



rikolto
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KEMENTERIAN DALAM NEGERI
REPUBLIK INDONESIA

Table of Contents



4 - Introduction



9 - Rice



12 - Coffee



14 - Cocoa



16 - Cinnamon



17 - Seaweed



18 - PES



20 - Food Smart Cities



22 - Gender



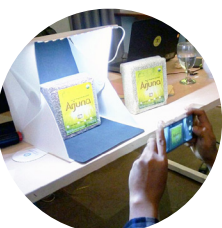
23 - Youth



24 - Environment



25 - Learning



26 - Trial & Error



28 - Financial overview



29 - At a glance

Introduction

Agriculture is one of Indonesia's most vibrant and dynamic sectors, making up to 13.63% of the country's GDP and 28.79% of its employment. However, it is also a sector that demands more attention. Attention must be given specifically to smallholder farmers who are more vulnerable to rapid changes in the sector, including price volatility, effects of climate change (drought, pests and diseases) to the plant, land tenure issues, unstable supply and demand, amongst others.

On the consumer side, the Indonesian middle class continues to grow, expected to reach 141 million people by 2020. The middle class displays a new lifestyle. They are not satisfied anymore with low or medium quality rice, coffee, and cocoa and they opt for premium quality. The rice retailers point out that the sale of premium organic rice grows by 20-25% per year while the sale of conventional rice grows only by 5%. While in the coffee and cocoa sector, the demand increased up to 60% in the last ten years and it is expected to grow further.

The government has increased the focus on the agricultural sector with food security as its goal. In light of this, Rikolto's work in Indonesia can positively contribute to triggering changes in the national food system by bringing about policy and sector level changes to benefit smallholder farmers while stimulating interest in younger generations to partake in healthy food production and consumption.



Rikolto is an international NGO with more than 40 years of experience in partnering with farmers organisations and food chain actors across Asia, Africa, Europe and Latin America.

Rikolto runs programmes in 14 countries worldwide through seven regional offices. We are a close-knit of accessible and knowledgeable colleagues, willing to share experience and eager to inspire others.

We support 134 partner organisations, reaching over 80,000 farmer families, active in 8 commodities: rice, coffee, cocoa and vegetables among others. Our international office is located in Leuven, Belgium.

Global Mission

Rikolto envisions a world with sustainable production and consumption systems that allow eradication of poverty and hunger. Rikolto enables and supports smallholder farmers to take up their role in rural poverty alleviation and to contribute to sustainably feeding a growing world population. Smallholder farmers remain one of the key actors we work with, along with supermarkets, retailers, private sectors, policymakers, and consumers, to guarantee affordable, quality food for all. Therefore, Rikolto builds bridges of trust and trade, between the food industries, governments, research institutions, banks and farmer organisations around this one central question: 'What will we eat tomorrow?' It is a crucial question for consumers, farmers, agri-food companies and policymakers alike. For some, it is about the choices they make to improve our food system. For others, facing food shortages, it is a 'literal' question they struggle with every day.



Rikolto in Indonesia

Rikolto in Indonesia's long-term goal is to support a new generation of farmers with the abilities/capacities to feed consumers in urban areas with healthy food while earning a decent living income without damaging the environment.

Our strategies to achieve this:

- We strengthen partners' capacities for collective action by improving farmers organisations' technical and business skills and linking them with strategic stakeholders in the value chain.
- We foster innovation by promoting inclusive and sustainable business models and approaches that transform the farmers' organisations.
- We support an enabling environment for Indonesian farmers and consumers through multi-stakeholder collaboration and dialogues to influence policy formulation in sustainable food consumption and production.

In every aspect of our work, we pay special attention to the empowerment of women and young people and the environment sustainability.

Programme Overview

1. Jambi: Coffee, Cinnamon and Payment for Ecosystem Services
2. Central Java: Organic rice, Premium Rice, Food Smart Cities
3. West Java: Organic Rice and Food Smart City
4. South Sulawesi: Coffee, Cocoa
5. West Sulawesi: Cocoa
6. Bali: Seaweed
7. East Nusa Tenggara: Coffee, Cocoa, Seaweed

Our Network

In Indonesia, Rikolto has been operating for more than 40 years. In 2018, Rikolto ran programmes in 7 provinces. Rikolto's Regional Office in Indonesia is strategically located in Denpasar, Bali that supports the implementation of programmes carried out through field and virtual offices in Jambi, Jakarta, Central Java, East Nusa Tenggara, West Sulawesi and South Sulawesi. A dedicated, multi-cultural, diverse and gender-balanced team of 28 people supports Rikolto's operation across Indonesia.



Last year, we financially supported 24 organisations. Of these, 14 are farmers organisations, 7 are local Non-Governmental Organisations and 3 are commodity platforms. We also work closely with national and local government institutions, research institutes and private companies.





Changes we want to see in years to come

By the end of our 2017 to 2021 programme, we hope to see:

