro)

Sinarmas Land Plaza, Tower 3, 8th Floor  
Jl. MH Thamrin 51, Jakarta 10350, Indonesia  
Phone: +62 21 5019 4311 Fax: +62 21 5019 4312  
Email: [contact@pisagro.org](mailto:contact@pisagro.org)  
Visit us: [www.pisagro.org](http://www.pisagro.org)

# letter from editor



## Dear readers,

Population growth is the most important driver of future food demand. For ASEAN, the home of 600 million people, meeting the food demand of the increasing population is becoming a challenge. Thus, for Indonesia and other ASEAN members, food security is an important issue. Regional food security, however, will be achieved with the support of all parties including the private sector, governments, and farmer associations in the region. In this edition of PISAgro NEWS, we discuss about the importance of regional cooperation to achieve food security.

You can read about Indonesia's active involvement in ensuring food security at the regional level in best practice. On May 12-14, 2015, PISAgro's pilot projects were highlighted at The APEC Policy Partnership on Food Security (PPFS) as a model for Action Plan among APEC countries. For Agri-finance, Food Security, and Grow Asia, you can find it in the agri-finance article.

In March 2015 a rapid assessment of PISAgro's working groups was conducted to provide advice on how to optimize their performance to achieve PISAgro's mission. As one part of this assessment all members of PISAgro were asked to respond to an on-line anonymous survey.

Last but not least, let's extend a warm welcome to PT BASF Indonesia as PISAgro's new member. Find out about its plans on joining PISAgro in the welcome new members page.

**Enjoy the reading!**

**The Editor**

## Regional Cooperation to Achieve Food Security



Kavita Prakash-Mani, all players across the food value chain to work together

Food security is an important issue for the ASEAN region. Home to 600 million people, the region depends on agriculture not just for food but also its economic growth and prosperity. However, according to Kavita Prakash-Mani, Special Advisor Grow Asia, a third of the population still live in poverty, on less than \$2 a day.

Eastern Asia accounts for 20% of undernourished people in the world. “It is therefore, important for the region to focus on ensuring that its people can access food in the right quantity and quality, at the right place and price, and with the right nutritional profile, and in addition its farmers are profitable, the economies are prospering and the natural environment is preserved,” she added.

According to Kavita, with a population of 250 million, Indonesia is one of the most important countries in the ASEAN region. Almost 40% of its population depends on agriculture for its livelihood. With decreasing farm sizes, it is important to ensure that farm productivity is increasing so that the demands of food, fuel and fibre can be met. Currently, Indonesia imports food products like rice even though it is the world-leading exporter of products like palm oil. It has the potential to improve its farm productivity across a range of crops and also to improve links of farm to market. In the context of the upcoming ASEAN Economic Community, open trade in the region has the potential to support the regional food security.

Hasil Sembiring, Director General of Food Crops of the Ministry of Agriculture explained, based on Law Number 18 Year 2012 concerning food, the state have the obligation to achieve availability, affordability and fulfillment of Food consumption that is sufficient, safe, excellent and nutritionally balance both at the national and local levels to individuals equally in entire territory of the Republic of Indonesia at all time utilizing local resources, institution and culture.

In line with the food law, Indonesia recently released the National Medium Term Development Plan (RPJMN) 2015-2019 which is prioritised for improving food sovereignty to achieve economic independence by moving the strategic sectors to domestic economy. In order to improve and strengthen food sovereignty, public policy in the 2015-2019 RPJMN is aimed at five main things: strengthening food security to attain food self-sufficiency by increasing the production of staple food, food price stabilization, improvement of the quality of food consumption and community nutrition,



World's population growth requires increase in food production.

mitigating disruption to food security, and improving the welfare of food business operators.

Indonesia's effort to strengthen food security in 2010-2014 showed improved performance compared to 2004-2009. The country managed to achieve the Millennium Development Goal 1, by reducing the proportion of people who suffer from hunger from 19.9% in 1990-1992 to 8.6% in 2010-2012. This achievement exceeds the targets set out in MDG 1, that is 9.9% (note FAO, June 2013).

