

*Extending production and marketing support to increase farmers' income*

## Establishment of farmers' self-help agricultural marketing units in Indonesian farming villages

**IN THIS ERA OF** globalization, the scope of economic activities of a nation will no longer be limited with certain boundaries. In this scenario, the more developed economic groups will have the biggest opportunity in taking advantage of the global economy, while the less-developed groups will have the biggest challenge — that is, to adjust and work harder in order to survive and increase their competitiveness.

It must be emphasized, though, that the adjustment process cannot be implemented by the poor themselves. It is vital to give special attention to empowerment and equitable opportunities, in order to narrow the disparity gap, and to enable the less-privileged to benefit from the momentum of the globalization process.

### **Empowering small-scale farmers in Indonesia**

Since 1976, the Taiwan Technical Mission (TTM) in Indonesia, with the help of the International Cooperation and Development Fund (ICDF) of Taiwan ROC and the Indonesian Ministry of Agriculture, has been making significant efforts in helping Indonesian farmers produce high-quality vegetables and other horticultural produce in more than four local areas in Indonesia. Empowerment, or actively targeting programs to meet the needs of the poor, especially the agricultural sector in the rural landscape, is what the mission hopes to achieve.

Through the years, the TTM has also been aiming to establish marketing units in these local villages based on the Taiwanese model with consecutive successes in Eastern and Central Java, Indonesia. The principle behind these attempts toward improving local marketing schemes is to increase the small-scale farmers' capacity for self-help, and to encourage them to take a greater, more active role in the development process.

It is against this backdrop that the TTM, with the assistance of ICDF and in collaboration with FFTC, decided to expand its technology and extension services to help Indonesian farmers facilitate production and marketing of their agricultural produce, particularly in the areas of Malang, Mojokerto, Boyolali and Sleman provinces, in Eastern and Central Java. The marketing system for agricultural produce remains to be a problem in these areas. Hence, farmers need to be empowered in setting up efficient marketing units and self-help marketing organizations to give them a direct economic role in the society, and thereby improve their income and livelihood opportunities.

The joint special project entitled *Training-Workshop for the Establishment of Farmers' Self-help Agricultural Marketing Units in Indonesian Farming Villages* aimed to define problems to be addressed, find suitable extension technologies, and provide specific suggestions by first conducting a survey, and then organizing a training-workshop. This special project focuses on the organizational structure for enhancing marketing potentials in the rural agricultural landscape of Indonesia.

### **The field survey**

This field survey, which was conducted on 29 August - 03 September 2005, aimed to collect benchmark data and information related to identifying the technological needs to be



(Above) The training workshop attended by farmers held in Surabaya, Indonesia.

(Left) The special project team composed of experts from TTM, ICDF and FFTC surveys production and marketing sites in Indonesia.

addressed in establishing the self-help marketing units in Indonesian villages. The survey team visited eight TTM experiment stations in the local areas of East and Central Java and two large-scale retail outlets in Surabaya and Jakarta.

During the survey, the team conducted dialogues with experts from the TTM, Indonesian government officials and farmers in Surabaya, Yogyakarta and Jakarta. The survey team also attempted to find out the general situation of agricultural production and marketing distribution channel in Indonesia, and the status of the TTM-aided producing areas. Specifically, the survey team identified the production and marketing situation in the survey areas, which include: production capacities by crops; human resources; available capital; technological development level; production costs; farmers' opinion; and municipal governments' support. Also identified during the survey were the agricultural products marketing channel; legal requirements for the self-help agricultural marketing units; and price trends by crop and market.

### The training workshop

The training workshop was held in Surabaya, Indonesia on November 23 - 25, attended by 8 invited technical experts and more than 200 government research and extension officials and staff. The activity was divided into three parts: 1) training workshop; 2) training course for the group farmers; and 3) technical information exchange.

The focus of the discussion and deliberation was on the organizational structure of the production and marketing units, their operational mechanisms, and processing technologies for local produce.