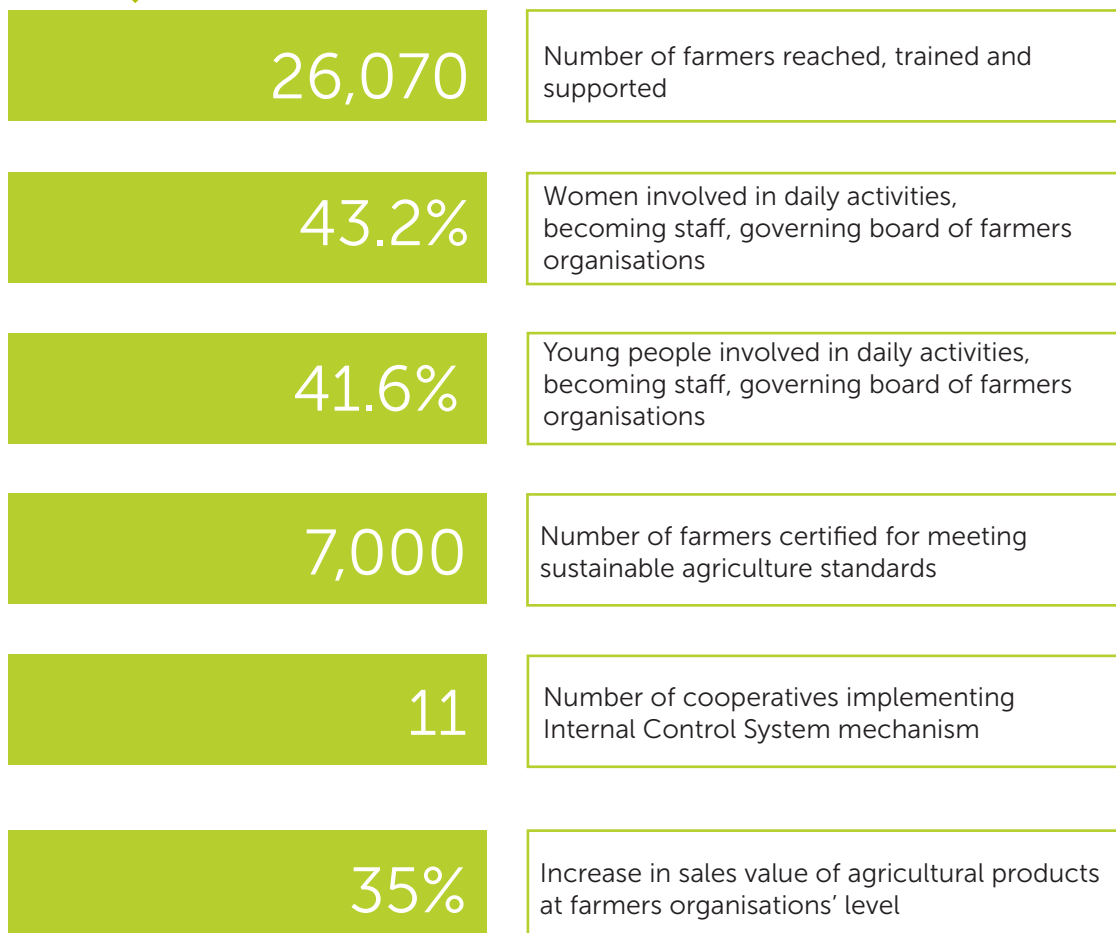
- More young farmers are involved in the agriculture value chains
- More women actively participate in the value chain and decision-making processes in farmers organisations
- Farmers organisations are able to produce rice, coffee, cocoa, cinnamon and seaweed in sustainable ways and become professional business entities
- Global Sustainable Rice Platform Standard is acknowledged to be the new sustainable rice standard in Indonesia
- Cities governments add on sustainable production and healthy consumption to their policies agenda
- Private sector and government adopt Payment for Ecosystem Services models
- Smallholder farmers earn improved income
- Consumers access sustainably produced and healthy food in formal and non-formal markets



What we harvested in 2018



2018 in numbers



We reached out to more than 26,000 Indonesian farmers and helped them increase their capacities and income. Farmers already adopt good agricultural practices to produce sustainable quality products. One of the results is 11 out of 14 cooperatives have implemented an Internal Control System (ICS) mechanism to ensure product quality and good cooperative management. In total, around 7,000 farmers are already certified for meeting the sustainable agriculture standards.




Farmers organisations received a national and international recognition and were acknowledged for their quality products. Koerintji Barokah Bersama Coffee Cooperative in Jambi won a second place at the Indonesian Specialty Coffee Contest. The cooperative received a Bronze Gourmet award at a SIAL exhibition in Paris, France.





Rice farmers in Boyolali and Tasikmalaya, who participated in the Sustainable Rice Platform (SRP) pilot, have worked towards sustainable rice cultivation. The pilot involved 560 farmers in three farmers organisations. In average, farmers received higher scores from the pilot than the baseline survey. This showed that farmers have adopted more sustainable practices to cultivate rice.




We welcomed four new partners on board. Of these, two are rice farmers cooperative: Mentari Sinari Alam in Tasikmalaya, West Java, and KOPAPPOLI in Boyolali, Central Java. One is cocoa cooperative: Romeo in Sikka, East Nusa Tenggara. The other one is a Bali-based NGO, Kalimajari Foundation as our seaweed programme implementing partner.

 **Healthy canteen standard was introduced to schools in Solo within the framework of Food Smart Cities programme.** In doing so, Rikolto and Gita Pertiwi have developed a multistakeholder forum consisting of all stakeholders in Solo who are committed to ensuring that children have access to safe and nutritious food at their school canteen. At least ten schools in Solo have gradually changed their food procurement practices.

 **We contributed to the formulation of four national policies on cocoa and coffee through our collaboration with commodity platforms.** Our commodity platform partners are Cocoa Sustainable Platform/CSP and Sustainable Coffee Platform of Indonesia/SCOPI. In 2018, both partners were actively working with the Ministry of Agriculture to give their inputs on sustainable agriculture policies. As a result four policies were formulated: National Sustainable Curriculum of Agriculture, Task Forces on Agro Inputs and Planting, Access to Finance for Coffee Farmers, and National Workers Competency Standard.

 **More women and young people participated in agriculture value chains.** This was achieved by encouraging farmers organisations to involve women and young people in their daily activities and promote an inclusive workplace. In 2018, 108 women and 104 young people had paid work opportunities through their involvement in the value chain. Women, specifically, took on strategic roles, such as coffee quality grader, ICS chairperson, barista, trainer, and head of cooperative. As an example, Ayu Antariksa from Masagena Cocoa Cooperative in North Luwu, South Sulawesi is now the head of the cooperative.

 **Sulawesi Classic, a fundraising event, was successfully held with the participation of 28 Belgian bikers.** The bikers -4 females and 24 males- rode for around 400 kilometres across the South Sulawesi countryside. Each of the bikers raised funds with friends and families in Belgium to support Rikolto's programme activities.

Rikolto in Indonesia seeks to contribute to 14 of the 17 SDGs and has been working to integrate sustainability into our interventions.

Our Contribution to the United Nations' Sustainable Development Goals





Rice

Supporting farmers to adopt sustainable farming, inclusive business practices, and provision of sustainably produced rice for consumers

Ensuring the adoption of sustainable rice cultivation practices that can benefit farmers, consumers, and environment is vital to our work in the rice sector. One of many concerns directed towards rice farming is its contribution to global warming through the release of greenhouse gas methane. Our work in 2018 aimed to make significant changes at all levels.

Our partners in the rice sector are APOB and KOPAPPOLI in Boyolali, Central Java and Mentari Sinari Alam/MSA in Tasikmalaya, West Java.

In 2018, we supported our partners to be able to meet sustainable standards. Farmers showed determination and enthusiasm to improve farming techniques and practices, produce high quality organic rice and take care of surrounding environment. To prepare cooperatives to enter organic markets, we coached them on how to implement an Internal Control System as a mechanism to assure and monitor product standard quality.

As a result, all three rice partners have implemented ICS. They also complied with organic certification standards, hence allowing them to sell their organic rice.

As per 2018, 300 APOB farmers and 440 KOPAPPOLI farmers certified by LeSOS and 283 MSA farmers certified by the Control Union.

With organic certificates in hand, farmers organisations could access organic rice markets and contribute to providing sustainably produced rice to consumers.

Farmers organisations also contributed to **improving its members' income**. In Boyolali, as an example, the market price for conventional rice is Rp 4,200 per kilogram (dry unhulled rice). Farmers producing organic rice sold their products to APOB for Rp 5,000 per kilogram, **19% higher** than conventional rice.

