



Sustainable Agriculture Chain Development for small family farmers in Eastern Indonesia in partnership with civil society



Toraja coffee farmers drying coffee on wire filters

2011 Report



position of coffee farmers is poor, and the prices they receive for their coffee are low.

To address these problems requires a cross-sector collaborative initiative, in which the various stakeholders working in the coffee sector in Toraja, including coffee firms, government via the district plantations agency, NGOs and farmer organisations work together.

Program Objectives :

The goal is to create self-reliant Toraja coffee farmer groups and coffee farmer organisations to support management of coffee businesses through sustainable collective marketing and the active participation of women. The objectives to be achieved are:

1. Increase in coffee production through intensification of coffee cultivation by developing technologies such as the application of fertiliser, pruning, removal of unproductive plants (rehabilitation), ecological and environmental friendly pest and disease management, and extensification of coffee cultivation by expanding the area of quality coffee plants, bearing in mind that North Toraja has plenty of land suitable for development for coffee growing.
2. Increase the capacity and participation of women in coffee production and marketing processes in Tana Toraja, and their participation in farmer organisations.
3. Strengthen the capacity of the farmer organisation (PPKT) in strategic program planning and collective coffee marketing to generate profits for PPKT
4. Increase the role of Jalesa and active participation in coffee multistakeholder meetings at the district and national levels.

Expected Results and Activities:

1. Increase Coffee Production. Activities will include:

- Jalesa creating a database of all the farmer members of PPKT (name, area of coffee land, types of coffee grown, production, sales volume, income)
- Facilitate training in coffee cultivation and provide new clones to gradually replace old plants with new ones.
- Assisting and supporting 750 farmers (including 190 women) to manage their coffee gardens better
- Facilitate 350 farmers from 6 villages who will expand the land they use for growing coffee (estimate the additional production from the land expansion)
- Monitoring sales at the farmer level, to calculate incomes. Target is a minimum of 30% of income from coffee.
- Creating demonstration plots to experiment with ecological and environmental friendly management of coffee gardens (that improves soil fertility, improves production and does not pollute the environment)

- Facilitating peer visits/internships for PPKT members at ICCRI in Jember so they can become coffee development extension workers in Toraja
- Facilitating coffee field schools in Sopai district for new groups

2. Improve Coffee Quality. Activities will Include:

- Facilitating coffee post harvest training of 500 farmers. From this training, the farmers are expected to improve their harvest and post harvest expertise and capacity, with at least 15% of the 750 farmers improving the quality of their coffee. This training needs to be carried out in cooperation with other organisations such as TOARCO.
- Reducing the rate of damage when peeling coffee to 5%, as a result of the farmers having good post harvest knowledge and better peelers.
- Organising collective marketing management training for PPKT members.

3. Organisational and leadership capacity building for PPKT managers, and cooperation with third parties. The main activities will include:

- Facilitating administrative and bookkeeping training for PPKT managers
- Facilitating the establishment of a collective marketing forum for PPKT members
- Carrying out advocacy work on government budget policy for the plantations sector, with a focus on coffee
- Organising meetings between stakeholders, between PPKT members and Toraja district government, with private actors such as Toarco, Sane' and other businesses, to build better coffee business relations.

Program Area

The program area is an amalgamation of PPKT and JALESA work areas. In 2011, the program area was 11 subdistricts in the two districts of Tana Toraja and North Toraja, including six old subdistricts (Buntu Pepasan, Sopai, Sesean Sulo Ara, Kapala Pitu, Gandasil and Sesean) and five new ones (Sa'dan, Awan Rantai Karua, and Buntao', Baruppu, and Nanggala). In 2011, 1,056 farmers, including 789 men and 258 women, were direct program beneficiaries. These farmers were divided into 64 farmer groups. Compared with 2010, this is an increase in 25 groups with 385 members (270 men and 115 women).