### Intensive Support Required

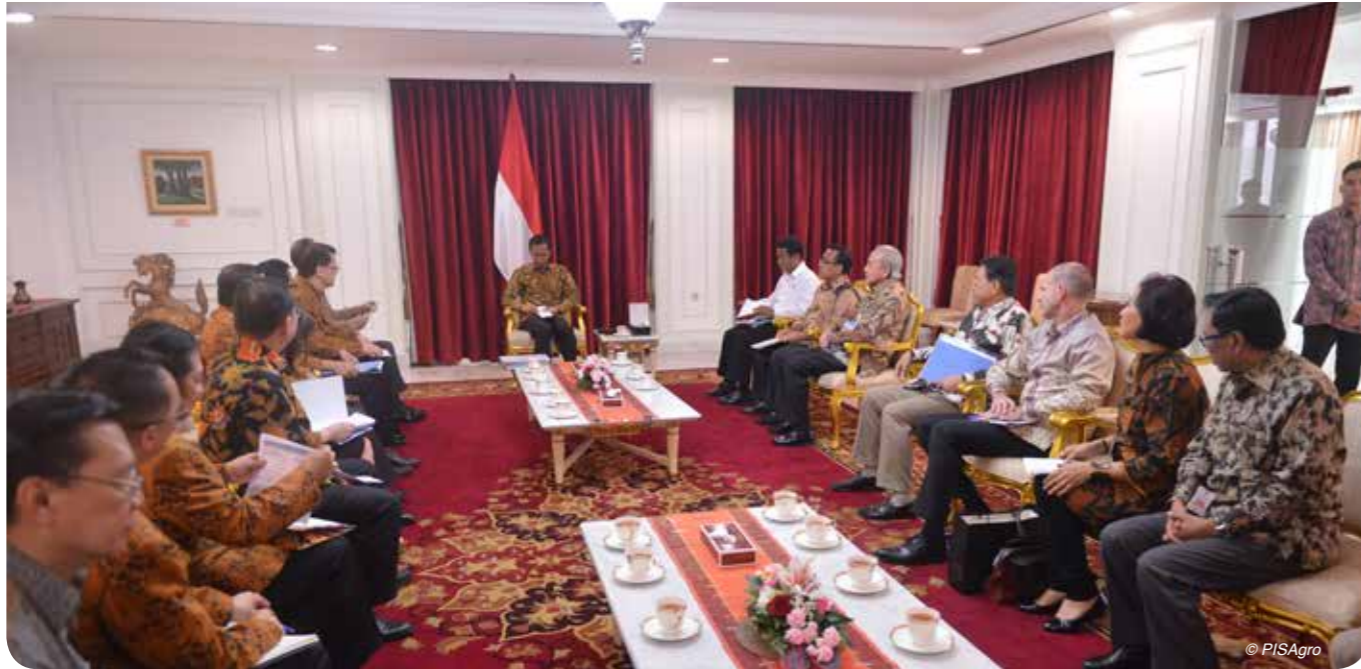
As the world's food producers, both Indonesia and other ASEAN member countries face challenges in meeting the food needs. These challenges are related to land conversion, global warming, the world economic situation and free markets that have a strong influence on the food security, and the very dynamic price and food supply that influence domestic food availability.

According to Hasil, achieving food security in the ASEAN region would certainly require the intensive support of regional cooperation, particularly in strengthening food availability; encouraging the consumption of diverse foods, provision of nutritionally balanced and safe food; addressing food and nutrition problems; reducing food loss and waste and sharing of innovation and technology to increase sustainable agricultural productivity. “Achieving food security is multi-sectoral

and involves the participation of various stakeholders, thus require the support of many parties. We expect that constructive cooperation will help achieving food security in the region,” he said.

Kavita said, ensuring food security and agriculture development requires all players across the food value chain to work together including farm production, food transportation, storage, processing, manufacturing and retail. “Long term sustainable solutions can only be developed if everyone collaborates to solve their part of the puzzle. Bringing together companies across the food value chain as well as supporting industries like financial institutions and mobile phone companies as well as other stakeholders engaged in agriculture development such as farmer associations, NGOs, donors and research organisations, etc.,” she added.

The World Economic Forum's New Vision for Agriculture initiative has established such partnerships in Africa through the Grow Africa partnership, in India and Mexico, and in South East Asia in Vietnam, Indonesia and Myanmar. The Grow Africa initiative works in 12 countries in Africa and has reached almost 3 million smallholder farmers and mobilised \$10 billion in private sector investment. Meanwhile, PISAgrO partnership in Indonesia reaches more than 83,000 farmers and the partnership in the state of Maharashtra in India aims to reach 5 million farmers.



PISAgro proposing recommendations on food policy to President Joko Widodo.

## Recommendations for improvement

One form of serious support from Indonesian businessmen to ensure food security and world food supplies is the 3rd Jakarta Food Security Summit (JFSS) organized by the Indonesian Chamber of Commerce and Industry (Kadin) on February 12-13, 2015 in Jakarta. Suryo Bambang Sulisto, Chairman of Kadin Indonesia, said that Indonesia's has tremendous natural resources that need to be managed optimally in order to meet the basic needs of its large population that is increasing every year. Businessmen from the agricultural, livestock and fisheries sector participated in a variety of seminars and exhibitions held during the event that was inaugurated by President Jokowi.

President Joko Widodo, Minister of Agriculture, and PISAgro's Leaders during a meeting at the Presidential Palace.



Following the event was a meeting between President Joko Widodo and PISAgro's leaders at the Presidential Palace in Jakarta on April 14th, 2015. To the President, PISAgro submitted recommendations for achieving food security in Indonesia through public private partnership. In 2014, PISAgro Rice Working Group successfully increased productivity by 15% per hectare through the adoption of innovative plant protection technology. In addition to assistance and low-interest financing, government support is needed to provide combine harvester for rice farmers in order to ensure increased harvesting capacity and better quality crops. Meanwhile, the Corn Working Group expects that government will collaborate in identifying areas suitable for corn production and to invest in post-harvest handling facilities in surplus production areas so that farmers can get access to markets (deficit areas).

# agri-finance column

## Agri-finance, Food Security and Grow Asia

The launch of Grow Asia, a partnership to strengthen sustainable and inclusive agricultural development and food security in the ASEAN region, is an important step in the region's quest for agricultural development. Effective coordination between the private sector, governments, civil society and farmers is the only way to address the many challenges that we need to overcome.

With PISAgro in Indonesia, we have seen one of the most active national platforms around these targets to date. Here too, the challenges of coordinating the various efforts and strengths of the many stakeholders are significant. An important step was made by setting up a 'cross-commodity' working group around agri-finance.

As we know, facilitating credit to small farmers for productive investments in their farms is hard to do, for a number of reasons. The private sector plays an important role, as any national solution will have to be carried by banks or private firms. The government has a crucial role in setting the rules, and through specific measures of making the smallest and most

vulnerable groups more bankable, or providing guarantees or subsidies to bring them into global value chains. Civil society has an important role as watchdog, making sure that important trade-offs between environment and economic growth, for example, are made in the best interest of everyone.