Through our assistance, we made sure that all rice actors were involved along the value chain. Our rice partners adopt **inclusive business principles as we do**. In Tasikmalaya, MSA has demonstrated a business relationship that is based on open communication, transparency and equal participation amongst all actors. Despite its young age, the cooperative took the initiative to establish communication with government agencies, universities, financial institutions, marketing companies and farmers.

Piloting the Sustainable Rice Platform (SRP) Standards

Rice programme in Indonesia is part of the Rikolto's Rice Cluster, focusing on sustainable rice sector transformation. We aim to provide safe, healthy, sustainable and quality rice to consumers, generate decent profits and jobs for all actors along the value chain, and reduce the environmental impact of rice cultivation.

In 2018, we conducted a SRP baseline assessment and pilot testing involving 560 farmers in Boyolali and Tasikmalaya. The result showed that the majority of farmers already **"work towards sustainable rice cultivation"**, scoring 70-90 points (essential stage).

The SRP Standard allows the following two claims: "Sustainably cultivated rice" if a farmer scores at least 90 and meets all essential performance levels and "Working toward sustainable rice cultivation" if a farmer scores lower and does not meet the essential performance level of one or more requirements.

SRP Baseline and Pilot in Indonesia - 2018

Farmers Organisations	Baseline		Pilot	
	Sample	Average Score	Sample	Average Score
APOB	50	67	160	74
APPOLI	100		350	
MSA	20		50	

About SRP

The Sustainable Rice Platform (SRP) is a global multi-stakeholder partnership to promote sustainable rice cultivation. The SRP currently has 88 institutional members, including the United Nations Environment Programme (UNEP), the International Rice Research Institute (IRRI), government agencies, private-sector actors, research institutions, and non-profit organisations. SRP wants to offer a series of instruments to facilitate large scale adoption of sustainable practices in the global rice sector.

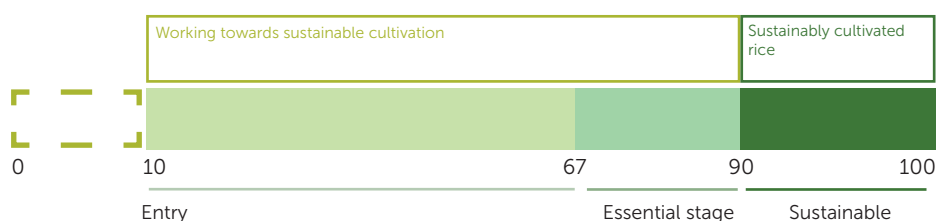
Its Standard for Sustainable Rice Cultivation and its Performance Indicators serve as a working definition for sustainable rice production and enable benchmarking and objective comparison of the sustainability of any rice system.

The Standard aims at the adoption of climate-smart sustainable practices with 46 criteria grouped under 8 themes. Practices deal with farm management, pre-planting, water use, nutrient management, pest management, post-harvest, health and safety and labour rights.



SRP Scoring and Claim

Claim	Conditions
"Working towards sustainable rice cultivation"	<p>A farmer scores between 10 and 99, but does not meet the essential performance level of one or more requirements.</p> <p>A farmer has increased his/her score by 10 points compared with the previous year.</p>
Sustainably cultivated rice	A farmer scores at least 90 and meets all essential performance levels for all applicable requirements.



FDOV: Tapping into premium rice market

In 2018 we worked collaboratively under FDOV project (Sustainability Entrepreneurship and Food Security Facility) funded by the Netherlands Ministry of Foreign Affairs. The project implemented by a consortium of international and national NGOs, private sectors and government institutions. Our work in this project focused on helping farmer organisations improve products quality and productivity to meet premium market standards, facilitating business relation between service providers, buyers and farmer organisations and ensuring inclusive business principles implemented in the value chain.

Our collaborators in the Consortium are ICCO Cooperation Indonesia, Jateng Berdikari Foundation, PT. Sebelas Maret Berdikari, Bank of Central Java, PT. Unggul Niaga Sejahtera and Central Java Food Security Agency.

Since 2016, we have trained 165 key farmers (107 male and 58 female) from 20 farmers group association (Gabungan Kelompok Tani/Gapoktan) in 4 districts in Central Java. Training on Good Agriculture Practices (GAP) and Agriculture Growth Promoting Inoculant (AGPI) aimed to help farmers adopt a sustainable farming method without the use of chemical fertiliser.

Farmers reaped a good harvest after adopting GAP and AGPI methods. From our observation in demonstration plots, land productivity increased 22.1%.



On sales front, farmers could sell unhusked rice (Gabah Kering Giling) and wet paddy (Gabah Kering Panen) as much as 1,524 ton in 2018. Percentage of increase in farmers' income may vary amongst farmers depending on their farm size. For farmers with farm less than 0.25 ha, their income increased 37.5%; for farmers with 0.5 ha sized-farm, income increased 79.5%; 0.7 ha – 75.3% and 1 ha – 25.9%.

Emerging opportunities

There is a growing demand for organic and premium quality rice, from domestic and international market. This will incentivise farmers to produce these types of rice.

As for our SRP pilot, there is an opportunity to upscale and outscale the pilot in 2019. The strategies will include involving more farmers in the next SRP project, engaging more NGOs to do SRP pilots in their working areas, introducing SRP to private sector, and promoting SRP to the government.

We also notice that farmers are more aware of the importance of low-input and sustainable rice cultivation practices.

"I received information about the negative effect of chemical pesticides to human body and that worries me a lot. I cultivate rice sustainably because I want my families and more people to be able to consume rice that supports their well-being." - Sri Subiantini, rice farmer in Boyolali.





Coffee

Strengthening farmers' position in the coffee market through sustainable and quality coffee

As the fourth largest coffee-producing countries in the world, Indonesia is known to produce flavourful Arabica and Robusta coffee. Coffee produced in different regions in Indonesia has distinctive taste notes that attract different consumers. Globally and nationally, demand for Arabica specialty coffee is increasing, opening up opportunities for coffee farmers to enter this market. Rikolto in Indonesia focuses on enabling coffee farmers to take up this opportunity. We support farmers to improve their practices, starting from on-farm treatment until post-harvest activities, while ensuring youth and women's participation and environment sustainability.

We support **five coffee farmers organisations**: Koerintji Barokah Bersama Cooperative in Kerinci, Benteng Alla in Enrekang, Toraja Coffee Farmers Cooperative/PPKT in Toraja, MPIG Arabica Flores Bajawa/AFB in Ngada, and Manggarai coffee farmers association/Asnikom in Manggarai.

