



PISAgro NEWS

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Dear readers,

The Meteorology, Climatology and Geophysics Agency (BMKG) reported that the strong El Niño event that hits Indonesia this year has lead to an extreme dry season that significantly affected the production of food commodities. A number of regions have been reported to experience harvest failure as a result of very little amount of rainfall. As the intensity has become stronger and would likely to continue in the next few months, the weather phenomenon could potentially cause massive harvest failure and pose threats to national food stocks throughout the year. Read more about the story in Headlines on page 2.

On Best Practice, Dr. Lim Jung Lee of Syngenta Indonesia, shares his experience in transforming the lives of farmers and their community. Find more about the article on page 6.

On Feature, Andi Ikhwan of Mercy Corps Indonesia and Bambang Sugiharto of Directorate General of Food Crops, Ministry of Agriculture share their views on how capacity building could help farmers to anticipate global challenges. Read more about the article on page 8.

Don't forget to check out PISAgro's activities in the newsflash section.

Last but not least, as of September 1, 2015, Danumurthi Mahendra is the appointed Executive Director of PISAgro. Please join us in welcoming him and read his profile on page 14.

Enjoy the reading!

The Editor

Partnership Supports Sustainable Food Production

“The rainy season is expected to start in November or December in most parts of Indonesia,” said Andi Eka Sakya



A prolonged drought that hits farms in Indonesia affects food production

Andi Eka Sakya, Chief of the Meteorology, Climatology and Geophysics Agency (BMKG), recently warned that this year Indonesia will see a longer-than-usual dry season due to the weather phenomenon known as El Niño. Unlike the previous years, the start of the rainy season will be delayed in 2015/2016.

ENSO (El Niño Southern Oscillation) is a global weather phenomenon that involves fluctuating ocean temperatures in the equatorial Pacific Ocean. El Niño occurs due to the increase of sea surface temperature in the Pacific Ocean. El Niño event is weak when the ENSO index is 0.5-1. A moderate El Niño occurs when the ENSO index is 1-2 and a strong El Niño occurs when the ENSO index is above 2.

According to Andi Eka, the intensity was becoming stronger in August and would likely to continue until December 2015. BMKG's monitoring results showed that the ENSO index was around 1.6 in May and June 2015 and increased to 1.8 in July 2015. El Niño is getting stronger in August to December with the ENSO index increases to above 2.

“The impact to be seen in areas including South Sumatra, Lampung, Java, Bali, Nusa Tenggara, South Kalimantan and South Sulawesi,” said Andi Eka. The condition, he added, has led to famine and harvest failure. The Ministry of Agriculture predicted that the moderate El Niño event affected some 222.000 hectares of paddy fields while the strong event affected 227.000 hectares of paddy fields.

Food Production is Threatened

Although hit by El Niño, Indonesia's Statistics Agency (BPS) said that the national production of crops such as rice, corn, and soybean, will see an increase from the previous year. The first production forecast in 2015 (ARAM) revealed that this year's national rice production is estimated at 75.55 million tons, corn production 20.67 million tons, and soybean production 998,870 tons.

The production of rice, corn, and soybean increases respectively by 6.64%, 8.72% and 4.59% compared to 2014. The increase in production of these crops is generated by an increase in harvested area of rice

paddy to 510,000 hectares, corn to 160,480 hectares and soybean to 24,670 hectares. In addition, the productivity of rice increases to 1.45 quintal per hectare, corn productivity to 2.16 quintal per hectare, and soybean productivity to 0.09 quintal per hectare.

Despite Indonesia's Statistics Agency's claim of the increase in these food crops production, Prof. Dr. Dwi Andreas Santosa of Bogor Agricultural University (IPB) has different views. He revealed that the extreme dry season this year significantly affected the production of these food crops. The strong El Niño event that hits Indonesia, according to Andreas, would dry out at least 810,000 hectares or 10% of crop fields. “Approximately 121.000 hectares or 15% of the dried out crop fields will experience harvest failure,” he said.

Likewise, El Niño could also cause plant diseases outbreaks. An extreme temperature difference between day and night leads to increased pest populations. In fact, the number of pests that attack food crops in 2015 is higher than in 2014.

Jim Tomecko, Senior Adviser of Australian-Indonesian Partnership for Rural Economic Development (AIP-R) informed that there are a number of strategies that can be used by farmers to lessen the impacts of drought. However, it should be stated that the negative impacts can never be completely mitigated:

1. Change crop species

One way of managing reduced water availability is to change the crop species being grown. For example, in dryland agricultural regions a shorter season crop such as mung bean could be used to replace maize which needs a 4 month period of growth. In an El Niño event it is typical for the early wet season rains to fail but the monsoon season can be close to normal so there can be adequate rainfall to grow a short season crop that is planted in December or January.