Because the area of agri-finance is still very much in development, the role of knowledge sharing and exchange of experiences is crucial. The more we know about which models work and which don't, the better our future designs will be. In this light, adding a regional angle to Indonesia's sustainable agriculture efforts is an important step – by sharing experiences regionally, we have more information and can accelerate the iterative process.

A second objective of the agri-finance working group is to support other commodity groups in thinking through solutions to their credit and finance issues. Here too, a regional approach can be an important add-on. Bundling the knowledge and expertise of agri-finance practitioners across multiple countries poses some practical and logistical problems, but can enhance

the discussion and proposed solutions in important ways.

All this can mean new opportunities to further strengthen Indonesia's sustainable agriculture efforts, and bring new players and experiences in focus. It is crucial, of course, so not lose focus on the most important element of all – the farmers themselves. Through knowledge sharing, frequent feedback points with farmers and commitment from key players, agri-finance in the region can have a bright future ahead.



Rick van der Kamp  
IFC Operations Officer

## Indonesia's Active Involvement at the Regional Level

One model of regional cooperation that promotes food security, according to Hasil Sembiring, Director General of Food Crops, Ministry of Agriculture, is capacity building that strengthens the management of existing resources of each party. "Capacity building enables us to improve skills and abilities that are needed to maximize the utilization of existing resources in a sustainable manner," he said.

Regional food security will be achieved with the support of all parties in every region.

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© Bayer Indonesia

Indonesia contributes 12,000 tons of milled rice to The ASEAN Plus Three Emergency Rice Reserve (APTERR)

### Regional Cooperation

According to Hasil, there are various regional cooperation models in the food sector in the region. One example is The ASEAN Plus Three Emergency Rice Reserve (APTERR), a regional cooperation scheme aimed at strengthening food security and reducing poverty within the ASEAN Member States, the People's Republic of China, Japan, and the Republic of Korea. The organisation aims to deal with food shortages as a result of emergency situation caused by a natural or social disaster and price volatility that triggers food crisis through provision of assistance to people in need.

This cooperation is built upon the fact that not only the Southeast Asian region is both a producer and consumer of rice, but also it is prone to natural disasters, such as earthquakes, tsunamis, landslides, hurricanes, floods and volcanic eruptions. The disasters cause damage to infrastructure and agricultural lands and cause loss of life and property that brings a negative impact on the economy and politics of countries in the region. "It has become an important issue to have a cooperation that supports the availability of food (rice)," added Hasil. In total, the joint rice reserves from ASEAN Plus Three member states is 787 thousand tons, with Indonesia contributing 12 thousand tons.

Another cooperation aimed to address food security issue in the ASEAN region is the ASEAN Food Security Information System (AFSIS). AFSIS activities are focusing on the construction of information network on food security and human resource development. To strengthen its capacity as a food information service provider, AFSIS creates a website to provide information of food security situation and policy planning in the ASEAN Plus Three region.

Under the ASEAN cooperation, the ASEAN leaders also developed the ASEAN Integrated Food Security (AIFS) Framework and its medium-term work plan called Strategic Plan of Action on Food Security in the ASEAN Region (SPA-FS) as guidance of food security efforts in the region.



Hasil Sembiring, capacity building improves skills and abilities

With the ASEAN Economic Community (AEC) expected to come into effect at the end of 2015, Indonesia must strengthen its cooperation with allied countries in the region. Two examples of regional cooperation which are carried out to support the national food security are the Sub Regional Economic Cooperation and Developing-Eight (D-8). Under the Sub Regional Economic Cooperation framework, Indonesia cooperates with countries with close geographic proximity as well as economic and resource complementarities. Indonesia is committed to the growth and development of inclusive economic regions in the framework of the sub-regional economic cooperation of Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) and The Brunei Darussalam-Indonesia-Malaysia-The Philippines East ASEAN Growth Area (BIMP-EAGA). The cooperation between Indonesia and The Philippines in the development of hybrid rice is one of the real opportunities provided under this sub-regional economic cooperation framework. Meanwhile, the D-8 member countries are currently discussing a plan to develop markets for poultry products. D-8 is an organization for development cooperation among eight major Muslim developing countries: the Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey.

## APEC Engaged PISAgro's Projects as Pilot Model for Food Security

The APEC economic leaders' meeting of November 2013 in Bali decided to initiate a study to assess how APEC could address effectively the issue of rural development and poverty alleviation.

The Policy Support Unit (PSU) is present its report to the Committee for Trade and Investment (CTI) at the Senior Officials Meeting (SOM3) in 14 May 2015 and this APEC's initiative for studying ways of promoting rural development and poverty alleviation is most welcomed and endorsed.

Indonesia proposed reducing the tariff of strategic commodities among APEC economies for sustainable rural development and poverty alleviation.

The APEC Policy Partnership on Food Security (PPFS) Working Group 2 on Sustainable Development of Agriculture and Fishery Sectors, agreed to focus on three policy issues:

1. Promoting research, development and technology dissemination;
2. Strengthening small holders organization, cooperation and resilience (such as negative impacts of climate change), promoting welfare of women, empowering small holders into the food supply and value chain, and enhancing services and training for small holders
3. Promoting sustainable management of natural resources.

The meeting in Boracay was attended by Harry Hanawi, Chair of Working Group 2 APEC-PPFS (Policy Partnership on Food Security).