In 2018, coffee produced by our farmers received national and global **recognition for its quality**. Through coaching, mentoring, and experimenting on coffee processing, farmers organisations gained the capacity to produce coffee that meets the taste demands of consumers.

Farmers organisations were determined and passionate in improving their products. As an example, in 2018, Barokah Cooperative won a second place at the Indonesian Specialty Coffee Contest with a cupping score of 90.44. In 2017, Barokah won a first place at the same event with a cupping score of 88.29. Cupping is a tool to grade coffee and to obtain descriptive coffee flavour profiles. Having **higher cupping scores** helped Barokah position itself as a **high-quality specialty coffee producer**.

With good coffee quality, **cooperatives gain trust from buyers**. Barokah has regular coffee buyers who were willing to pay in advance for the coffee they ordered. Other cooperatives in Sulawesi, PPKT and Benteng Alla, also reaped the benefits of keeping coffee quality in check. Both cooperatives supplied regularly to domestic coffee shops and roasteries.

To help **farmers organisations expand their networks**, we collaborate with **national coffee platforms**, one of which is the Specialty Coffee Association of Indonesia (SCAI). Our partners have had greater access to specialty coffee community through SCAI-supported events and competitions.

In 2018, SCAI helped promote coffee produced by our partners in international events. A representative from Barokah Cooperative was invited by SCAI to attend an exhibiton in Hanoi, Vietnam hosted by the Indonesian Embassy of Vietnam. In the same year, SCAI sent a sample of coffee beans from Barokah to participate in a coffee competition held by the Agency for the Valorization of Agricultural Products (AVPA) at the SIAL international food expo in Paris, France. As a result, **coffee from Barokah won the Bronze Gourmet title.**

Our strategies to promote sustainable coffee practices did not stop at farmers organisations' level. We **capitalised our experience working with farmers and brought it to a national policy-making arena.** In doing so, we became a member of the Sustainable Coffee Platform of Indonesia/SCOPI. Our partnership with SCOPI is based on shared goals to achieve economic opportunities for farmers, food securities, and environmental sustainability.

Through SCOPI, **we participated in multistakeholder meetings to formulate national coffee policies.** Our Coffee Manager, Peni Agustijanto, was present on behalf of Rikolto to give policy inputs to the Ministry of Agriculture. The policy work has resulted in the publication of National Sustainable Curriculum for Coffee, Access to Finance for Coffee Farmers, and National Workers Competency Standard.

For Rikolto, sustainability also means that the **coffee value chain provides sustainable livelihoods for women and young farmers.** All of our coffee partners have implemented internal policies to encourage women and young people's participation in farmers organisations' daily activities. **Women in Toraja**, as an example, have paid work opportunities as a coffee sorter, trainer, and quality control staff.



Opportunities have emerged too for young people. In Kerinci, Merangin, and Enrekang, young people were involved in activities such as Farmers Field Schools and barista training courses. In the coffee sector where 93 people are involved in daily practices, becoming staff, and governing members of coffee farmers organisations, at least 35% of them are women and 42% are young people.

Emerging opportunities

The past one year has taught us that opportunities abound to develop this sector. First, there is a growing demand of Arabica specialty and fine Robusta coffee. This will encourage farmers to improve the quantity and quality of coffee in order to meet the demand.

Second, traceability becomes more important as customers are interested in identifying the source of coffee, who grows it, and how it is processed. The high price and demand for this traceable, specialty coffee will incentivise farmers to improve their farming and post-harvesting activities.

The last but not the least, there is a growing awareness of doing business differently among coffee buyers. Buyers of sustainable coffee expect a transparent and open communication from farmers organisations when it comes to coffee production and trades. This will lead to a more inclusive working relationship that benefit both farmers and buyers.



Cocoa

Facilitating inclusive and sustainable cocoa value chains in Sulawesi and Flores

Cocoa farmers in Indonesia are facing a myriad of challenges, ranging from policy obstacles, low productivity, ageing trees and the lack of organising and business management capacities. Working with farmers in three Indonesia's biggest cocoa-producing provinces – West Sulawesi, South Sulawesi and East Nusa Tenggara- we support farmers to improve their farming techniques by using good agricultural practices. We strongly focus on strengthening farmers' organisations business and management capacities and ensuring farmers involvement in the cocoa value chain. Drawing on a number of evidence in the field and our expertise, we also work to influence national level policies and agenda to scale up our impact.

We support **four cocoa farmers organisations**: Masagena Cooperative in North Luwu of South Sulawesi, Cahaya Sehati Cooperative in East Luwu of South Sulawesi, Amanah Cooperative in Polewali Mandar of West Sulawesi, and Romeo Cooperative in Sikka of East Nusa Tenggara.

Central to our strategies is **the promotion of sustainable agricultural practices**, such as inoculation techniques and the renewal of ageing plantations to improve cocoa productivity. We promote P3S model (regular fertilisation, pruning, picking, and sanitation) to farmers, one of which

by developing a demonstration plot (demplot) in each village we supported. Demplot serves as a learning garden where farmers can learn how to manage their farms.

Thanks to this regular assistance, **5,082 cocoa farmers in Sulawesi** have adopted sustainable cocoa production practices that **comply with sustainable standard**. Of these, 2,274 are Masagena farmers who obtain UTZ certification, the rest are 1,964 Amanah farmers and 844 Cahaya Sehati farmers obtaining Rainforest Alliance certification.

Certification enables farmers to improve cocoa quality, working conditions, and receive better price for their quality produce. Certified cocoa price is 25% higher than the regular cocoa per kilogram. Certification also guarantees farmers a premium fee as much as 100 US dollars per ton of cocoa beans.

In Flores, farmers have different stories than ones in Sulawesi. In Sikka District, through Romeo Cooperative, we encouraged farmers to improve their cocoa beans fermentation processes. Despite reluctance from farmers, members of Romeo cooperative already **sold fermented dried cocoa beans to a government-owned chocolate processing company**. The price of fermented dried cocoa

is 20%-30% higher than wet cocoa beans. By selling fermented dried cocoa beans, farmers received a better income.

Another income-generating strategy that we introduced to cocoa farmers in Flores was agroforestry with a multi-crop system. One of our key farmers in Sikka, Herman Hompi, has adopted the system by intercropping cocoa trees with seasonal vegetables and fruits, such as banana, papaya, nutmeg, dragonfruit, and sweet potato. Pig farming has also been successfully integrated into cocoa crops. From both the horticulture garden and livestock farming, the farmer has received an additional income to support his family.

While in Sulawesi where farmers organisations already have stronger presence and visibility among farmers, we encouraged our cooperative partners to diversify their business. **Farmers organisations have demonstrated entrepreneurial skills through the development of new business units.** Cahaya Sehati and Masagena Cooperative developed cocoa nurseries to produce cocoa seedlings that are resistant to major pests and diseases. They sold the seedlings to local farmers and were able to diversify their revenue streams. They also developed animal feed and organic fertiliser businesses.