2. Reduce area planted or planting configuration

A strategy that is used in some regions of the world is to widen row spacing of crops so that plant roots can exploit more of the soil volume to access adequate moisture. More attention may need to be paid to weed management with this strategy as there will be more space and light for weeds to grow. Alternatively, risk can be managed by reducing the area planted to crop

and planting a forage species in the remaining area to provide at least some forage for livestock and have a farm product that is not dependent on producing a grain or seed.

3. Reduce the level of nutrient and other inputs

Under normal crop growing conditions, much of the fertiliser is applied at the time of planting. An effective “no-regrets” strategy in an El Niño is to apply less fertiliser at planting and only re-apply more fertiliser as rainfall is received. This can result in a significant saving in input costs in drier than normal years. There may also be less of a need for other inputs such as herbicide if conditions are drier than normal.

4. Better managing irrigation water or opportunistically sourcing supplementary water

In irrigation areas, where there is a risk that irrigation water supplies will be constrained it can be feasible to plant another crop that only needs supplemental water. For example, there may not be enough water to grow paddy rice but there may still be some irrigation water available. In this scenario, it may be better to plant a maize crop which is partially irrigated. That strategy provides greater certainty of achieving a harvestable crop. It is worth noting that in the 1997-98 El Niño, there were nearly 300,000 more hectares of maize grown than normal, because farmers switched from paddy rice to maize in response to the dry conditions.

Another option for water management in regions where groundwater is available at shallow depths, is to drill wells and pump water to provide additional irrigation. The costs of establishing shallow wells and operating pumps can be a cost-effective way of achieving some crop yield, especially if there is upward price pressure on cereal crops as a result of a national reduction in crop yield.

Corn Import Policy

According to FX Sudirman, Chairman of Indonesian Feed Producer Association, Indonesian demand for corn that is used for feed is 8.5 million tons per year. However, domestic producers could only supply 5.5 million tons per year.

He continued that the industry's need for imported corn would reach 1 million tons by December 2015. Still, the



PISAgro helps farmers to increase their corn yield by 2 tons per hectare

government unexpectedly imposed a policy to curb corn imports and make sure that domestic supplies could fill in the gap left by lower imports. Until now, the government is still reviewing the import permit application so as to encourage feed industry to buy more corn from the Indonesian farmers.

Dr. Lim Jung Lee, Leader, PISAgro's Corn Working Group, said that corn is a global commodity which prices are set by global demand and supply. "There is a current oversupply situation that is driving down the prices of corn. As a result of this situation, corn farmers in Indonesia are deprived of a reasonable good income from planting corn. I can see the government's view point of trying to limit the import of corn so that farmers are able to obtain better prices for their produce," he told PISAgro NEWS.

Dr. Lim, who is also the President Director of Syngenta Indonesia, said that this is a commendable short-term solution. "However, this is not a long term solution," he said. "In my view point, the primary focus of the government should be driving productivity, adopting pre and post-harvest technology such as better genetics, mechanization, irrigation and good agricultural practices that enable yield increases and encourage large scale farming to enhance efficiency. Secondly, government should introduce a floor support price mechanism, similar to those in rice, to help farmers in times of hardship due to slumping commodity prices. Lastly, provide good infrastructure such as ports, land transportation and drying facilities that can reduce the cost to market and post-harvest losses."

Sustainable Production

As an emerging economy, Indonesian corn demand has grown in recent years as the population eats more meat. "Five to seven kg of corn is needed to produce 1 kg of meat. This will translate to an increasing widening of the deficit gap for corn in Indonesia," said Dr. Lim. In order to

"The Foundation of our mission is to 'teach the person how to fish' "- Dr. Lim Jung Lee, Syngenta

meet the deficit of corn in the country, he continued, more emphasis should be made on increasing productivity and grain quality, reducing post-harvest losses, investing in irrigation, promoting modern technology that will help increase yields, activating idle land for corn cultivation, and ensuring farmers are rewarded for productivity.

A partnership between farmers and corn businesses, such as seeds and pesticides providers, feed industry, and banking institutions is one of the efforts that can be done to increase corn production in a sustainable manner. Dr. Lim added, the mission of PISAgro's Corn Working Group is to deliver a step change in food security and farmers' incomes in Indonesia by improving access to agricultural technologies and establishing a collaborative extension model aimed at introducing best practices for sustainably improving crop yields and quality for corn. "The foundation of our mission is to 'teach the man how to fish' so that crop yields can be improved in a sustainable manner. The first and most important step for us is to align our internal strategy to that of the government and PISAgro. The government has clear policy and objectives to achieve corn self-sufficiency in three years. It has also mapped out geographies where it wants to focus. PISAgro's 20:20:20 vision is an important guidance to the corn project team when setting objectives," he said.