APEC-PPFS (Policy Partnership on Food Security) Management Meeting in Boracay, Philippines.



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## Boosting Regional Partnership through Grow Asia Forum 2015

The private sector, governments, and farmer associations in the ASEAN region need partnerships to achieve sustainable agricultural development and food security.

The private sector, governments, and farmer associations in the ASEAN region need partnerships to achieve sustainable agricultural development and food security.

The Grow Asia partnership, catalysed by the World Economic Forum in partnership with the Association of Southeast Asian Nations (ASEAN) Secretariat, facilitates multistakeholder collaboration to enable sustainable and inclusive agricultural development in South-East Asia. It focuses on the development of smallholder farmers and the environmental sustainability of agriculture. Country-led and locally driven, Grow Asia contributes to food and nutrition security by supporting scalable, market-based solutions across agricultural value chains. By 2020, the partnership aims to reach 10 million smallholder farmers, improving farm productivity, profitability and environmental sustainability by 20%.

On 19 April 2015, 160 senior leaders from ASEAN governments, the private sector, international organizations and donors, civil society and farmers' associations jointly launched the Grow Asia partnership at the second annual Grow Asia Forum in Jakarta. Seven of the 10 ASEAN countries were represented by ministers, vice-ministers and senior officials from Ministries of Agriculture and Forestry, including Cambodia, Indonesia, Malaysia, Myanmar, the Philippines, Thailand and Vietnam.

In his opening remarks, Amran Sulaiman, Minister of Agriculture of Indonesia, stressed the importance of the agriculture sector in South-East Asia, highlighting that in Indonesia it is a crucial source of income, food, and nutrition. Agriculture contributes to the country's growth and development through export earnings and the provision of raw materials for other sectors, and remains a driving force to achieve food security.

In ASEAN, Amran observed, the private sector, governments and farmers' associations need partnerships to achieve sustainable agricultural development and food security. "Sustainability can be achieved if all stakeholders work hand in hand," he said.

### A New Model for Collaboration

The Grow Asia Agriculture Forum 2015 started with an opening plenary discussion where Grow Asia champions shared their achievements, from country-level action partnerships, including innovations, barriers and future priorities for ASEAN countries.

ASEAN economies, noted Le Luong Minh, Secretary-General, ASEAN, Jakarta, are among the world's biggest exporters of key agricultural products such as rice. In every ASEAN country, agriculture is an engine of growth and important for food security. ASEAN has a food security framework and plan of action. Cooperation in food production and agriculture is focused on improving the livelihood of farmers. These objectives are in line with Grow Asia and with the World Economic Forum and ASEAN Secretariat's joint efforts. "Food security and the promotion of the agriculture sector should be achieved through public-private partnerships with the support and collaboration of all stakeholders," he said.

During the country breakouts, ministers of agriculture and other key country leaders lead interactive discussions on national agriculture-sector partnership opportunities, sharing their vision and priorities for food security, and sustainable and inclusive agricultural growth.

The Indonesia discussion attracted the interest of many companies, NGOs and other stakeholders. Led by Rashid Aleem Qureshi, PISAgr's Co Chairman and President Director of Nestlé Indonesia, the speakers included Hasil Sembiring, Director General of Food Crops, Ministry of Agriculture of Indonesia; Raoul Oberman, Board Member of PISAgr; and Juan Farinati, Vice-President, Asia-Pacific Monsanto.

Participants expressed keen interest in learning more about how PISAgr functions and its future plan. They discussed about the challenge to expand in a sustainable manner, capturing and disseminating knowledge (especially to farmers), engaging more stakeholders, and innovations to develop required solutions, especially from the telecommunications and information technology sectors.

Leaders exchanged solutions on financing for smallholder farmers, addressing deforestation linked to agriculture, empowering smallholder farmers, making value chains more efficient and reducing food loss, and investing in infrastructure and trade. Participants expressed a vision for the future in which people become "farmers by choice" because it is a profitable and sustainable livelihood.

*Le Luong Minh, Food security should be achieved through public-private partnerships with the support and collaboration of all stakeholders*



### ASEAN Commitments

In the forum, The ASEAN ministers, together with the over 100 organizations present, committed to reaching 10 million smallholder farmers by 2020 in South-East Asia and improve their productivity, profitability and environmental sustainability by 20%. Vietnam, Indonesia, Myanmar and the Philippines have launched national initiatives as part of Grow Asia, mobilizing 28 value-chain projects and reaching over 100,000 farmers to date. Grow Asia will support the expansion of these efforts and engage additional countries in the region. During 2015, Cambodia and Thailand also committed to developing new partnerships as part of Grow Asia.

*The Grow Asia Forum report is available at [http://www3.weforum.org/docs/IP/2015/NVA/WEF\\_EA15\\_GrowAsia\\_Summary.pdf](http://www3.weforum.org/docs/IP/2015/NVA/WEF_EA15_GrowAsia_Summary.pdf)*

*Senior leaders from ASEAN governments, the private sector, international organizations and donors, civil society and farmers' associations jointly launched the Grow Asia partnership at the second annual Grow Asia Forum in Jakarta (4/19).*



*Amran Sulaiman, Sustainability can be achieved if all stakeholders work hand in hand*