At national level, we joint forces with Cocoa Sustainable Partnership/CSP to influence national level policies and agenda. Through this collaboration we actively gave policy inputs to the Ministry of Agriculture. In 2018, we contributed to the development of the National Sustainable Curriculum for Cocoa, National Workers Competency Standards, and Task Forces on Agro Inputs and Planting Materials. This initiative was managed by CSP, Indonesian Coffee and Cocoa Research Institute, and the Ministry of Agriculture.



Overall, our interventions in the cocoa value chains have benefitted cocoa farmers in Sulawesi and Flores, including women and young people. Around 30% women and 32% young people were already involved in daily practices, becoming staff, and governing members of farmers organisations. Women also took on a strategic role, as an example, Ayu Antariksa as the head of Masagena Cooperative.

Emerging opportunities

Cocoa remains one of the most important crops that support rural livelihoods. Rikolto's cocoa programme is also aligned with the Indonesian Government's national cocoa programme. With this shared agenda, Rikolto and the farmers we assist can benefit from government's efforts to rehabilitate ageing plants and increase yields.

In regards to sustainability, there is a huge opportunity to develop a partnership between farmers organisations and Village-Owned Enterprises (BUMDes). BUMDes can take a more active role to market farmers' products and link farmers organisations to potential buyers.

We also notice that there is an increase in demand for spices. This will encourage farmers to intercrop cocoa trees with gingers. Intercropping will help farmers get an additional income, and maintain forest/farm cover.



Cinnamon

Supporting farmers to produce sustainable certified cinnamon

Indonesia's cinnamon production is centered in Kerinci, which is also the home to the Sumatra's highest mountain and rich biodiversity. Cinnamon grows naturally and is intercropped with other plants. Rikolto's work in the cinnamon sector integrates a landscape approach with an inclusive business value chain to help farmers organise themselves, meet organic cinnamon standards, create additional value to receive a higher price for their products, and optimise the economic value of their farming via intercrops.

Our partner in the cinnamon programme is TAKTIK (Tani Sakti Alam Kerinci), a cinnamon farmers association in Kerinci District of Jambi.

For the past two years, TAKTIK has gone through some obstacles. In August 2016, Taktik entered into a joint venture with a private company. A unique inclusive business model was developed, allowing expertise, technology and even capital to be shared when needed, in order to improve the quality, marketability and competitiveness of organic cinnamon produced by TAKTIK members. After signing a five-year exclusive trade agreement, the buyer experienced financial difficulties, which resulted in a series of failures to fulfil its obligations.

2018 brought better news and deals for TAKTIK. We facilitated business meetings between TAKTIK with two potential buyers, resulting in an agreement to buy cinnamon from TAKTIK in 2019 after TAKTIK receives an organic certification. We also linked TAKTIK with the Ministry of Villages, Development of Disadvantaged Regions and BUMDes, which led to the Ministry willing to help TAKTIK finance the organic certification costs and develop a warehouse.

Emerging opportunities

Indonesia plays a role of supplying about 14% of the needs of the world's spices. Of that amount, cinnamon gives export contribution of 10% (Ministry of Trade, 2018). While the European Union is one of the largest markets for spice products, including organic products.

Cinnamon farmers in Jambi are shifting from conventional to organic farming. Various efforts also continue to be done to ensure the adoption of sustainable cinnamon farming practices. In 2019, TAKTIK will get the benefit of its organic cinnamon business.



Seaweed

Supporting farmers to create value-added products and increase production

Indonesia is the second biggest seaweed producer in the world, contributing to 38% of the global seaweed market. Seaweed cultivation in Indonesia is largely concerned with the production of carrageenan. Extracted from edible seaweeds, this derivative product is used widely in the food and cosmetic industries as a natural gelling agent. Contrary to the ever-increasing opportunities and demand for seaweed, its production has been declining in Indonesia over the past 10 years. Seaweed production needs to be restored to ensure a stable income for seaweed farmers. With a strong focus on product value adding, and increasing harvest quantity and quality, we collaborate with seaweed farmers from two locations in Klungkung District of Bali and the Sikka District of East Nusa Tenggara.

Our implementing partner in seaweed programme is Kalimajari, a local NGO.

In Sikka, there are only few remaining seaweed farmers and we want them to earn better income from seaweed. In 2018, We trained farmers, tested several planting techniques, and engaged various stakeholders through multistakeholder dialogues at the district level. We also collaborated with the District Government to develop Sikka seaweed roadmap.

In Nusa Penida, the cultivation area shrunk due to competition with tourism. Our strategies in 2018 were creating a niche market for seaweed products and developing an ecotourism model. We already started the programme by training female seaweed farmers to make seaweed-based products, such as soaps and body scrub.

Emerging opportunities

There are emerging opportunities to revive seaweed industry in Sikka as the Sikka District Government includes seaweed as one of its priority agenda. In the light of this, Rikolto works closely with government at the provincial, district and village level, to provide training for farmers on better quality seeds in farming and harvesting.

While in Nusa Penida, seaweed-theme ecotourism will be a main focus in the coming years. In this island, we aim to involve more young people to work in ecotourism by training them to be a guide.





Payment for Ecosystem Services

Promoting green economies in the landscape of Kerinci Seblat National Park

Kerinci Seblat National Park (KSNP) landscape is a home to the highest active volcano in Southeast Asia, Mount Kerinci and some of the iconic Indonesian wildlife, including the critically endangered Sumatran tigers. However, the landscape has been highly deforested for various reasons such as land conversion and illegal logging. Increased pressure on available forests has also shrunk the natural habitat of the tigers and other key species. The population of Sumatran tigers continues to decrease because of conflicts with human and poaching.

The forest ecosystem also supports the livelihood of forest communities. They earn both the economic and ecological benefits, such as timber and non-timber products, food, carbon storage, water, air purification and nutrient cycling.

We learn that securing forest ecosystem is crucial to both people and the planet. Through the Payment for Ecosystem Services (PES) programme, we integrate conservation efforts with an inclusive coffee and cinnamon value chain by transforming farmers to trustworthy business partners and guardians of the forest ecosystem. By doing so, we hope farmers, in return, will receive economic and social incentives.

We collaborate with a local NGO, Lembaga Tiga Beradik (LTB), Koerintji Barokah Cooperative and TAKTIK to promote PES models in Jambi Province.

To help farmers adopt sustainable agricultural practices, we train and mentor them to implement environmentally-friendly farming practices, one of which is by growing shade trees to help maintain forest cover. Planting shade trees around coffee trees has several benefits, including pest-control, soil improvement, and water retention. In 2018, our partner, Barokah distributed 25,000 shade tree seedlings to 250 coffee farmers.