Program Partners

1. PPKT (Perhimpunan Petani Kopi Toraja)

PPKT is a fairly new farmer organisation. In 2007, JALESA and VECO Indonesia facilitated the formation of a farmer organisation called APKT or Asosiasi Petani Kopi Toraja . However, this association did not grow, and in 2010 the majority of APKT members formed a new farmer organisation called PPKT (Perhimpunan Petani Kopi Toraja). The coffee farmers who were members of APKT felt that their incomes from coffee and coffee production had not benefitted. Meanwhile, they felt that the APKT managers had not done enough to improve the welfare of the members, and had paid

more attention to their own coffee businesses, at a time when the coffee trade in Toraja was not profitable for coffee farmers for the following reasons:

- a. Village traders manipulate coffee prices and collectors manipulate measures/weights. The difference in measures can be up to 0.25 litres, which affects the price. The average price farmers receive from collectors is IDR 9,500/litre, with a 0.25 litre difference in the measure, while Toarco Jaya offers IDR 9,400/litre using a standard measure. Hence, the collectors that sell directly to Toarco Jaya get a profit from the price difference of IDR 2,000 – 2,500/litre.
- b. Coffee farmers wanted to sell direct to Toarco Jaya, but have a problem because they were not organised collectively in a farmer organisation. To be able to sell direct to Toarco Jaya, the farmers needed to meet clear criteria for quality standards and product continuity.
- c. Because coffee farmers were organised properly in strong organisation, their negotiating position was weak
- d. The farmers got less profit/income from their coffee than they should because they sold their coffee individually.

As a coffee farmers' organisation, PPKT aims to:

1. enable its members to secure premium prices for their coffee and improve their standard of living
2. Organise coffee marketing for its members so they are able to work with Toarco
3. Build business capital by developing business units in PPKT

2. JALESA

JALESA or Jaya Lestari Desa is a public service NGO concerned with sustainable agriculture development with the aim of achieving fair, gender sensitive and environmental friendly trade and decent lives and livelihoods. Set up on 10 August 2000, pursuant to notarial deed 10 Tana Toraja, this organisation has a vision of "***A prosperous community that is environmental, gender and local culture aware in its sustainable management of natural resources.***"

JALESA's work programs for the next three years (2011-2013) are:

1. Increasing the volume of coffee production by building the expertise of farmers in the technical aspects of cultivation, harvest and post harvest management.
2. Building the management capacity of farmer groups and gender participation, and the capacity to communicate with parties such as traders and government.
3. Gradually reducing the role of middlemen (known locally as *passambu*) in the coffee marketing chain in Toraja.
4. Improving the negotiating position and incomes of farmers through collective marketing.
5. Building the management capacity of PPKT to become a self-reliant, democratic, accountable and membership based coffee producer farmers' organisation in Tana Toraja.

6. Facilitating the establishment of collective coffee marketing in Toraja through support for farmer group members of PPKT.

VECO Indonesia Support

To support program activities in Toraja, support from VECO Indonesia includes:

- Organising training in negotiating strategies for PPKT members to improve the farmers' negotiating position in the coffee chains in Toraja.
- Facilitating preparation of the PPKT strategic plan
- Facilitating PPKT to become a member of the Indonesian Speciality Coffee Association.
- Facilitating regular meetings with other stakeholders in Toraja (private sector, government, and NGOs)
- Organising study visits to other coffee producers
- Training in raising coffee seedlings, in cooperation with Jalesa.
- Capacity building for Jalesa and PPKT

Program Results

1. Coffee production and quality



There was a decrease in production of both Arabica and Robusta coffee in Toraja, at 28.9 GBE/ha for Robusta and 48.4 kg GBE/ha for Arabica. Normal average production is 1.4 kg per tree, but this year was only 0.8 kg/tree. The fall in coffee production this year was due to the climatic factors of excessive rainfall and high winds during the flowering season, which caused the flowers to fall and production to slump. A lack of sunlight due to the rainy and cloudy conditions affected the quality of the coffee beans. Farmers had difficulty drying their coffee beans

properly in the sunshine, and many beans were affected by fungus that adversely affected the quality of the beans. Another factor was infestation of coffee pod borers, which meant that many trees did not bear fruit. However, there was some hope for the farmers as coffee prices throughout 2011 were very high, at an average IDR 20,946 kg/GBE for Robusta and IDR 33,489 kg/GBE for Arabica. At these prices, coffee farmers enjoyed an increase in profits.