# What do most members want from PISAgro?

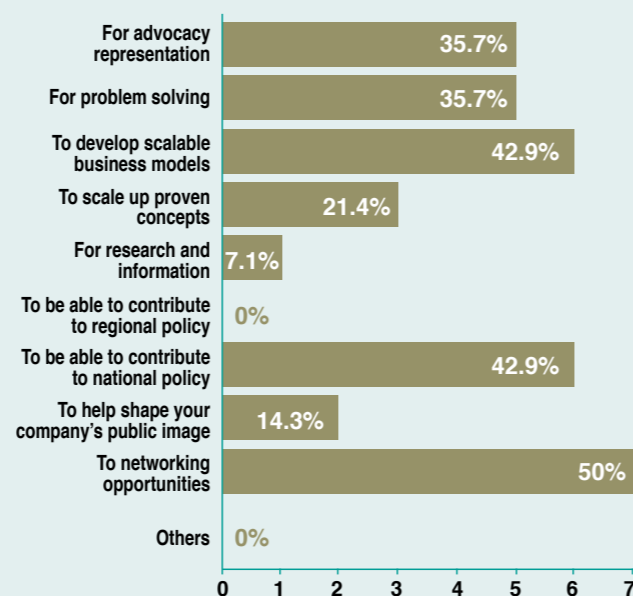
Over 90 million Indonesians still live on less than two dollars a day. 63% of them are in rural areas where their main source of income is agriculture. Agricultural growth is three times more effective at reducing poverty than any other sector of the economy. So, for millions of Indonesians, agriculture is the only way out of poverty.

In one of our past Newsletters we featured an article on a female smallholder named Titin Maryatin from a village in West Java. She is a beneficiary of PISAgro's rice working group. In the article she echoed the appeal of many farmers throughout the country when she said, "Our ideas are unlimited... all we need is assistance, more information and skills development so that we can realise our ideas." This aspiration is precisely the mission of PISAgro; to commercially reach millions of farmers with the kind of inputs, skills and information that they need to make agriculture a viable business and their pathway to prosperity.

PISAgro is now in its third year of existence and in that time it has made some impressive progress. It can now boast of 23 members, an outreach to 83,000 smallholders through 11 working groups, and regular access to key policy makers. And yet, the Board is still more ambitious. How can this platform of the major private sector service providers, agricultural suppliers and off takers be used to more effectively reach millions? How can we reach scale?

The key impact delivery arm of PISAgro is its working groups, so in March 2015 the Board commissioned a rapid assessment of these working groups. As one part of this assessment all members of PISAgro were asked by the Secretariat to respond to an on-line anonymous survey. Questions like, "what was the most important reason for you to join PISAgro?", "what are PISAgro's greatest achievements today?" and "what do you want more of", were asked and answered by 12 of the 23 members of PISAgro. This article is a very brief summary of some of the more striking results of this survey.

## Which of the following were important reasons for you deciding to become a member?



Let's begin with the **core motivations** of members in joining PISAgro. The number 1 reason that virtually all businesses join membership organisations, namely to expand their networks, is prominent at 50%. Following this the next two most important reasons are to **develop scalable business models and to make contributions to national policies in agriculture**. So, members' motivations are a healthy combination of self-interest and the desire to positively influence and create value in the environment in which they work.

Next let's compare this with what members think **PISAgro's greatest achievements** have been to date.

In this case 57% of the members overwhelmingly endorsed PISAgro's success in regularly **bringing together the leaders of the national and international private sector in agriculture with relevant government decision-makers**. Surprisingly, however only 7% of members highlighted progress on the development of sustainable and scalable business models; a core rationale for their membership, so there is clearly more work to be done in this area.

Members were also asked what they considered to be their organisations' **biggest challenge in doing business** in Indonesia. Topping the list on this question we find **government regulations** at 50%, followed by limited access to quality labour and transport infrastructure, both at 35%.

When asked **what PISAgro could do more of**, the overwhelming response was to do more in the field of **advocacy** (50% of responses), as clearly from the previous answer members feel that government regulations are a burden for business. But also 50% of the membership felt that PISAgro could do more through its working groups on **the identification and solving of problems and the sharing of best practices among the working groups**.

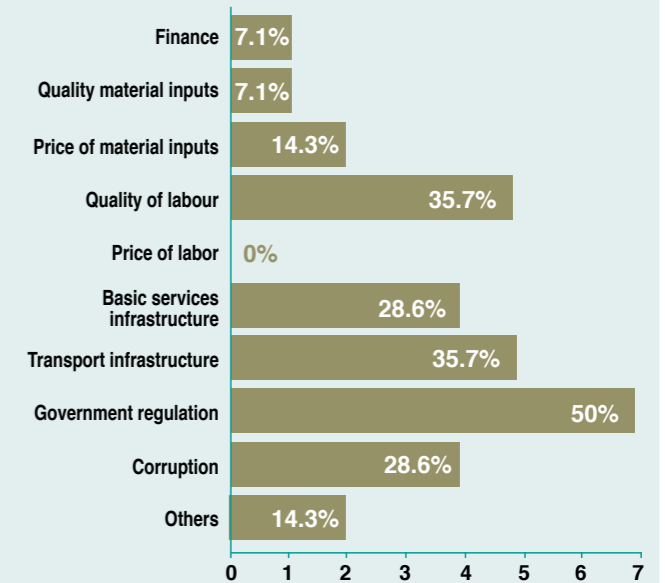
In summary, while members applaud PISAgro's inroads with public policy they would still like more support for the working groups to help them "think through" their business models so that they can reach the scale expected from them.

For those that are interested in the full results of this survey, or to learn more about the broader review of the working groups, in which the survey was conducted, please contact the PISAgro Secretariat.