In Merangin District, with the support of LTB, we trained farmers to produce fine Robusta coffee and market it. With this approach, the farmers are more focused on improving a coffee business and working on existing coffee farms, instead of enlarging the coffee garden in the protected forest area.

To help farmers receive compensation for adopting sustainable farming practices, we link them to private companies and government agencies willing to give incentives for farmers. We involved the Plantation Agencies at the district and provincial level, BUMDes, the Bank of

Indonesia, and buyers. As a result, they supported and endorsed our work. Government agreed to pay the organic certification costs, while two buyers showed commitment to buy 150 tons of organic cinnamon barks from TAKTIK.

Emerging opportunities

BUMDes (Village-Owned Enterprises) plays a more significant role in improving rural livelihoods. So far, BUMDes has demonstrated willingness to collaborate in a business by buying cinnamon and coffee from farmers.

With LTB, we conduct a biodiversity survey to document and assess the variety of flora and fauna in the landscapes where our partners are located. The survey aims to find out the ecological benefits of sustainable farming practices. The results of the survey can be used to market the products to those who are interested in incentivising farmers for their service.



Triyono:

Preserving forest one cup at a time

Through Rikolto's Payment for Ecosystem Services programme, we transform coffee farmers to solid business partners and guardians of forests.

Triyono is one of the transformed coffee farmers. Rikolto initially met him during a coffee expo in Jakarta in 2016. At that time he participated in the expo on behalf of a coffee farmers' association in the Kerinci District of Jambi Province. "Previously, I had knowledge about neither coffee business nor good agricultural practices. I cultivated coffee because most farmers in my area did so," Triyono said.

His collaboration with Rikolto started after the expo. From the start, Triyono showed enthusiasm to learn about coffee business and how to cultivate coffee sustainably. "At first we introduced sustainable practices and we encouraged coffee farmers to establish a cooperative. In 2017, Koerintji Barokah Bersama Cooperative (Barokah) was finally established," said Firman Supratman, Payment for Ecosystem Services Curator at Rikolto in Indonesia.

During the period 2017 to 2018, Rikolto assisted Barokah in a myriad of ways to help strengthened the cooperative. But most importantly, Barokah members were encouraged to uphold good agricultural practices in the coffee cultivation. To incentivize farmers, Rikolto linked the cooperative with buyers willing to pay higher price for sustainably produced quality coffee.

It has been a big learning curve for farmers to produce Arabica specialty coffee. Two years ago, farmers reaped a bitter harvest. They also could not handle and process coffee properly, resulting to low quality coffee. Rikolto provided them with more training and introduced them to buyers and other coffee stakeholders. Within a year, Barokah finally was able to improve their specialty coffee product. The cooperative became more confident when participating in several coffee competitions.

"We are happy to know that our efforts to cultivate coffee sustainably contribute to a healthier environment. This is something that we will keep promoting to coffee farmers in Kerinci."





Food Smart Cities

Creating a multistakeholder collaboration to promote city-level sustainable practices and policies

In the last five years Rikolto has expanded its focus to urban consumers by increasing their awareness on healthy living and healthy food. If we manage our food sustainably, we can reduce food waste whilst tackling food nutrition problem. In the light of this, Rikolto in Indonesia sees an opportunity to improve the food system by collaborating with city government and local communities. The Food Smart Cities initiative in Indonesia started in the city of Solo, Central Java Province in 2017. In 2018, Rikolto covers Depok and Bandung of West Java.

Through this programme, we aim to **contribute to Indonesia's national agenda to eradicate hunger, food insecurity and malnutrition as mandated under the Sustainable Development Goals (SDG) #2** and to halve the per capita of global food waste at the retailers and consumers level (SDG #12).

In a **multistakeholder setting**, Rikolto works with the city governments, private sector (supermarket, retailers, hotels, catering providers), Gita Pertiwi, Perkumpulan Indonesia Berseru, Yayasan Lembaga Konsumen Indonesia, universities, consumers groups, and youth organisations.

Evidence-based advocacy is central to our strategies. We use research results to advise and inform local government to stipulate policies and programmes that support more sustainable food production and consumption practices.

With our partners, we have produced **four research reports** on: (1) food literacy, consumption and access to healthy food in Solo and Depok, (2) legal framework and leftover food in hotels, restaurants, and catering in Solo and Depok, (3) observation report on school canteens in Solo and Depok, (4) good practices on food waste management.

Research results guide our interventions to promote **healthy canteen, urban farming, and food-sharing as a strategy to tackle food waste and food insecurity.**

We presented the results to the city governments and relevant stakeholders and we gave recommendations to address some pressing food problems. In Solo, our research found that the majority of school canteens provided food high in fats, sugar, and salt. This evidence supported us to **advocate for healthy food procurement policies at school canteens.**

In doing so, we co-created a multistakeholder forum consisting of school management, parents, government, private sector, and civil society organisations. The forum has worked together to review existing standards on canteen management and formulate a **Healthy Canteen Standard** that includes food procurement and monitoring policies. In line with this, we collaborated with the Education Agency of Solo to develop a healthy canteen model in schools.

Research conducted by our partner also found that **vegetables consumption in Solo and Depok was low** and below the WHO's standard (400 gram per capita per day). To address this, we collaborated with the **Agriculture Agency and the Women, Children, and Community Empowerment Agency of Solo** to promote urban farming led by women groups. We trained women in Solo and Depok on how to make organic fertiliser using organic waste, and grow seasonal vegetables. We also encouraged the use of demonstration plots as a learning platform for women in the neighbourhoods.

Together with Gita Pertiwi, we saw an opportunity to use **food-sharing as a strategy to reduce food waste while tackling food insecurity in low-income residents**. We lobbied food producers, catering firms, hotels, and retailers to give away food excess. This food was then processed and cooked by women groups into meals. These meals were distributed by young people to low-income residents and other vulnerable groups.

In all of our activities, young people and women have taken active roles to promote sustainable production and consumption practices.



At the national level, Anang Noegroho, the Director of Food and Agriculture of Bappenas (the National Development Planning Agency) recognised the Food Smart Cities Programme, particularly in the area of food waste reduction. The Director has expressed his commitment to work with Rikolto and partners to bring the evidence from Solo and Depok at the national level discourses. This is the main reason for Bappenas to invite Rikolto and partners to join the national platform working on SDG #2 to end hunger in 2030.

Emerging opportunities

There is an increase in awareness among urban consumers of healthy and sustainably-sourced food. This will drive demand for healthier food, hence encouraging farmers to produce food that meet consumers' needs.

Indonesia's commitment to reduce poverty and eliminate hunger as mandated by the SDGs provide a policy support for Rikolto to work with government at national and regional level.





