



MARKET ACCESS REPORT

Stake Holder Analysis and Consultation The Case of Indonesia

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Executive Summary

Market access, a key determinant in the sustainability of small family farms is a recognized key global concern in the future by VREDESEILANDEN. The organization is looking deeply into market access issues from varying perspectives at the global and national level to be able to anticipate scenarios and plan accordingly.

Country studies comprised of stakeholder analysis and consultations were undertaken in the 13 countries of operation, Indonesia included. This two part report covers the study undertaken in Indonesia in a seven month period (August 2005 to February 2006) involving 25 stakeholders representing the NGO, farmer groups, government, private and specialized sectors (advocacy, media, etc) and a five member team of VECO-Indonesia.

As family farms is the focus of scenario building and as varying views on it were gathered from the stakeholders, the need for a working definition for family farms at the country as well as regional level is underscored. Planning appropriate interventions starts with knowing who really are the target beneficiaries of the intervention.

Market access as a process has been concretized from the stakeholders' perspective, one where farmers sell their products in a market where stakeholders are well coordinated, where farmers have better bargaining position as there are market options to choose from, where the prices, which they themselves determined are better and where access to information/resources (capital, facilities) are possible.

In general, market access situation are viewed to be the the same across the country, although there are patches of differences attributed to geographical variation, level of development (infrastructural, information, etc) and capacity levels of farmers. Factors perceived as crucial in enhancing market access in Indonesia are improved marketing Information access as well as a more visible government presence in policy formulation, regulation and assistance delivery.

Stakeholders are divided as to whether market situation access will change for the better or not, though they are one in saying that information access, government support and competency enhancing partnerships among others will bring about positive changes. The lack of support from the government and from external organizations are seen to lead to a no change situation level, together with continuing low capacity on the part of farmers.

In both the stakeholder interviews and roundtable discussion, empowering farmers and farmer groups featured prominently as a priority concern.

From the stakeholder analysis, empowering farmers and farmer groups through open market access and capacity building are recognized necessities to enhance market access at both the national and local level. Ensuring fair trade and market regulation (retail, open market access) at the national level, while development of markets (village, wholesale, traditional) and associated infrastructures (shipping) as well as supply chain management are likewise viewed as crucial moves to enhance market access at the local level in Indonesia.

In the roundtable, top on the list of the most cited market access issues is the low level of farmers capacity (production, marketing, market and pricing). Tied at the second spot on the list are the presence of long agricultural chains, lack of information (basically market info) and the issue on pricing. The issue of farmer groups, market development, value adding, market orientation, downstream – upstream linkages, south-south market linkage, and the tendency to protect big businesses more than small farmers were the other issues cited.

The identified driving forces clustered mainly on changing consumer/farmer behavior, policy, institutions and governance, product improvement, market networks, potentials, capital, and information. Three of the cited driving forces were likewise cited as areas of uncertainties, namely changing consumer behavior (lifestyle, demand, purchasing power) policies (not pro farmer policies, tariff and taxes, food safety regulation, etc) and capital (low financial support for farmers, regulations along this line). Other uncertainties identified are on networking (no permanent relationship between traders and small farmers), the lack of price guarantee and on climate.

Differing views on the concept of uncertainties surfaced as what is an uncertainty to one, may not be an uncertainty to the other. What settled the issue is to take it from the perspective of the farmers who are usually of limited resources and capacities.

Discussion went as far as scenario building where in participants described two scenarios, one to be avoided and the other, to be developed. The to avoided scenarios, on one hand, are those a) where the government itself is the source of farmers' woes (exploitative government policies, provides no protection for agriculture, etc) b) where there is rampant fertile farm land conversion into non agriculture uses, and c) where unfair trade practices exist. The scenarios to be developed, on the other hand, primarily focused on a) putting more teeth and action into government programs and policies (agriculture revitalization, conducive policies, budget allocation, proper control and regulation) b) enhancing competitiveness of farmers (through capacity building, revolving fund provision and harnessing youth involvement), c) guaranteeing farmers' participation in agribusiness development and d) an open maximum access for small farmers in supermarkets.

1. Introduction

Market access of small family farms is a recognized key global concern in the future by VREDESEILANDEN. It is aware that the dynamic changes in the agrifood systems worldwide and the accompanying market restructuring provide considerable pressure to small agricultural producers who are ill equipped to brace themselves against stiff competition in this restructured markets if ever they gain access at all. The sustainability of small farming within the context of agricultural chains as a viable source of livelihood is VREDESEILANDEN's strategic goal. It is for these strategic concern that the organization is looking deeply into market access issues from varying perspectives at the global and national level to be able to translate ambition to reality.

As input to the new strategic plan 2008-2013, a series of national consultations on market access were undertaken in all 13 countries of Vredeseilanden's operation. This is primarily to gather stakeholders' views on market access for small scale family farms and to identify key driving forces and uncertainties. The idea is to anticipate issues and concerns on market access while in the process taking into account commonalities and uniqueness within as well as across countries and regions. Results will serve as inputs to a scenario building or the projection of the potential future on how the world might unfold in the coming 10-15 years and wherein which the future development strategies will be built on.