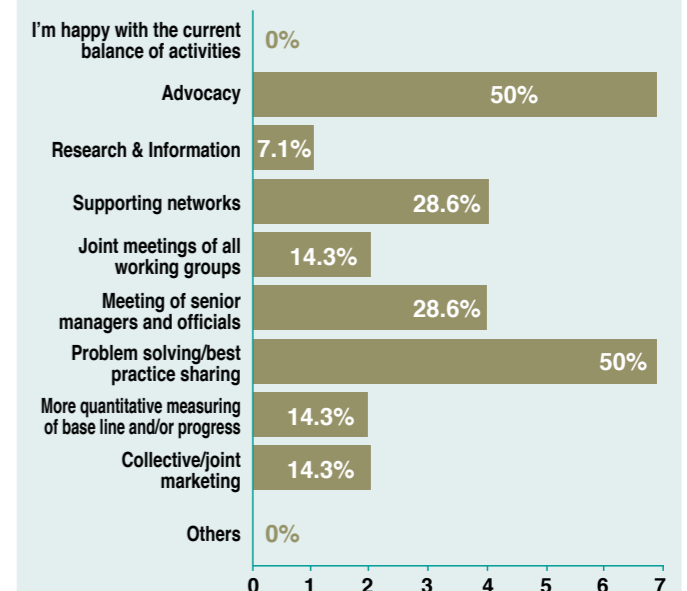


**Jim Tomecko** is the Senior Adviser to a large scale project of the governments of Indonesia and Australia that aims to increase the incomes of 300,000 small farmers in eastern Indonesia primarily through creating new and productive linkages between private companies and smallholders.

## Name the three biggest challenges your company faces in your work in Indonesia.



## What do you feel that PISAgro should do MORE of?

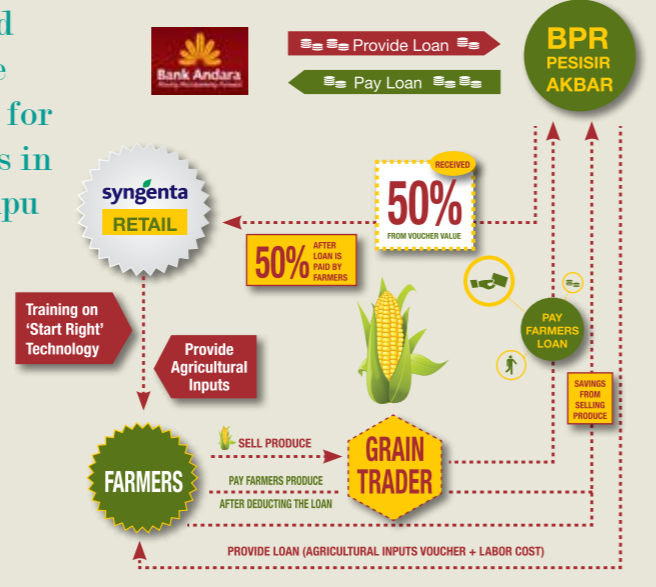


## 1 | Corn Working Group Launches Microfinance Pilot Project in West Nusa Tenggara

On Wednesday, May 20th, The Corn Working Group celebrates the first corn harvest from its microfinance pilot project in the village of Nusa Jaya, Manggelewa, Dompu District, West Nusa Tenggara. In this project, farmers are given trainings on good corn cultivation and post-harvest handling, off-take guarantee, financial literacy, and access to credit. The result is proved to be good, farmers achieved 7.2 tons of corn per hectare or 20 percent increase from the average productivity of corn in the village.

The event was well attended by The Vice Governor of West Nusa Tenggara H. Muh. Amin, Regent of Dompu Bambang M. Yasin, President Director of Syngenta Indonesia Lim Jung Lee, Mercy Corps Indonesia Representative Paul Jeffery, Director of Bank Andara Darwin Wibowo, Commissioners and Directors of BPR Pesisir Akbar,

### An Integrated Microfinance Pilot Project for Corn Farmers in Bima & Dompu



Ministry of Agriculture, grain traders, and farmers. In November 2014, the working group developed a microfinance pilot model with 198 corn farmers from 10 farmers groups covering a total of 385 hectare of land in the Districts of Dompu and Bima, West Nusa Tenggara. The project

is supported by Farmers Groups, Syngenta Indonesia, Mercy Corps Indonesia, Bank Andara, BPR Pesisir Akbar, Ministry of Agriculture, and Government of the Districts of Dompu and Bima. In this partnership, Syngenta, the leader of PISAgro's Corn Working Group, provides training on good

Corn farmers and members of PISAgro's Corn Working Group during the launch of its microfinance pilot project in Dompu



Lim Jung Lee, President Director of Syngenta Indonesia and leader of PISAgro's Corn Working Group

agricultural practice (GAP) to smallholder farmers to guarantee good yield, Mercy Corps Indonesia conducts the credit demand assessments and provides financial literacy training for farmers, and Bank Andara provides working capital for farmers through BPR Pesisir Akbar, a local credit bank. The working group also sees the opportunity to work with grain traders. These local off-takers buy the products from the farmers and resell it to the food mills.

Lim Jung Lee, President Director of Syngenta Indonesia and leader of PISAgro's Corn Working Group: "Most corn farmers in West Nusa Tenggara still have difficulty in getting access to finance. With this partnership, we

give the bank the confidence that we train the farmers, so that the yields are higher. Therefore, they are able to repay back the loan faster or more smoothly."