2. Improved management of coffee gardens at the farmer level

Through coffee field schools, the farmers have started to maintain their coffee trees, using very simple techniques such as pruning unproductive branches, applying manure to the soil, and making compost. Together with JALESA, PPKT is making seedling gardens and demonstration plots as learning centres



for farmers in eight villages (Parindingan, Benteng, Mamulu, Salu Sopai, Sesean, Pangden, Salu Silaga and Polo Pandang). As well as being learning centres, these seedling gardens are also outlets for quality coffee seedlings in Toraja.

3. PPKT as a farmer organisation leads change in the farmers' position in coffee chain



By organising collective marketing, traders have started to value PPKT's role in the coffee marketing chain in Toraja. This was proven when PPKT signed a written coffee trade contract with Sane' company. Also, PPKT's role in supporting coffee farmers has started to attract support from government. Several farmer groups that are members of PPKT have received water pumps from

Toraja government for water supply and to irrigate their fields. Donations of coffee processing machinery, from peelers to grinders, have been very beneficial at the group level. Coffee farmers can now sell better quality coffee at premium prices. They are also able to sell ground coffee, which fetches a higher price than coffee beans.

4. Cooperation with private actors (shortening the coffee chain)

This year, having been facilitated by JALESA, PPKT built business relations with Sane' company that enable PPKT members to sell directly to them, thereby cutting out the need for middlemen. This has been very beneficial for the coffee farmers because it has shortened the coffee chain. This collective marketing involves 671 coffee farmers (including 528 men and 143 women) organised in 23 groups in 5 subdistricts (Gandasil, Tikala, Buntu Pepasan and Sesean)

5. Role of JALESA



The roles of JALESA are: 1) to facilitate communication between PPKT as a farmer organisation and coffee traders, 2) to facilitate technical training in coffee cultivation and post harvest management for PPKT members, and 3) to facilitate coffee multistakeholder meetings in Toraja. The following outputs were achieved:

Main activities	Outcome
Facilitating workshop to develop a model of collective marketing for the farmer organisation	Sane' uses this model of collective marketing to buy coffee from PPKT members
Organising post harvest training sessions for coffee farmers in Toraja	150 farmers have improved knowledge and expertise in post-harvest management
Organising multistakeholder meetings	Government gave support in the form of

(meetings of coffee producers and buyers in Toraja)	subsidies to improve the volume and quality of Toraja coffee
Facilitating coffee farmer field schools	50 cadre farmers have knowledge and expertise in raising seedlings, managing and maintaining coffee gardens, coffee disease and pest management, and harvest and post harvest management.
Organising gender training for farmer groups	Increased women's participation in PPKT activities and in leadership of groups at the village level
Organising production of coffee processing equipment, with support from TRDS	Several coffee processing machines including peelers, roasters, and mills, have been made and distributed to groups.

6. Women's participation in the coffee chain



Women's participation has increased, particularly in coffee marketing activities. Twenty-seven women have roles in the leadership of groups. They are able to develop bookkeeping systems for coffee marketing in their groups, which has been a significant contribution to improving the collective marketing systems. Women are also actively involved in processing coffee, such as processing cherries into beans. Using machinery donated by TRDS, peeling the coffee is now easier and can now be done by women as

well as men.

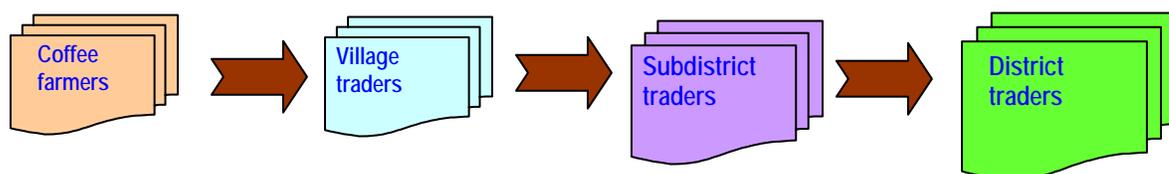
Impacts

1. Coffee Chains

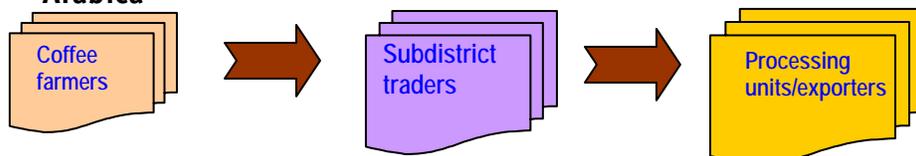
Collective marketing of coffee between PPKT members and Sane' has shortened the Arabica and Robusta coffee chains, and coffee farmers have profited from this. The coffee marketing chains can be illustrated as follows:

a. 2010

Robusta



Arabica



b. 2011

Robusta



Arabica



2. Women in leadership roles

Women's participation has increased this year in collective coffee marketing activities at PPKT, and in leadership roles in farmer groups at the village level. This has a positive impact on the role and leadership of women in the farmer organisation and in other social community organisations in Toraja. Evidence of this is: 1) the appointment of Ms. Ellyse, the chair of Tondok Litak group, as the *lembang* in Rante Pao (*Lembang* is the name of a traditional village government system in Toraja). It is extremely unusual for a Toraja woman to hold a key position in government or in a traditional village institution; 2) a women's farmer group in Gandasil subdistrict was able to organise collective coffee marketing, selling 3,830 litres or the equivalent of 1.3 tons GBE.

Constraints

Constraining factors:

a. Climate change.



The meaning of climate change here is the near absence in 2011 of a dry season, which normally lasts from April to October. The year-long rain and cloud meant there was little sunshine. Excessive rainfall caused many flowers to fall and not produce beans, resulting in a slump in production. The lack of sunshine meant that farmers had difficulty drying their beans. Because of the high moisture content, fungus struck many beans. The situation was exacerbated by the fact that most coffee farmers did not have designated storage space for their coffee or proper equipment for packaging the coffee, and the quality of the coffee suffered as a result. To dry

coffee, a piece of equipment called a *para-para*, a 1.5 m x 2.5 m coffee bean riddle used to split the beans (see photo on the front cover of this report), is typically used, but not many of the farmers have these.

b. Management and leadership of PPKT

Established just two years ago, PPKT is a new coffee farmer organisation. Its managers do not have much experience and expertise in organisational management. The weakness of the management and leadership of PPKT means that there are frequently delays in coffee price information reaching members, and that decision making and the payment system are not effective. Therefore, there is need for training, particularly in leadership, organisational management, and bookkeeping this coming year.

c. Coffee gardens are not easily accessible



Most of the coffee gardens owned by farmers who are members of PPKT are located in mountain areas that are difficult to reach. This is particularly the case with Arabica coffee, which is grown at heights of 1,000 metres or more above sea level. Roads are poor, making access by four-wheeled vehicles difficult. This makes it difficult for these coffee farmers to participate in training organised by government or by Jalesa and PPKT, because transport options are limited. Also, during harvest time, the farmers are unable to take their coffee directly to traders, but must gather it together in one location and await the arrival of trucks from town, which usually come once a week. As a result, much of the coffee is damaged when stored at the collection point because it is not packed properly.

Lessons Learned

a. Quality standards increase coffee prices

In Toraja, buyers of Robusta and Arabica will offer farmers better prices if their coffee is of good quality. For example, Toarco will buy coffee at premium prices if it meets Toarco's quality standards.

b. Collective marketing of coffee through farmer organisations strengthens the negotiating position of farmers

Collective marketing organised by PPKT has proven to improve the position of the farmers in negotiating prices. PPKT managers are able to negotiate prices with traders. Also traders prefer to deal with sellers offering large volumes than those offering small volumes. The collective marketing system also makes it easier to control the quality of the coffee that will be sold.

c. Business plans are important for farmer organisations

Business plans really help farmer organisations to plan their capital needs and need for coffee storage space, and to estimate profits, and the need for labour, facilities and infrastructure for a particular period of time. A good business plan helps the farmer organisation to estimate future profits and minimise risks.

Programme adjustments

- Facilitate the PPKT business plan for 2012-2013
- Build the capacity of JALESA staff in strengthening farmer organisations like PPKT, and in carrying out advocacy on public policy related to coffee development in Toraja
- Training in business administration and finance for PPKT
- Facilitate preparations for UTZ certification

Scaling Up

Work with the Indonesian Speciality Coffee Association and the district plantations agency to develop Toraja organic coffee in 2012.