Year to date, the corn working group has reached 220,000 farmers, who are located in Aceh, East Java, West Nusa Tenggara and North Sulawesi, covering 151,000 hectares. "Average yield is 7 tons per hectare and the yield increment is estimated at 2 tons per hectare, generating an incremental income of \$79 million. Productivity has increased by 33% and farmers income increased by 44%," he added. Till the end of this year, the group is targeting to reach 1 million farmers in Southeast Aceh, East Java, West Nusa Tenggara, and Sulawesi.



agri-finance column

For this issue, I want to dive a little deeper in some of the assumptions and misconceptions about agri-finance that go around. These are important, because understanding the situation is the first step to solving a problem (Albert Einstein once remarked "if I were given one hour to save the planet, I would spend 59 minutes defining the problem and one minute resolving it.") In this first installment, we'll have a look at the assumption that farmers lack access to finance.

"It's a well-established fact that farmers lack access to finance"

This is probably one of the most often-used opening phrases on this subject. It's easy enough to trace back – data on bank loans generally shows only a tiny portion of lending going to small farmers. The main problem with this statement is that it violates an important rule of thumb: where there's demand, it's usually met in some way. The most important – and most often forgotten – answer to this puzzle is the informal sector. Household surveys usually indicate a majority of rural households to hold debt with family and friends, moneylenders, collectors or other less regulated providers. In Africa, of the 57% of the people who used credit, the large majority (75%) did so

from informal sources (mostly family and friends). 50-75% of all farmer household in India are indebted, more so from informal sources than from banks and cooperatives. China is no exception – of the 86% of households that are indebted, 40% borrowed informally. In 2008, the large majority of Indonesian farming families (84%) indicated they knew where to go to get a loan¹. In cocoa, 45.6% of cocoa farmers have experience with loans (of this, 77.4% came from informal sources). Interestingly, some 30% of cocoa farmers actually have a bank account, they just don't use their banking relations for loans.²

Overall, stating that farmers lack access to finance seems to be too broad and too 'easy'. Farmer don't use formal, bank-based credit a lot, but they seem to know where to go if they need a loan, and lean on alternative sources for credit much more than on banks.

Why is this important? For one, it drives project design. It's important to realize that rather than providing an entirely new service, any bank or trader-based agri loan competes with multiple sources of informal finance, most much appreciated by farmers. Simply put, if we don't make the case for why our new loan products are a better deal to farmers, we won't succeed in scaling up agri-finance the way we hope.



Rick van der Kamp
IFC Operations Officer

¹ IFSD4, 2008

² Swisscontact, 2015

Becoming Better Together

“Transforming the lives of farmers and their community is a journey. We can make this journey more pleasant by pulling our resources together,” said Dr. Lim Jung Lee.



Muhamad Muntasir, a corn farmer, is very satisfied with his harvest.

Last year was a historic year for Muhammad Muntasir, a thirty-year old corn farmer from Nusa Jaya Village, Dompu District, West Nusa Tenggara. He was finally able to increase his corn yields significantly. “For several years, my corn productivity did not average more than 3.5 tons per hectare. Now, I could increase to 6 to 7.9 tons per hectare,” Muntasir said. With the selling price of Rp2.400/kg, he was able to realize a gross income of 19 millions at a single harvest from one hectare farm.

Muntasir is the Lead Farmer of Tani Mandiri Farmers Group. Together with his fellow farmers, he decided to partner with PISAgro in 2014. He admitted that because of the partnership, they were able to increase yields from 6.11 tons per hectare to 7.94 tons per hectare, a 30 percent increase from the previous year.

Multiple Benefits

Muntasir further explained that farmers gained a lot of benefits from partnering with PISAgro. For example, farmers were given trainings on good corn cultivation and post-harvest handling, financial literacy, and were provided off-take guarantee and access to credit.

“The greatest benefit of joining the partnership is that we get to receive trainings and assistance. Syngenta provides assistance on good corn cultivation through “Start Right” concept, which includes selection of good seeds, good agricultural practice, and prevention and treatment of pests and diseases. Bank Andara through BPR Pesisir Akbar provides credits to farmers to purchase better inputs. Mercy Corps Indonesia provides financial literacy trainings and teaches us how to manage and save the money,” said Muntasir.

