HORTICULTURE NEXT STEP
INDONESIA

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Introduction

Vegetable production and marketing with impact program (2013-2016):

1. **Productivity**: improved varieties, pest and disease control with attention for occupational health risks, improved cultivation recommendations, etc.

2. **Innovations**: Testing and introducing permanent vegetable production systems, nursery, plastic shelters, etc.

3. **Marketing and Business Development**: Linking farmer groups to traders and retailers to increase product value.

1. Professionalise ambitious farmer cooperatives and organisations worldwide

2. Strengthen farmer ownership and stimulate social-economic strong and vibrant rural areas.

3. Core pillars: Financial Management, Governance, **Business Development**
- The largest archipelago in the world, with 17,508 islands
- The nation’s total land area is around 190 million hectares (ha)
- The current population is **262,576,135** as of March 8, 2017, United Nations estimates.
- Around 58% of the people live on the island of Java.
INDONESIA

Economic at glance:

• 2016: economic growth 5.02% and inflation 3.02%.
• GDP growth, 2013 to 2017: 31.3%
• Rapid rise of the middle class population and rising per capita income.
• Top 10 Global Emerging Market 2016 (Bloomberg).
Agriculture:

- 55 million ha agricultural land, 129 million ha forest. Of the agricultural land, 24 million ha consist of arable land, with 20 million ha under permanent crops. Some 7 million ha, or 30% of the total arable land, are irrigated (Asian Development Bank).

- In 2014, agriculture employed around 40.12 million people, equal to 33% of the total Indonesian labor force.

- Horticulture plays pivotal roles, the GDP of horticulture rises year to year significantly.

- Dominated by traditional small holder farmers with average land 0.2 ha and selling individually to collector.

- Vegetable: shallot and hot chilli are most consumed daily, contribute to national inflation.
Huge Market Opportunities

• Increased demand for horticulture due to population growth.

• Further potential exploration of horticulture (production and market) on the islands out of Java.

• Increased awareness and demand for healthy, safe and sustainably produced horticultural products.

• Substitute imported horticultural products.

• Significant transition of consumer behaviour of middle class in big cities: from *price* to *quality*, from *wet market* to *modern retailer*, growing of e-shopping.
Problem Statement

Trader/Retailer/Market Channels:
1. Struggling to have supply with consistent quality and continuity in sufficient quantity.
2. “We import a lot, because it’s good market but insufficient or not available locally”
3. Working with farmers have high risk, prefer to deal with big companies.

Farmer/Producer:
1. Difficult access to fair market/buyer, limited access to market information
2. High production cost, low yield
3. Under capacity for direct supply to retailer (selling individually)
4. Good seed often unavailable, not continue, etc.
Questions...... ??

• If the market is huge, how to catch the opportunity with current conditions? What steps to be done?
• Who will get the most benefit of this situation?
• What kind of program or approach could help?
• Which party is willing to carry out the program including sourcing financial support?
Lesson Learned of vegIMPACT on Sustainable Business Development Facilitation
**Market Assessment?**
Market segment, variety, taste, color, texture, packaging, label, buying price, etc.

**Requested Specification?**
Quality, quantity, continuity, packaging and label material, promotion, price, trading term, etc.
Trader Assessment?
Reputation, management, business capacity, market access, infra structure, sales and marketing strategy, etc
**Producer Assessment?**
Farmer’s organisation, field size, production management, commitment on contract, etc
The Results:

• Positive reaction and cooperation of retailer and trader, while farmers need first round proof to convinced.
• Farmers have more secure market and income.
• Intensive supply chain maintenance and governance.
• Innovative intervention: modern production practices, packaging, product information, branding, etc. generate better position of product in the market.
• **Strengthening producer’s organisation/farmer’s group is the key factor.**
The Results:

- Program was successfully implemented to shortening the supply chain and achieving shared value for involved parties (farmers’ group, trader, retailer). However, after the program finished point of concern for all parties will need maintenance on:
  - Design and implement strategy
  - Bridging the gap, communication and mediate conflict.
  - Coaching to maintain the chain
What Next?

The markets are there and wait for services..........

• Who will take the lead to continue vegIMPACT approach?

• Initiative of stakeholders collaboration to include small farmers, is it possible? What challenges might be faced?

• Any other suggestion or strategy? Lesson learned from other program or country.

• After VegIMPACT was closed we are working now on Horticulture Next Step, Lucie Wassink from the Dutch Embassy in Jakarta will give a short explanation

THANK YOU