What we have done on gender

Gender plays a pivotal role to the production and distribution of food, from the farm to market. Gender inequalities lead to less food, less income, less nutritious food and higher levels of poverty. With this notion, our 2017-2021 gender strategy focuses on including women in the agricultural value chain and ensuring gender-sensitive policies and action are put in place to create a safe space for women to participate. This strategy is reflected in all our interventions in 2018.

- Building capacities for women

Compared to men, women have less access to training and information. Therefore, Rikolto trained and supported women in various topics, such as: coffee quality-grading training, internal control system, product development and processing, digitalisation and group facilitation. With new obtained skills and knowledge, women gained more confidence to participate in farmers' organisations business activities.

- Empowering women farmers group

We empower women farmer groups and women groups by providing training that suits to their needs. Home-based income earning activities would help women to receive additional income. One of many examples is a women farmers group of Toraja Coffee Farmers Association (PPKT) who was taught to turn coffee ground as a natural dye for fabrics.

- Promoting female role model

To provide women with opportunities to take on strategic and prominent roles in agricultural businesses, we support women to be proactive and create an inclusive space. We encouraged women to be speakers in business meetings, promoted a female Q-Grader in national and international events, ensured women's participation in farmers' organisations daily activities.

"I participated in a number of trainings that Rikolto facilitated, such as cupping, coffee quality control and I also visited a coffee and cocoa research centre. Now I am also the leader of Tondok Banga women farmers group. I use this opportunity to pass on my knowledge to all members of the group. I am particularly interested in recycling coffee waste. So we start making batik (Indonesia traditional decorated cloth) using natural dyes made from coffee waste."



Dita Tandipao, the leader of Tondok Banga women farmers group of Sesean Village, Toraja



What we have done on youth

The ageing of agriculture industry's workers in Indonesia will affect production levels, hence threatening the future of food security. To anticipate this, we need to rejuvenate the agriculture sector by involving more young people in farming activities. We engage youth in our activities and encourage partners to give youth opportunities to involve in the business and organisational activities. Here are highlights on our strategies on youth.

- Sustainable Agriculture and Entrepreneurship Programme for Youth in Indonesia

In June, we teamed up with Tananua Flores Foundation (YTNF) to organise a Food for the Future workshop in Ende District, East Nusa Tenggara Province. The workshop brought together 36 young change-makers from local high schools and universities to come up with innovative and practical solutions to tackle problems in the region's agriculture and food system. In the 4-day-workshop, young people were mentored and coached to create sustainable agriculture business ideas and initiatives that they would follow up after the workshop. Some of the ideas created: cost-efficient organic fertilisers, banana chocolate products, farm to restaurants transport, farmers training programmes and promoting drip irrigations.

- Organic Youth Camp

Rice farmers' organisations hosted a youth camp annually. In 2018, Mentari Sinari Alam (MSA), Boyolali Organic Rice Farmers Association (APOB) and Boyolali Rice Farmers Alliance (APPOLI) conducted organic youth camps to introduce rice farming and its business to young people. Through this activity, farmers' organisations could map potential young farmers that they could recruit in the future.

- Young Farmers Field Schools

In the cocoa sector, farmers' organisations conducted Farmers Field Schools aiming to give young people a hands-on experience about the cocoa sector. Young people learnt about farming techniques and developing cocoa business ideas. They also found employment opportunities in cocoa sector through on-farm or off-farm activities.

"My parents are cocoa farmers and I am passionate about improving the lives of cocoa farmers in Sikka. I studied agronomy and business management. After graduating, I returned to my hometown and found an opportunity to rejuvenate the cocoa industry in Sikka by joining a cooperative."



Markus Verrystanto, a member of Romeo Cooperative



Environment sustainability

Echoing our main goal, we work to ensure that global population can access and consume food produced in a healthy environment. In doing so, our environment sustainability approaches are integrated to our programmes and daily activities.

- Sustainability index

As part of our monitoring and evaluation tools, we develop a global set of indicators to measure ecological performance at farmers and farmers organisations level. There are six indicators assessed: soil fertility, water management, resource management, climate change, biodiversity and landscape management. The ecological performance assessment was integrated with the Farmer Survey conducted in 2017. Based on the survey, FOs scored above 2 (above threshold) in all criteria. However, FOs still performed rather poorly in two criteria of biodiversity and landscape management. To address this, we continued training them with sustainable farming practices.

Indicators	Cocoa	Coffee	Cinnamon	Rice
Soil conservation	2.08	2.24	0.81	2.69
Water management	2.07	2.01	0.83	2.77
Resource management	1.91	2.19	2.63	3.40
Climate change	1.76	1.72	2.53	1.64
Biodiversity	1.94	2.09	2.09	1.47
Landscape management	2.06	1.80	2.33	1.94

- Waste classification

In our regional office in Denpasar, we separate waste to three categories: plastic, paper and organic waste. We also used ground coffee waste to be combined with falling leaves as compost. We strive to reduce plastic use by bringing our own tumbler and food containers.



Innovation

We support our partners with technical skills and knowledge to help them explore various approaches to do agri-business. As a result, farmers' organisations adopted innovative practices to sustain and expand their business.

- **Alternate Wetting and Drying (AWD)**

Rice farmers' organisations in Boyolali implemented an AWD system to reduce water consumption in irrigated fields. A practical way to implement AWD safely is by using a 'field water tube' ('pani pipe') to monitor the water depth on the field. After irrigation, the water depth will gradually decrease. When the water level drops to about 15 cm below the surface of the soil, irrigation should be applied to re-flood the field to a depth of about 5 cm. From one week before to a week after flowering, the field should be kept flooded, topping up to a depth of 5 cm as needed. After flowering, during grain filling and ripening, the water level can be allowed to drop again to 15 cm below the soil surface before re-irrigation.

- **Value-added product creation**

Farmers' organisations (FOs) were successful creating value-added products to help diversify their revenue streams. In South Sulawesi, they processed cocoa wastes to make livestock feed supplement. The products were already sold in the local market.



- **Diverse coffee processing techniques**

Farmers' organisations learnt various techniques to process and handle coffee beans. Some techniques used: honey-processed, full-washed, wet-hull, semi-washed and natural. These techniques helped FOs expand its market. Koerintji Barokah Bersama Cooperative (KBBC) from Jambi Province could tap into different market, both nationally and internationally.

Learning

We consistently work to improve our approaches in project management, programmes delivery and partnership building to ensure that our works have meaningful and sustainable impacts. Several initiatives below reflect our learning strategies.