Muntasir admitted, applying good agricultural practice means higher production costs. However, having applied good farming practice, plant pest organisms can be more controlled and his corn productivity increased. “I don’t mind higher production costs because I have seen it for myself that the results were remarkable. My corn yields are increasing,” he said proudly to PISAgro NEWS. With a much higher productivity, his income improved compared to the previous years. He could earn up to Rp 57.17 millions per one single harvest from his 3 hectares cornfield.

Because of the good harvest, Muntasir and his fellow farmers were also able to repay the loan they received from the bank before the agreed maturity date that was in the end of April 2015. Muntasir hoped that the partnership



Farmers receive training on good agricultural practice from expert

between farmers and PISAgro could still continue in the following years and wished to increase the acreage area to 5 hectares.

A Pleasant Journey

Dr. Lim Jung Lee, the leader of PISAgro’s Corn Working Group, mentioned that the working group’s mission is to deliver a step change in food security and farmers’ incomes in Indonesia by improving access to agricultural technologies and by establishing a collaborative extension model aimed at introducing best practices for sustainably improving crop yields and quality for corn. “In our course of work to provide farmers a better access to technology, we discovered that there was a barrier in affordability to technology. Based on this need, two micro-financing models were successfully piloted in East Java by Monsanto and Dompu by Syngenta. We are now addressing challenges and work on scaling up these financing models,” he said.

Each stakeholder in the partnership has their own strengths. “An integrated partnership means we can leverage the inherent strengths of partners. We can innovate, experiment and think outside the box. We can build better networks and support each other to achieve thought leadership,” he added. “Transforming the lives of farmers and their community is a journey. We can make this journey more pleasant by pulling our resources together”. However, the inclusive business model championed by PISAgro requires a change in business mindset, working across different cultures and backgrounds. Successful partnerships, Dr. Lim continued, are based on trust, commitment and passionately sharing a common objective. Based on partners’ strength in the value chain, clear roles must be assigned. Each partner is responsible to diligently follow up on action plans so that the desired outcomes can be achieved.

Farmers enthusiastically learns good agricultural practices (GAP)



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Capacity Building to Anticipate Global Challenges

Capacity building has to cover five main aspects: technology adoption, access to finance, financial management, quality improvement, and good post-harvest handling.



"Capacity Building is an urgent need"
- Bambang Sugiharto, Ministry of Agriculture.

Strengthening the institutional capacity of farmers and farmer groups is very crucial and urgent. Bambang Sugiharto, Head of Sub-directorate of Corn, Directorate General of Food Crops, Ministry of Agriculture, described that the majority of Indonesian farmers are smallholder – farmers cultivating small areas of land – who are vulnerable to external shocks, such as climate change.

Anticipating Global Challenges

According to Andi Ikhwan, Indonesia Agriculture and Financial Services Program Director, Mercy Corps Indonesia, strengthening farmers' organizations is essential to enable farmers to work and design possible preventive measures to anticipate global challenges together. "The key is to facilitate farmer organizations' access to information in order to minimize the impact of the many challenges facing today's corn farmers, such as unstable prices for their crops and uncertain beginning of the rainy season," he explained.

One way to do this, he added, is to build the capacity of farmer organizations and enable them to become providers of products and services that are needed by farmers with the help of Information and Communication Technologies (ICT). "To be empowered for challenges, farmers need to develop professionally managed organizations," Bambang said. "These organizations should facilitate the development of farm enterprises that includes making negotiations with business partners."

The forms of the capacity building that are carried out must match the needs of farmers. Andi said, Mercy Corps Indonesia's experience together with its partners, Syngenta Indonesia, Bank Andara and BPR Pesisir Akbar (a rural bank) in providing bundled services for corn farmers in Sumbawa Island showed that capacity building for corn farmers should cover at least five aspects. "Technology adoption to boost productivity, improved access to formal financial institutions to reduce transaction costs, financial literacy so that farmers are aware of the products and services offered by formal financial institutions, improved crop quality to meet the buyers' requirements, and better post-harvest handling so that farmers can benefit from higher selling prices," he explained.

Building farmers' capacity can be done in groups. For example, farm management – organization of the operation of farm businesses – can be carried out through farmer groups or farmer cooperatives at the village or sub-district level, covering about 1,000 ha of land. It can also be done through forming associations of corn crop agribusinesses. This kind of association, Bambang said, has already existed in most Indonesian corn

production areas, but they are not functioning very well. "There should be associations - such as that of palm oil farmers - that are influential, function properly, and could represent corn farmers," he said.

