



FACT SHEET

Building Indonesia's Food Security through Public Private Partnership

About PISAgro

The Partnership for Indonesia's Sustainable Agriculture (PISAgro) is a collaborative platform between the Indonesian government, public and the private sector to support the Government of Indonesia's ambition to increase agriculture productivity sustainably as part of the country's effort to develop food security.

PISAgro was founded in June 2011 at the World Economic Forum on East Asia in Jakarta and was officially operational in 2012. The partnership is fully supported by the Coordinating Ministry for Economy, Ministry of Agriculture and Ministry of Trade.

PISAgro 2020 Visions are:

- 20% increase in the production of selected commodities (rice, soybean, corn, palm oil, coffee, cocoa, potatoes, horticulture, dairy, rubber, beef cattle),
- 20% increase in the welfare of farmers,
- 20% reduction in greenhouse gas emissions

PISAgro includes number of domestic and multinational companies, non-governmental organizations (NGOs) and international organizations. The full list of PISAgro members is available at www.pisagro.org

Commodities were selected based on their potential to contribute to a sustainable economy and improve the welfare of the population, particularly in rural areas.

PISAgro approaches are:

- *Practical*: direct involvement and working closely with farmers;
- *Holistic*: Works along the supply chain from seed to land and from land to markets in collaboration with industry and public sector;
- *Modular*: build models and tested practice; and
- *Scalable*: able to be replicated to a larger scale.



PISAgro's Achievements

	2015	2016	2020 Vision
Farmers	83,000	445,700	1,000,000
Farmland	67,000 Ha	352,000 Ha	2,000,000 Ha
Productivity	12%-71%	12%-71%	20%
Income	12%-78%	15%-80%	20%

PISAgro is currently looking for breakthrough programmes to achieve the 2020 vision. One such programme is the **Innovative Value Chain Schemes** providing farmers with access to affordable finance and support.

Innovative Value Chain Schemes

The Indonesian Chamber of Commerce (KADIN), together with PISAgro and in cooperation with the Indonesian Economists Association (ISEI), hope to address one of the main challenges facing farmers: how the working groups in partnership with financial institutions disburse micro and small business loans (KUR – Kredit Usaha Rakyat) through cooperatives in order to improve farmer's productivity and sustainable production.

The schemes take a holistic approach providing not only necessary finance but also:

- High-quality seeds and fertilisers,
- Knowledge, guidance on estate management and training in good agronomy practices,
- Farmers empowerment in financial management of their harvests, supported by information technology through branchless banking
- Compensation payments during the harvest waiting period,
- Guarantee of purchase of crops by an offtaker company,
- Assistance in land ownership certification through farmers' cooperatives and supported by plantation companies as guarantors, and
- Working together with civil society organisations to get financial literacy training and mentoring



The schemes require the establishment of farmer cooperatives to manage all activities from the purchase of seeds, fertiliser, training, post-harvest and financial management.

Farmers benefit from increased productivity – yields can double – as well as access to markets for their crops. They can also access affordable loans and are able to manage their finances better. This all contributes to improved livelihoods and welfare.

Stories from Farmers joining Innovative Value Chain Schemes

1. Corn Working Group

Name: (Mr.)Ahmad

Patrons: Syngenta (Nur Iman Afandi -Agronomist)

Origin: Bima, West Nusa Tenggara

Area of farmers group: 24 hectares

	Before	After
Farmland area	1.5 ha	2 ha
Production	8 ton/ ha	8.5 ton/ha
Income	Rp 6,400,000 (net)	Rp 17,500,000 (net)

Challenges :

- Climate and unpredictable weather during the growing season 2015/2016
- Erratic weather contributed to less than optimal fertilisation and pest attacks
- Access and cost of labor

Expectations:

- Stability of corn price and access to market,
- Availability of agricultural insurance,
- Mentoring and assistance from PISA Agro (i.e.: on-farm and financial management)
- Additional loan capacity for farmers group to access machinery for on-farm and post harvest.



2. Palm Oil Working Group

Name: (Mr.) M. Helmi

Patrons: PT SMART Tbk (Sinar Mas)

Location: Village Petapahan, district. Tapung, Kab. Kampar, Riau

	Before	After*
Farmland area	2,5 ha	2,5 ha
Production	12 ton FFB/ha/year	25 ton FFB/ha/year
Income	1,5 million/month/ ha	3 million/month/ ha

*Expected

Challenges:

- Very low yields due to unclear source of seed inputs; lack of Good Agriculture Practices (GAP) to cultivate farm; lack of funds to replant palm oil trees.
- Independent smallholder farmers have low productivity and many own inherited debts

Expectations:

- After following the Innovative Financing program, palm oil farmers in the village hope to:
 - Use certified quality seeds
 - Be trained on GAP and sustainability by PT SMART - Sinar Mas
- Have market price certainty on harvest with FFB (Fresh Fruit Bunch) pricing from the provincial office of agriculture.
- Receive Rp 500 thousand/month/ha for 48 months; and also be able to work in the field and receive extra pay.
- Have the government to continue implementing the Innovative Financing as part of the Innovative Value Chain Schemes with a sufficient grace period and tenure to support palm oil replanting.

3. Coffee Working Group

Name: (Mr.) Fery Alphison

Patrons: Nestlé

Origin: Mount Megang, Lampung

	Before	After
Farmland area	3 ha	3 ha
production	1,4 ton/ha	1,5 ton/ha
Income	-	Rp 28,000,000

Challenges :

- Farmers do not have the confidence to replant their crops to improve their productivity
- Farmers need an extra income from their coffee plantations

Expectations :

- Develop farmer's cooperatives by providing fertiliser or certain loans to improve productivity

4. Cocoa Working Group

Name: (Mr.) Herman

Patrons: Herman

Origin: Village Ulidang, Waigamo, Majene, West Sulawesi

	Before	After *
Farmland area	2 ha	2,5 ha
Production	517 kg/ha/year from 1600 trees	350 kg/ha/year dari 700 trees. Numbers of trees are reduced to severe drought.
Income		Rp 7,000,000 from 700 trees

* potential



Challenges :

- Lack of knowledge financial management. The less efficient management of the revenue is due to the lack of good financial management
- Pests attack on cocoa plantations. With the knowledge gained from Nestlé and Swisscontact Field School, famers applied organic pesticides from a mix of goat urine, ginger and lemongrass leaves or infected areas.
- Increasing production during prolonged drought. This farmer plans to borrow 15 million IDR from the bank to increase the productivity of his plantation through the purchase of machinery and fertilizers.

Expectations:

- Expand the coverage of the Nestlé cocoa and Swisscontact cocoa partnership programme to reach more farmers in Majene because the program is very helpful.
- Government continue assistance in the provision of fertilizers.
- Promote the cocoa and goat farming integration programme.