In the beginning of the planting season, farmers were given IDR 8 million credit per hectare. Farmers use the loan to buy proper inputs such as seeds, fertilizer, and pesticides as well as to pay the manpower cost. With an interest rate of less than 2% per month, the loan tenor is for six months. The PISAgro Corn Team looks forward to scaling up this micro-financing project, targeting 2,000 farmers in the coming corn season.

## 2 | Farmers From Six Districts Set Their 2015 Soybean Production's Workplan

PISAgro Soybean Working Group held a workshop to set its action plan for 2015 on May 18-19, 2015. It was well attended by approximately 20 farmers from six districts of Indramayu, Grobogan, Nganjuk, Madiun, Yogyakarta, and Banten. Director of Legumes and Tubers Crops, and Representatives of The Ministry of Agriculture, The Bureau of Logistics (Bulog), Unilever, Indofood, Nestlé, BASF Indonesia and Rabobank Indonesia also attended the workshop and provided inputs. Participants discussed opportunities and challenges faced by the farmers in the six districts, especially those related to securing seeds, on-farm

training, post-harvest training, access to markets, and access to finance. The result of the workshop is 2015 work plan that outlines the production targets, training target and project timeline which will be applied in each of the Districts.

The Soybean Working Group has worked with 10,754 farmers covering 5,214 ha of land in four districts of Indramayu, Grobogan, Nganjuk, and Madiun. In 2015, this group will be engaging with more than 10,000 farmer groups on around 6,500 ha of land with production target of 10,800 tons yellow soybean in the four districts, plus two additional districts of Yogyakarta and Banten.



© Unilever Indonesia  
PISAgro's Soybean Working Group's 2015 Workshop



© Unilever Indonesia  
Maman Suherman, Director of Legumes and Tubers, Ministry of Agriculture



# 3

## Rice Working Group to Scale Up to 40,000 Ha of Land

This year, PISAgro's Rice Working Group ready to scale up the project by working together with 80,000 to 100,000 farmers covering an area of 40,000 hectares of land in the Province of East Java, West Java, and Central Java.

The group started its first pilot project in 2013 on 10 ha of land in the District of Subang, West Java. To ensure higher productivity and good quality of rice, Bayer CropScience works in the field to assist farmers and provide recommendations on how to apply proper fertilizer and pesticides. Meanwhile, Tiga Pilar Sejahtera coaches the farmers in post-harvest aspects and provide guarantee to purchase the qualified products with better price.

Kukuh Ambar Waluyo, the leader of PISAgro's Rice Working Group, said: "In 2014, we have worked with 5,000 farmers covering 3,000 hectares of land in West Java and Central Java. The average yield increase is 16% or equal to 0.9 ton of grain per hectare. Meanwhile, farmers' nett income increases by 30% or equal to IDR15 million per hectare."



© PISAgro  
President Joko Widodo had a dialogue with rice farmers, Budiharjo and Didik Sunardi, at PISAgro's booth at the 3rd Jakarta Food Security Summit in Jakarta on February 12th, 2015.

Didik Sunardi, a rice farmer from Sragen Village, who joined PISAgro's Rice Working Group, had the opportunity to have a dialogue with President Joko Widodo on the occasion of the 3rd Jakarta Food Security Summit (JFSS) held in Jakarta, on February 12th, 2015.

"After applying the method I learned from Bayer CropScience, I was able

to produce higher yield with higher quality grains. I could produce 7.5 tons of grains per hectare in the previous harvest season. Then, Tiga Pilar Sejahtera purchased the grains with better price, that is IDR4,200/kg. That is 400 rupiahs higher than the usual price. I am so happy with the results," said Didik.

### PISAgro's Rice Working Group's Action Plan 2015

Planting Season	Dec 2014 – March 2015	April 2015 – July 2015	Sept 2015 – Dec 2015	TOTAL
<b>West Java:</b> (Subang, Indramayu, and Karawang District)	10,000 ha	5,000 ha	5,000 ha	20,000 ha
<b>Central &amp; East Java:</b> (Sragen, Karanganyar, Sukoharjo, Ngawi, and Madiun District)	4,000 ha	10,000 ha	6,000 ha	20,000 ha

# 4

## Green Prosperity for Indonesian Cocoa Sector Development

Swisscontact Consortium and Millennium Challenge Account-Indonesia (MCA-I) have announced a partnership called Green Prosperity-Sustainable Cocoa Production Program (GP-SCPP) with the overall goal to reduce poverty and greenhouse gas emissions in the Indonesian cocoa sector. The partnership combines equal investment from the consortium and MCA-I and will bring US\$15 million to the cocoa sector in Indonesia. The head of PISAgro's cocoa working group, Swisscontact, leads the consortium. It also involves several private sector companies member of the PISAgro working group namely BT Cocoa, Cargill, and Nestlé. The sustainability program will continue through March 30, 2018.

This program will enable farmers to increase their productivity and income. It also strengthens commercial relationships among

service providers, input suppliers, cocoa smallholder farmers and the cocoa supply chain.

With the newly signed Green Prosperity component, combined with funding from the Swiss State Secretariat for Economic Affairs (SECO), IDH, Dutch Embassy, and IFAD, SCPP will strengthen skills and knowledge of 3,000 farmer groups - consisting of 90,000 cocoa farmers benefitting also women and vulnerable groups - in environmentally friendly cocoa farming, improved nutrition practices, and application of prudent financial practices.