Identifying The Problem

In designing and implementing capacity building activities, Mercy Corps Indonesia always begins by identifying the problems faced by the farmers, their needs, and the gaps between their needs and available resources. Andi told PISAgro News, "There are several factors that make Mercy Corps Indonesia's capacity building approaches different from that of other organizations. First, Mercy Corps Indonesia partners with parties that are already trusted by the farmers, including government and private sector's agricultural extension workers. Second, it uses classrooms and utilizes ICTs to carry out training and mentoring. Third, capacity building does not simply ends when the training ends, follow-up activities are prepared to improve farmers' access to available resources, for example to the products and services offered by formal financial institutions."

Capacity building activities undertaken by Mercy Corps Indonesia for farmers are, among others, financial literacy, business and financial literacy for female-farmer entrepreneurs, and building capacity of farmers organizations to become agents of commercial banks and other non-bank financial institutions in providing financial products and services for their members. Government through the Ministry of Agriculture had successfully carried out capacity building program when it introduced hybrid varieties. The results, 90% of corn seeds that are now distributed and used by

farmers in Indonesia, are hybrid varieties. Bambang admitted, however, "So far, there hasn't been any program specifically designed to develop corn farmers organizations. The existing programs are mostly focused more on developing the organizations of rice farmers." To boost corn productivity and strengthen the communities, the Ministry of Agriculture initiated a program aimed at encouraging farmers to adopt better corn varieties and introduced the integrated crop management (PTT) through the Integrated Crop Management Field Schools (SLPTT). The SLPTT was later developed and became the Integrated Crop Management Implementation Movement (GPPTT), which includes the element of institutional capacity development. This program has just been running for one year now and has not yet shown significant impacts. "The Ministry of Agriculture also supports the activities undertaken by a number of organizations such as the National Corn Board and work together with the Indonesia Seed Association," said Bambang.



"Capacity building has to cover at least five aspects" - Andi Ikhwan, Mercy Corps Indonesia.

Hybrid seed has been widely adopted by smallholder farmers in Indonesia.



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1 Syngenta and PRISMA Introduces Technology to Boost Mango Production and Benefit Local Farmers in Eastern Indonesia



Key stakeholders including Syngenta Indonesia, Bappenas, DFAT, PRISMA, officially opens the Mango Expo in Lombok, West Nusa Tenggara.

On September 17, 2015, Syngenta Indonesia and the Australia-Indonesia Partnership for Promoting Rural Income through Support for Markets in Agriculture (PRISMA) co-hosted a Mango Expo in Bayan Village, Lombok Utara, West Nusa Tenggara. The aim of this expo was to introduce and promote the early flowering technology to mango farmers in Lombok Utara.

The early flowering technology allows farmers to harvest their mangoes earlier. In addition, it has been proven to extend the harvest season from three to seven months, so farmers can enjoy the benefits of better selling prices during off-season months. Syngenta and PRISMA has been working in developing this technology to improve the lives of thousands of mango farmers in East Java and West Nusa Tenggara since 2014.

Supported by the Government of Australia's Department of Foreign Affairs and Trade (DFAT), PRISMA is a multi-year program that is a part of the Government of Indonesia's mid-term development strategy to accelerate poverty reduction through inclusive economic growth. This event is in line with PRISMA's mission in its efforts to accelerate poverty reduction for 300,000 farmers in eastern Indonesia and PISAgr's mission to increase productivity by 20% and improve the income of farmers by 20%.

Most farmers in West Nusa Tenggara, especially in Lombok Utara District produce fewer yields and have

fewer incomes than farmers in Java. These farmers have poor knowledge of fertilization and pest and disease management, as well as limited access to finance and limited risk-taking capacity. These lead to losses of profits due to poor quality and decreased yields.

There are at least 7,000 mango farmers in West Nusa Tenggara Province who could benefit from the early flowering technology introduced by Syngenta and PRISMA. In total, the mango project has reached 4,500 farmers from 10 districts in East Java and West Nusa Tenggara covering 1,750 ha land with information on achieving early flowering, higher fruit quality and increasing farmers' income.

This event was well attended by Dra. Rahma Iryanti, MT, Deputy Minister of National Development Planning/Head of Bappenas for Poverty, Employment, and Small and Medium Enterprises; Ir. Sri Wijayanti Yusuf, M.Agr.SC., Director of Seed Horticulture, Ministry of Agriculture; Mr. Jean-Bernard Carrasco, Minister Counsellor for Development Cooperation DFAT; Ir. Husnul Fauzi, M.Si, Head of Department of Agriculture Food Crops and Horticulture, West Nusa Tenggara; Dr. Jung Lee Lim, President Director of PT Syngenta Indonesia and 150 mango farmers.