The workshop panel deliberations revealed that Indonesian farmers, under the assistance and guidance of the TTM, have already reached a good standard of cultivation. What they urgently need are marketing technologies. Hence, the TTM should provide education, training and other capacity building support to boost the farmers' marketing concept in setting up the agricultural marketing units. The TTM should also help the agricultural and marketing units increase their competitiveness. On recommendation during the workshop is to organize farmers' group to facilitate: 1) setting up of a flow chart of standard operation; 2) establishment of standards for gradation packing and quality control; 3) packaging design for postharvest treatment and marketing; and 4) use of modern marketing strategies. Other suggestions, particularly in relation to the TTM's extension support to the farming villages, include: re-identifying the duties and goals of the TTM; guiding the Indonesian farmers to better organize the Agricultural Production and Marketing Units; improving organizational structure and evaluation system of the TTM; subsidizing those Agricultural Production and Marketing Units with better potentials for development; and for the TTM to actively look for strategic partners to achieve a win-win situation for all.

## The next step

The concept of empowerment, or increasing the motivation and capacity of the small-scale farmers in Indonesia for self-help, can only be effective if there is better targeting of the needs and technological knowledge to be addressed by the extension activities. Through the survey and the training workshop, the following needs were identified:

- To increase farmers' household income through organized production and marketing systems in the rural areas.
- To address the technological needs of the farming villages related to: motivating farmers to realize their production and marketing needs; post-harvest technologies and facilities to enable farmers to come up with high quality produce; organizing self-help production and marketing units; and establishing stable marketing contracts with domestic and global agricultural product buyers.

In the process of promoting extension activities in the TTM-aided farming villages, it should be noted that the primary goal is to increase farmers' income and to improve their livelihood. The setting up of horticultural production and marketing units is one measure to accomplish this goal. In coming up with a design to establish self-help horticultural production and marketing units, the needs and technological knowledge of the farmers must be considered.

Above all, the primary goal and intention of the production and marketing units must be defined clearly as that of alleviating the impoverished plight of Indonesian farmers by exploring their ability to help themselves through profitable and sustainable ventures. From here, the types of TTM station services and activities could be identified, and could be well harmonized with the external conditions and local specific situations of the Indonesian villages.

## Training-Workshop on the Establishment of Farmers' Self-help Agricultural Marketing Units in Indonesian Farming Villages

### I. Field Survey

Held in East and Central Java, Surabaya and Jakarta, Indonesia on August 29 - September 03

Co-sponsors: ICDF Taiwan Technical Mission (TTM) in Indonesia  
Ministry of Agriculture, Indonesia

### II. Training-Workshop

Held in Surabaya, Indonesia on November 23-25

Co-sponsors: ICDF Taiwan Technical Mission (TTM) in Indonesia  
Ministry of Agriculture, Indonesia  
Taipei Economic and Trade Office in Indonesia (TETO)  
East Java Provincial Agriculture Service  
Indonesia Center for Agricultural Socio-Economic Research and Development (ICSERD)

### List of papers

1. A study on the success factor of agricultural production and marketing group
  - Mou-Chien Lee, National Pengho University, Taiwan ROC
2. Agriculture marketing situation and the desire of the farmers to adapt toward alteration in East Java
  - Ir. Mohammad Maksum, East Java Provincial Agricultural Service, Indonesia
3. Current situation of agricultural marketing and desirable farmers' adaptation to the trends in Indonesia
  - Bambang Sayaka, ICSEED, Indonesia
4. Experiences on agricultural product exports in Indonesia
  - Mr. Sung-Lien Lee, PT. Java Green Agricultural Produce
5. Joint marketing of agricultural product on assistance and device
  - Jiun-Shong Wang, National Chung-Hsing University, Taiwan ROC
6. Suggestions to promote the development of self-help marketing units in Indonesian farming villages
  - Mr. In-Woo Lee, FFTC, Taiwan ROC
7. Strategy and application of management analysis and service for agricultural production and Marketing group (APMG)
  - Tsung-Ming Shen, Hualien DARES, Taiwan ROC
8. Post harvest management of commercial horticultural crops
  - Doung Liang Lin, Tainan DARES, Taiwan ROC

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