Aligned with government programs, SCPP is implemented in Indonesia, spreading across 29 districts in Aceh, West Sumatra, South Sulawesi, Southeast Sulawesi, West Sulawesi, Central Sulawesi and East Nusa Tenggara Provinces. Moreover, the program also works with national

and local Governments, PISAgro, the Cocoa Sustainability Partnership (CSP), and regional cocoa forums to ensure strategic alignment and promoting knowledge management in the sector.

By 2018, Nestle together with supply chain partners BT Cocoa and Barry Callebaut will be training a total of 15,000 farmers in West Sulawesi. While Cargill will be providing capacity development for 12,000 farmers in South Sulawesi and Southeast Sulawesi.

Since 2012, the program promotes inclusive business models embracing all stakeholders along the cocoa value chain. The ultimate purpose is to establish a self-sustaining model where participating farmers will increase their cocoa revenues and companies that integrate services into their business model.



© Swisscontact  
Swisscontact Consortium and Millennium Challenge Account - Indonesia (MCA-Indonesia) announced a partnership that will increase cocoa productivity and farmers' welfare through its Green Prosperity Project.

## 5 | BRI Agro to lend 48 billion to Palm Oil Cooperative

On December 30, 2014, BRI Agro signed an agreement to disburse a total of IDR48.87 billion for replanting 500 hectares of farmer's estates to Kopsa "Berkat Ridho", a cooperative of independent palm oil farmers located in the District of Kampar, Riau Province fostered by the Sinar Mas Group, the leader of PISAgro's Palm Oil Working Group.

Following the signing of the agreement, PISAgro's Palm Oil Working Group is now in the midst of processing data of 124 independent farmers that will be covered by the credits provided by BRI Agro for bio-energy development and plantation revitalization (KPEN-RP). These farmers are expected to replant approximately 300 hectares in Riau.

PISAgro's Palm Oil Working Group initiated the Innovative Financing Program to support the Government in improving the estate's productivity and income of independent palm oil farmers.

In this program, the working group will help the farmers managing their estates comprehensively by supplying them with high-yielding certified seeds, good quality fertilizers and other needed materials as well as ensuring knowledge transfer and capacity building through agronomical supports. By doing this, the productivity of independent farmers' estates could be increased from 2.5 to 3 tons of CPO/ha/year to 5 to 6 tons CPO/ha/year.

"It is difficult for us to get certified seeds and credit assistance from the bank. We hope this program could help us increase the production of our estates and practice more sustainable farming. And I hope more independent farmers will benefit from this program," said Kusmanto, a farmer from the District of Kampar, Riau.



© Sinar Mas  
Socialization of Innovative Financing Program in the village of Kijang Makmur, Riau

## 6 | Rubber Working Group and Michelin Collaborates to Improve Farmers' Productivity

Kirana Megatara, the leader of PISAgro's Rubber Working Group, in collaboration with Michelin, one of the world's largest tire manufacturers, held a two-day training on proper rubber tapping for 50 farmers in West Kalimantan, on April 9-10, 2015.

During the training, Michelin's agronomist Edouard de Rostolan trained farmers the methods of tapping the rubber tree in a manner that does not harm the tree and improve the quality of the pre-processed rubber.

Harmful tapping practices in rubber cultivation could cause bark damage that reduces the productive life of the rubber tree. To address this issue, Kirana Megatara collaborates with end customers who have the same vision and mission to help rubber farmers increase the productivity of their rubber tree as well as improve their welfare. Regularly, they organize trainings to improve farmers' knowledge and skills for improved rubber cultivation.



© Kirana Megatara

Michelin's agronomist, Edouard de Rostolan, trained farmers the right methods of tapping the rubber tree

# welcome new members



© BASF Indonesia  
Mr. CP Chan, President Director PT BASF Indonesia

We are pleased to extend a warm welcome to PT BASF Indonesia as PISAgro's new member. BASF's portfolio includes chemicals, plastics, performance products and crop protection products to oil and gas. As the world's leading chemical company, BASF combines economic success with environmental protection and social responsibility. BASF's products and solutions contribute to conserving resources, ensuring nutrition and improving quality of life. BASF has been active in Indonesia since 1976, supporting customers in Indonesia with high-value chemical products and solutions. In 2014 BASF had sales of approximately €482 million and around 758 employees in Indonesia as of the end of the year.

PISAgro NEWS had the chance to talk to Mr. CP Chan, President Director, PT BASF Indonesia

### Why does BASF Indonesia join PISAgro?

In order to meet the future challenges of food production, BASF believes we must partner with farmers to help them produce more quality food, more efficiently. BASF Indonesia views PISAgro as a great platform to build professional relationships along the entire agricultural value chain. This is an opportunity for all involved in Indonesian agriculture to deliver expertise, training and solutions that small holder farmers need to increase their yields and through enhanced prosperity build a better life for themselves, their families and their communities.

### What targets does BASF Indonesia wish to achieve by joining PISAgro?

In PISAgro, BASF is part of following working group: Soybean, Agri-finance and Coffee. For each of this working group, we have set a specific target that we want to achieve:

**Soybean:** We want to support country vision of self-sufficiency thru our innovative product portfolio which can improve farmer's yield and quality of crop sustainability

**Agri-finance:** Credit is major limitation for small farmer to achieve their dreams, and we want to make a difference to small farmers by providing easy access to high quality input working with other partners in working group

**Coffee:** Indonesia is one of largest producer of coffee crop and we believe that with BASF technology we can help small farmers of coffee to earn more money from same area of land.



# PISAgro



**KEMITRAAN PERTANIAN BERKELANJUTAN INDONESIA**