Australian mango expert, Ian Baker, sits among farmers at the Mango Expo event in Lombok, West Nusa Tenggara.



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2 BASF Indonesia and Mercy Corps Indonesia Agreed to Implement a Partnership Model to Increase Rice Farmers' Incomes in Banyuwangi District



Program partners during a meeting with the representatives of Farmer Groups Union in Banyuwangi District, East Java

BASF Indonesia and Mercy Corps Indonesia agreed to develop a pilot project with 250 rice farmers covering 175 hectares of land in five subdistricts of Jambewangi, Sumbergondo, Kendalrejo, Setail and Sukorejo in Banyuwangi District, East Java.

In the partnership model, Mercy Corps Indonesia will facilitate capacity building for Farmer Group Unions (FGUs), BASF Indonesia will provide technical assistance on good agricultural practices (GAP), and BPR Anugerah Dharmayuwana (ADY) Banyuwangi (a local rural bank) and KUD Dwi Karya (a village unit cooperative) will give access to the agriculture loan product, provide literacy training, and educate farmers on agro-economic management. The partnership of these four organizations will also facilitate farmers unions' linkage to rice buyers, including The Bureau of Logistics (Bulog), Taysan (a local private buyer), and other private buyers.

Since April 2015, Mercy Corps Indonesia has started the Promoting Organization that Works to Empower Rice Farmers (POWER), a three-year program funded by John Deere Foundation that aims to improve the

rice farmers' yield and increase farmers' incomes by 20% by facilitating collaboration among stakeholders to benefit all actors along the rice value chain and achieve a sustainable impact. The program is being implemented in three locations: Subang District, Banyuwangi District, and Lombok Island. In Banyuwangi District, the program has conducted an assessment and identified some partners. The first business partners meeting was held in Genteng subdistrict on August 13-14, 2015 to initiate a partnership and synergize efforts to contribute to the improvement of the rice sector in Banyuwangi District. The meeting was attended by 19 rice farmers representing 5 Farmer Group Unions as well as representatives of BASF Indonesia, BPR ADY, KUD Dwi Karya, and Mercy Corps Indonesia. The program partners have set a series of activities to be implemented before the next planting season in January 2016. They also plan to develop business cases from the partnership which will be launched by the first harvest season in mid-2016.

BASF Indonesia, Mercy Corps Indonesia, BPR ADY, and KUD Dwi Karya meet with representatives of farmers in Banyuwangi District, East Java.



© Mercy Corps Indonesia

Rubber Farmers Undergo Training on Rubber Processing in West Kalimantan

Over 50 rubber farmers participated in a training on rubber processing held by Kirana Megatara in collaboration with Sustainable Regional Economic Growth And Investment Programme (SREGIP), a program focused on increasing regional competitiveness and achieving a sustainable economy funded by Kirana Megatara and the Deutsche Gesellschaft for Internationale Zusammenarbeit (GIZ), on Thursday, August 20, 2015, in West Kalimantan.

The training was intended to equip farmers with the skills to process their rubber into solid coagulated rubber latex to meet the standard of manufacturing industry. Mr. Muhtadin, the coordinator of Serumpun Damai Farmers Group Union, led the session and showed farmers the correct methods of coagulating (forming latex into a mass). He has been partnering with one of the subsidiaries of Kirana Megatara Group in the past two years.

"Farmers often soak coagulate in water to increase weight. This is wrong. Soaking will only reduce the quality of rubber, which in the end will reduce the selling price of the rubber itself," Muhtadin said. "It is important to keep the cleanliness, use the recommended coagulants



© Kirana Megatara

Farmers learn the correct post-harvest processing methods to turn sapped rubber into solid coagulated rubber latex.

and avoid adding contaminants to increase weight.

In addition, farmers were given trainings on strengthening the organization, good rubber cultivation, and financial management.

Thefan Kurniawan, Department Head Sourcing Kirana Megatara, explained that the training was aimed at educating farmers on

how they can get better income by producing good quality of their rubber. He hoped that after receiving this training, farmers would be able to sell rubber directly to factories and get better price based on the quality of their rubber.

Corn Working Group to Start The Second Phase of Microfinance Project in West Nusa Tenggara

The Corn Working Group is ready to begin the second phase of its microfinance project in the Districts of Bima and Dompu, West Nusa Tenggara in end of 2015. The group plans to work with 2,000 farmers covering 4,000 hectares of land by the end of 2015 or early in 2016.