- **Knowledge Café**

Knowledge Café is a Rikolto's learning platform to bring together farmers' organisations partners and other strategic collaborators in the agriculture value chain. This is an opportunity for farmers to exhibit their expertise and learn from other farmers. In 2018, we conducted the event in Sanur, Bali, to discuss entrepreneurial practices in the agribusiness value chain.

- **Local Partner Meeting**

Every semester we hold meetings with partners per sector discussing the progress and what we have learnt from program implementation. From the learning, partners and Rikolto make strategies together for programme improvement in the following semester. In 2018, we conducted LPM twice in May and November in several provinces.

- **Homeweek meeting**

Homeweek is a Rikolto's internal staff gathering held three times in a year. We use this as an opportunity to present and highlight our achievements, address outstanding issues and learn from other colleagues. In 2018, we had the Homeweek gathering in February, August and December.

- **Rikolto bilateral meeting**

Bilateral learning provides an opportunity for Rikolto staff to learn from Rikolto staff in other regions, both online and offline. Staff can exchange ideas and learn among colleagues. In September 2018, Rikolto staff from Congo came to Indonesia to learn about our program in Sulawesi. From September to December 2018, Rikolto staff from Belgium worked in Indonesia to learn the monitoring and evaluation process in Indonesia.

- **Internal staff capacity building**

We provide a learning environment that allows staff to improve their skills and knowledge regularly. In 2018, we delivered training for staff on business communication, landscape development, business plan development and Training of Trainers (ToT) workshop.

Trial and error

We understand that delivering successful programmes is not a smooth sailing process. Internal and external factors may come to hinder programmes progress and achievements.

Detailed plan before entering an online market

We trained farmers' organisations (FOs) with digital marketing strategies as we saw that FOs could tap into this increasing online market. We provided them with technical skills to promote and package products, register their business online and create social media accounts. FOs managed to do all of the things as trained. However, online business did not automatically run well. FOs did not have a detailed plan on how to penetrate the online market and they did not have a staff assigned and equipped for online marketing. We learn that entering a digital market is more than providing digital tools. It takes prior strategic plans and market intelligence that need to be regularly processed and discussed within the organisation as an online market has its own dynamic. To follow this up, we continuously update our partners on digital marketplace, online marketing strategies, including social media marketing.



Diversification strategies to minimise risks

In 2018, several Rikolto's partners experienced difficulties in their businesses due to external and internal disturbances (climate change, volatile market prices, decrease in demand, contract termination, policy uncertainty, and mismanagement), which negatively affected FO's businesses. However, they were able to tackle the problems pretty quickly through diversification strategies. They managed to diversify their business units (seedlings, fertilisers, training services, etc.) and tested new marketing methods (repackaging, rebranding, approaching new buyers, marketing through social media) which increased their revenue. We have learnt that by having the capacity to review business ventures, FOs can swiftly adapt to disruption and maintain their businesses.

Millennials' participation to foster innovation

In 2018, many FOs successfully attracted millennials to participate in the FO business. For example, in 2018 our coffee partner Barokah, within which 80% of the staff are young people, had excellent business performance. They sold 15.2 tons of green bean (Arabica specialty coffee), receiving a gross income of €60,702. They were recognised in many national and international competitions, winning prizes for best specialty coffee. Before being guided by Rikolto, Barokah could only sell 200kg of green beans to 3 buyers. Barokah managed to process coffee with various drying methods (honey, dry wash, natural, natural honey) which they learnt from their peers and the internet. Meanwhile, our rice partner, MSA, managed to invite youth camp alumni to join the youth group (KP3O) to market MSA organic rice with the MSA brand, K-ZO, to local consumers through social media. We have learnt that millennials play a crucial role to foster innovation in the business and management of farmers' organisations. They come in with fresh ideas and technological expertise, allowing them to innovate and advance the business.



Better coordination between Rikolto and its partners

The Food Smart Cities (FSC) programme in Indonesia aims to (1) encourage the city governments of Solo, Depok, and Bandung to develop policies supporting sustainable production and consumption and (2) improve access to healthy food for all people. In implementing the programme, Rikolto cooperates with Gita Pertiwi Foundation, Yayasan Lembaga Konsumen Indonesia, and Perkumpulan Indonesia Berseru. One of many activities that we carried out was conducting research in Solo and Depok. Research findings will be used, one of which, to inform us on effective interventions to tackle food system issues. In the implementation, we faced challenges due to: geographical distance of two surveyed cities and budget realisation that exceeded planned budget. This led to the survey being conducted in just one city. We have learnt that it is necessary to foster more efficient and frequent coordination between Rikolto and its partners. It is important to nurture a collaborative space between Rikolto and its partners from the very beginning of the programme to ensure programme success.



2018 Financial Overview

Source of Income	%
Belgian Directorate General for Development	65.30%
FORD Foundation	9.00%
Own Means	6.69%
FDOV - ICCO Cooperation	6.56%
Millennium Challenge Account	4.15%
11.11.11	3.40%
Toraja Rural Development Society	3.02%
Legacies	1.87%
Total	100%

We thank our donors and partner for their commitment and continued support to create a sustainable and inclusive food system in Indonesia.



Toraja Rural
Development
Society

2019 at a glance

In 2019, we will continue our main interventions to help farmers produce food in sustainable ways, uphold food safety and quality assurance, and market the products to reach a wide range of consumers. In addition to that, we plan to carry out these below activities.

- Creating a learning centre for cocoa farmers. The centre will serve as a hub for peer-learning amongst farmers and general public wanting to learn about cocoa.
- Scaling up SRP pilot by involving more farmers in the next performance assessment, promoting SRP to other NGOs, private sector and the Ministry of Agriculture, and sharing our work in SRP in national and international conferences and events.
- Promoting a Payment for Ecosystem Services model in the protected landscape of Kerinci Seblat National Park by helping cinnamon farmers obtain organic certification and linking farmers with buyers who are committed to do business that brings both economic and environmental benefits.
- Documenting sustainable practices that we have been promoting through Food Smart Cities programme and sharing the evidence to policy makers at the city, national, and global level.
- Increasing the number of trained Q-grader and master coffee tasters in coffee farmer organisations, in a bid to help farmers improve coffee production processes and quality.
- Involving more farmers in Sikka in undertaking seaweed cultivation and helping them sell raw dried seaweeds to buyers. In Klungkung District of Bali, we work with our partner to launch a seaweed-based ecotourism model .
- Supporting farmers organisations to enter the international marketplace, one of which is by preparing them to export their commodities.
- Publishing a compilation of lesson learnt, Food for Thought, to encourage staff and partners document and share their learning processes.



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The logo for Rikolto features the word "rikolto" in a bold, lowercase, sans-serif font. The letter "k" is stylized with a white stick figure inside its negative space, representing a person with arms raised. The entire logo is contained within a circular frame that is split horizontally: the top half is white and the bottom half is a solid olive green.

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