

Toraja Travel Report

October 2010

The visit was part of a wider trip over the period 20th -29th October that included three days with the NZ Embassy in Jakarta.

People

I visited two village groups and heard first hand of their experiences with Jalesa. As well as talking with village farmers I met the following.

Veco Indonesia;

In Bali – Rogier Eijkens and Ufons Urlings (programme manager).

In Toraja - Peni, Sulawesi field manager based in Pare Pare.

Jalesa; Pak Budi, chairman from Makassar (met me on arrival in Makassar)

Eveready, Thomas and Hendry, Alfrida Salubongga (Daniel's widow and current board member and treasurer).

APKT; Chairman Edi Kende Sumi and two others, Benjamin, a former English teacher, and Thomas.

IFC; Now based in Jakarta; Earnest Bethe, Syakib and Eko.

NZ Embassy; Ambassador David Taylor, NZ Aid manager Kirk Yates.

Plus; In Jakarta, William Sabandar, who is now a high level adviser to the government on disaster relief and a good friend to the NZ Embassy.

And; In Toraja, Ishak Biticacca, retired but still energetic at 80+ and currently president of the "Old Men's Club" (Grey Power?).

General

The former region of Toraja has now split after a referendum and a new local government area formed called North Toraja based on Rantepao. The locals had got sick of all the money going to Makale where the politicians were all located. The election campaign was in full swing with voting next week. Makes our local body elections look very tame affairs.

Overall Indonesia looks strong with the economy growing at 6% and much construction under way. The rupiah is the strongest I have seen it against the \$NZ. Indonesia is now classified as a medium income country by World Bank. Hotels are now more expensive, including the hotel we normally use in Rantepao, the Misiliana, which has changed ownership from mother to her 'tycoon' son who has doubled prices! Now over NZ\$60/night.

I was told there is now more wet weather In Indonesia as a result of global warming. Among other effects is a problem with fertilisation of coffee flowers leading to lower yields.

The rain also plays havoc with traffic in Jakarta. In a city with something like 10 - 20 million people (if anyone has a clue) there are 8 million motor bikes and 3 million cars to which are added another 1000 motor bikes and 250 cars every day. When it rains the already inadequate roads become impassable in places and on a recent evening there was an 8 hour grid lock. Kids were getting home from school by bus at midnight!

Jalesa

Jalesa appear to be at full strength again. Eveready (commonly known as Freddie) is a very effective leader. He is doing a good job, is very committed to Jalesa, has excellent people skills and is very competent and energetic. VECO speak well of him and I too was impressed. Eveready has no background in agriculture and VECO are helping with further training for him.

Only two of the staff there when I visited two years ago remain, with Mari, finance manager, the latest departee. Nonetheless the work VECO have invested in staff development is paying off.

.APKT (Toraja Coffee Farmers Association)

This organisation appears to have arisen from the village groups managed by Jalesa, although they also have associate members from other villages.

Their core business seems to be facilitating marketing and working with local government politically. They are led by Pak Edi, a local farmer and entrepreneur and he has several others helping, all of whom are volunteers.

They are very proactive with large signs up in the member villages but appear to be very reliant on Edi.

To date their only marketing is to act as a broker between farmers and PT Toarco, the Japanese company that buys most of the Toraja coffee. Payments are made through Edi's own business with a small commission paid to APKT.

APKT envisage a series of warehouses and a "boarding house" where farmers would attend short courses on marketing and production. Apparently government subsidies are available for such things

With the warehouses, Toarco would run them. This strategy would presumably ensure the growers were well embedded in the Toarco supply chain.

Marketing

As a consequence of better post harvest management, farmers are now getting access to better prices. There is a certificate farmers can gain which ensures they get the best price from Toarco. Currently 30% of production is in the top grade and they plan to do better.