The project will involve farmers, governments, grain collectors, retailers, Syngenta Indonesia, Mercy Corps Indonesia, Bank Andara, and BPR Pesisir Akbar (a rural bank). For this second phase of the project, Bank Andara is allocating an estimated of Rp 30 billions to support farmers financing.

The group launched its first microfinancing pilot project in November 2014 in West Nusa Tenggara. The project worked with 198 farmers from 10 farmers groups in Dompu and Bima. In the partnership, Syngenta provides



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After harvest, farmers in Dompu, West Nusa Tenggara, shell their corn.

training and assistance to increase the productivity and quality of the yield. Bank Andara through BPR Pesisir Akbar provides access to working capital through microfinance credit for farmers to buy better inputs. Mercy Corps Indonesia provides financial literacy trainings for farmers. The partnership also works with local corn off-takers who buy the products from the farmers. As a result, farmers were able to achieve 7.2 tons of corn per hectare or 20 percent increase from the average productivity of corn in the village.

PISAgro's corn project in West Nusa Tenggara help farmers to achieve 7.2 tons of corn per hectare



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More Independent Palm Oil Farmers to Join Innovative Financing Program

More independent palm oil farmers in Riau Province expressed their interests in participating in the Innovative Financing Program initiated by Sinar Mas, leader of PISAgro's Palm Oil Working Group. Recently, eighty-three farmers from Indragiri Hulu District and thirty-two farmers from Siak District, owning a total of 36 hectares of estates, have registered to the program which aims to improve palm oil estate's productivity and income of Indonesia's independent palm oil farmers.

By August 2015, sixty-nine independent farmers have joined the Innovative Financing program to replant around 197 hectares of their estates in the District of Kampar, Riau Province. Out of 197 hectares of independent farmers' estates, 92 hectares has been replanted using high-yielding certified seeds. The farmers have also been receiving Rp 500,000 per hectare per month since June 2015 as part of the Innovative Financing program to cover farmers' cost of living during 48 months immature period.

Sunardi, one of the farmers from the District of Indragiri Hulu, recently signed up for the program. He realized that in order to boost his estate's productivity, he needs to replant the trees and start implementing Good Agronomy Practices. "I registered for the replanting program because I believe it will increase my fruit yield and help me to get ISPO sustainable certification", said Sunardi.



© Danumurthi Mahendra

New Appointed Executive Director for PISAgro Secretariat

As of September 1, 2015, Danumurthi Mahendra is the appointed Executive Director of PISAgro. He is a communication expert in public affairs, communication and outreach, with 14 years in international development. In his most recent position, he managed Australian Government-funded agribusiness program Australia Indonesia Partnership for Promoting Rural Income through Support for Markets in Agriculture (PRISMA) as their Communication Manager. Prior to this, he has served with the U.S. Government under USAID Indonesia as a Communication Specialist.

He holds a Master Degree in Communication from University of Indonesia and a Bachelor Degree in Fine Arts from Bandung Institute of Technology. He lives in Depok with his wife and two sons.

Public Private Partnerships highlighted in The 2015 Crawford Fund Conference



Dr. Lim Jung Lee emphasizes the importance of public-private partnership in addressing food security during the 2015 Crawford Fund Conference

Meeting the future demands for food amidst the continuously increasing world's population and decreasing agricultural land is one huge challenge. This is a problem that cannot be faced by the government or private sector only. Collaborations and partnerships between all parties, from governments, non-governmental organizations, and the private sector is becoming more essential in advancing agriculture to ensure food security.

The 2015 Crawford Fund's Annual Conference on food security was held in Canberra on 10-12 August 2015. The conference theme, 'The Business of Food Security: Profitability, Sustainability and Risk' highlighted the importance of collaborations and partnerships between the public and private sectors to achieve sustainable intensification and improved food security.

This highly anticipated event featured international specialists as speakers and gathered together 300 participants from private industry, government, and

agricultural researchers including young agricultural scientists.

Emphasizing the importance of public-private partnerships in addressing food security, Dr. Lim Jung Lee, President Director of Syngenta Indonesia, shared Syngenta's experiences in developing sustainable agriculture partnerships in Indonesia under the Partnership for Indonesia's Sustainable Agriculture (PISAgro).

PISAgro, according to Dr. Lim, is a voluntary partnership that relies on the common vision, passion and trust between all its stakeholders. "Simplicity is the key to the success of a partnership. Each partner has clear roles and share common goals," he said.

As for the private sector, Dr. Lim explained that it is creating trust that makes it possible for competitors in the private sector to work together.

The Crawford Fund is a non-profit non-government organisation that works to raise awareness of the benefits to Australia and developing countries from international agricultural research, commissions studies on research policy and practice, and arranges specialist training activities for developing country scientists.

For further information about the event, please visit: @SyngentaID, @SyngentaANZ and @CrawfordFund's live-tweets, the topic #cf2015conf on Twitter, or Crawford Fund's website: <http://www.crawfordfund.org/events/2015-conference/>.

Inclusive Agribusiness South East Asia Roundtable

By Alison L. Eskesen, Grow Asia Director Knowledge and Accountability

On a sunny Wednesday in Ho Chi Minh City 120 leading agriculture practioners and change makers were welcomed by His Excellency Cao Duc Phat, Government of Vietnam's Minister of Agriculture and Rural Development. Minister Phat graciously set the scene for the inaugural two-day Inclusive Agri-business Roundtable. He called for a vibrant and open discussion about how to scale our successes in helping smallholder farmers throughout ASEAN improve their productivity, profitability and environmental sustainability and how to overcome together the lingering challenges. Minister Phat congratulated delegates for setting aside their differences and focusing on their shared agenda. He also challenged delegates to deepen their commitment to new and inclusive multi-stakeholder partnerships and to make the Inclusive Agri-business Roundtable an annual event. With these inspiring and provocative messages, Minister Phat opened the conference and invited His Excellency Hugh Borrowman, the Government of Australia's Ambassador to Vietnam, to greet guests.

The strength of senior leadership and engagement was a distinguishing ingredient of the Roundtable, which brought together farmers, researchers, civil society, donors, and the private sector. For example, Ambassador Borrowman announced at the Roundtable that the Government of Australia had just agreed with the Government of Vietnam to add a new agriculture specialist in the embassy, signifying the current and future importance of sustainable agriculture. The strength of the delegates' experiences and their willingness to share and challenge each other provided fertile ground for determining and prioritizing future actions.

During the Roundtable delegates discussed case studies on rice, tea, inputs, livestock/aquaculture, fruits/vegetables and coffee. Building on the case study



Vietnam's Minister of Agriculture and Rural Development H.E. Cao Duc Phat, delivers the opening speech at the Inclusive Agribusiness South East Asia Roundtable.

discussions, CSIRO shared its analysis about how there are four emerging models for increasing inclusivity:

- Multi-National Corporations (MNCs) that pilot inclusive approaches within existing business models, adapt existing models to introduce inclusive elements, and/or transform current business models;
- Cooperatives that are corporatizing with professional management and governance;
- Pioneering Small and Medium Enterprises (SMEs) that create entirely new inclusive business models, such as social enterprises that intentionally balance impact returns with profitability; and
- Family SMEs that are embedded within communities and would meet an inclusive business definition without deliberate intention.

The four emerging models for increasing inclusivity.



The learnings from the case studies fueled healthy debates and discussions around five themes: viable inclusive business models, delivering impact at scale, integrating women in inclusive business, financing smallholders and inclusive agribusiness in the region, and policy innovation for inclusive agribusiness at scale. These discussions continued in country-focused sessions for Indonesia, Myanmar, Philippines and Vietnam.

The key take-away messages from the Roundtable include:

1. **It is important to ensure that all stakeholders have a seat at the table, especially farmers, local companies, and SMEs.** Already the Myanmar Agriculture Network has committed to bringing farmer representatives into the general meeting.
2. **Performance measurement is essential for making the business case to companies and farmers, and impact assessments are important to non-governmental organizations (NGOs), governments and donors.** Country Partnerships called on Grow Asia to provide capacity building to facilitate the understanding, collection, and analysis of indicator data.
3. **The need for financing to smallholder farmers and throughout the value chain is critical.** As a result of the conversation, Grow Asia will reach out to Country Partnerships to organize a regional agri-financing dialogue, which will include a variety of financial institutions.



Country working group on the 24th September 2015.

4. **Identifying policy needs and supporting dialogue remains central to the discussion about how to support smallholder farmers and sustainable agriculture.**
5. **Communities of practice are critical to deepening the partnership network and drawing on each other's respective knowledge and strengths.** In particular, there was interest in bringing donors as active participants into the discussions.
6. **A knowledge exchange remains needed and desired.** Grow Asia, as a result, will begin developing a best practice hub over the next several months to facilitate cross-country and cross-crop learning.

As we reflect on the insights that agriculture leaders and change makers shared throughout the Roundtable, we are excited about the spirit of collaboration, the energy devoted to supporting smallholder farmers, and the willingness to forge ahead as we collectively build the evidence that inclusivity is good business – for all stakeholders.

Panelists at the Inclusive Agribusiness South East Asia Roundtable, Ho Chi Minh City, 23-25 September 2015.





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