APKT could eventually become a grower marketing co-operative and are doing some limited processing and packaging for the local market. A little factory under a house contained one of our peeling machines, a roaster consisting of a drum, rotated by hand over a fire and a grinder driven by a small petrol motor. The output was 30gm packets of coffee retailing at IDR5000. This is IDR166,000/kg compared to the raw bean price of IDR25,000/kg.

To date their only significant marketing is to act as a broker between farmers and PT Toarco, the Japanese company that buys most of the Toraja coffee. Payments are made through Edi's own business with a 2% commission paid to APKT.

They were keen on the idea of sending coffee to NZ but will need to learn how to do that. Syakib suggested a Japanese aid agency, JICO, based in Makassar may be able to assist in training APKT in marketing. Nonetheless APKT has little by way of infrastructure. None of them have email capacity. VECO too are interested in helping APKT to build some marketing capacity.

There is some use of the Rainforest Alliance brand which requires coffee to be grown within a natural forest.

There are problems with Fair Trade certification as it was designed to combat exploitation of child labour and this can be too strict for family businesses. For example young people under the age of 17 are limited to no more than two hours of farm work per day. Certification is also expensive with an annual fee of US\$2000.

International organic certification is also possible but again the costs are high. Indonesian organic certification is more readily available.

I was given the inevitable packets of coffee, some under the APKT label and some beans.

APKT are taking the low risk option by collaborating with Toarco. Prices are stable, good quality coffee attracts top money and there are no financial risks. Effectively the chain of middlemen is bypassed and farmers receive a small loyalty premium from Toarco for using this route.. Toarco know that they will get good quality and the process is transparent to farmers. Toarco are dominant in Toraja but have two competitors.

The price for quality coffee sold to Toarco through APKT is IDR8700/litre. APKT say that farmers selling comparable coffee to middlemen get IDR7000 -7500/litre. Previously where quality was mixed, farmers were selling to middlemen as low as IDR3000/litre.

Monitoring

Veco will forward 6 month and annual reports to us. In addition VECO are having outside evaluations undertaken this month on two projects, one of which is the Toraja project, They will forward this report to us next month.

New Project

VECO will incorporate our contribution into their project. They already have other donors they report to on specific projects. VECO are starting a new three year project with Jalesa in January 2011. We can be included from June onwards which will be the start of our next phase. I suggested if it is easier they could start ours from January.

Peeling and Other Machines

The peeling machines have been much appreciated and they would like another 12. They are sold at half price and the proceeds re-invested in the project. The impact of these machines was often mentioned as a factor in achieving better quality.

Other machinery could be considered as something that would appeal to our donors. For example farmers would find it much easier to clear vegetation around the coffee trees and be able to make better use of the vegetation in organic fertilisers if they had mechanical cutters i.e. "weed eaters" at NZ\$300.

There was also talk of the need for a machine to chop up vegetation for organic fertiliser, pretty much like those used in NZ to dispose of garden waste at a price of around NZ\$1500.

Out of our league is a huller, the machine needed to take off the second skin if they were exporting themselves. These cost about NZ\$25,000 and there is talk that the government is going to buy one for the district. At present the process would be done by a Toarca owned machine in Toraja or the beans are sent to Makassar to be skinned.

Another idea from Eveready was that a donor might buy a buffalo cow. A village would be given the cow; it would produce manure for the organic fertiliser, milk for the village and a calf which would be donated to another village to keep the process going. Cows cost about NZ\$800.- \$900

Evaluation

When questioned, the village farmers reported on what had been achieved by the Jalesa involvement.

- Appreciating the benefits of co-operating as a group..
- Access to nurseries and improved seedlings.
- Better pruning meaning the bushes can be more easily managed and harvested.
- Better yields. Whereas previously they were getting yields of 0.9kg/tree they were now obtaining 1.4kg.
- Improved quality as mentioned earlier through better post harvest management.
- Having greater market power as a result of working as a group, improved market intelligence and having better quality that earns a premium through APKT.
- They are learning how to make their own organic fertiliser and this also has potential as a cash income.

Graham Robertson

2.11.10