In Indonesia, the process of determining market access concerns was undertaken by VECO-Indonesia in a seven month period (August 2005 to February 2006) through stakeholder analysis and interviews complemented by a national consultation. A five member team was created by the Country Representative to spearhead the activity with the Advisor (market access) as leader and with the Country Representative, Program Manager and two program officers as members. The team brainstormed on the process, conducted the interviews themselves and managed and participated in the roundtable discussion.

This two part report documents the market access study undertaken in Indonesia. The first part of the study covers the stakeholder analysis and interview, while the second part, the national consultation done in a roundtable manner in February 2006.

2. Stakeholder Analysis and Interviews

The quality of information and consequent value of a study is to a large extent dependent on the views provided by the stakeholders and respondents as well as in the manner by which their views were gathered then processed. Thus, care was taken in the selection of stakeholders to participate as well as in the conduct of the interviews.

2.1. Stakeholder Analysis

The primary objective of the stake holder analysis is to be able to identify a sample representative enough of the sectors with stake at market access concerns. It means looking not only into the current scope of VECO-Indonesia's and its partners' concerns (internal) but going beyond as well (external). Manageability and resource limitations (including time) without sacrificing quality and depth were additional considerations that led to a decision to involve 20-25 stakeholders in the study. As the analysis is meant to gather as much information as possible, it was decided to have more non partner (than partner) respondents as VECO-Indonesia is less familiar with their concerns.

2.1.1. Internal

The starting point is to look from within specifically the 31 partner organizations of VECO-Indonesia (appendix 1.1) by classifying them into major activity thrusts which are as follows: low external input agriculture (LEISA), agricultural production (crops and livestock) advocacy (land issue, conservation, watershed management) and gender. Next comes the selection of at least one partner per major thrust ensuring as much as possible that selected partners are coming from varying districts for greater geographical representation. Five partner organizations were then selected as respondents, namely: MTM TTU (livestock), JTM (land advocacy), SPM (land advocacy) YBC (LEISA and gender)

2.1.2. External

In selecting non partner respondents (appendix 1.2), VECO-Indonesia took into consideration national conditions and the need to gain as much external perspectives from a wider representation as possible. Thus, the six sectors identified for inclusion in the study are the farmer groups, traders, retailers, academe, government and specialized sectors (advocacy, journalist, seed sector). To ensure balanced perspectives, at least two levels per sector were included in the stakeholder analysis such as national or local (government), domestic or international (local trader / exporter) and traditional or modern (retailers) whenever possible.

2.2. Stakeholder Interviews

The objective of the interview is to gather stakeholders' views on market access for small scale family farms. Conducted with the use of structured questionnaires (appendix 1.3), results of the interview served as input to a scenario building (projecting the potential future or how the world might unfold in the coming 10-15 years) with the end in view of anticipating issues and concerns.

As early as the planning stage, concerns as to whether stakeholders have a common view of family farms have already been raised. Thus, a question on the respondents concepts of family farms were added in the questionnaire. This served as a take off point of the rest of the questions which focused on current situations, critical issues, and on what will it take to address market access issues, among others.

2.2.1. Interview Process

The internal interview was purposely timed with the partners' meeting in August 2005, for time and cost efficiency. Interviews were conducted at dinner breaks by two teams with each team comprised of a program officer and by either the country representative or the advisor (marketing). For the non partner respondents, a face to face interview was conducted by the program officer (marketing) whenever possible. In cases where respondents are too busy and are situated outside of Bali, questionnaires were either sent through fax or electronic mail.

A total of 24 respondents form part of the study which has an 88 percent return rate in terms of accomplished questionnaire.

2.2.2. Interview Results

The interviews focused on the respondents' concept of small family farms, and on market access, its concepts, current situation, critical issues as well as initiatives needed to address concerns. The highlights of the interview results are discussed in the following section.

i. Concept of family farms

The similarities in respondents' concept of family farms centered on basic characteristics citing that generally family farms are comprised of hard working farmers, have relatively low income mainly from farming, limited access to resources, low welfare and are usually part of a community or small group who are weak but have potentials. Concepts, however, vary in terms of composition as for the respondents, family farm could either be nucleus, comprised of immediate members or an

extended one and of varying engagement status where they could either be owners of the land, hired labor or simply on a shared production type of arrangement.

It was noted in the responses that it is mostly the VECO- Indonesia's non partners (5 out of 12) who have the views that small family farms own the land they farm. None from the partners cited land ownership in their concept of family farms. Likewise noted is the fact that the traders, local and exporters alike are the ones who cited the potentials of small family farms (though currently in a weak position) if given the appropriate support.

Respondents' Concept of Family Farms

1. characteristics	hard working low access to resources low welfare part of a community or small group, weak but with potentials income source - mainly farming, no permanent income
2. composition members	nuclear or extended family
3. who is farming	all members, at least 1 member
4. farming status	owner , shared produce or hired labor

ii. Concept of Market Access

The responses provided views on the ideal market access process and on what hinders the realization of the ideal. When combined all together, the respondents idea of market access is a process where farmers sell their products in a market where stakeholders are well coordinated and where farmers have better bargaining position as there are market options to choose from, the prices, which they themselves determined are better and information/resource (capital, facilities) access is possible. The lack of information access, the presence of numerous middlemen, the inability to determine price, weak bargaining position, the need for immediate cash that forced them to sell before harvest are the cited factors that hinder the realization of the ideal level.

iii. Market Access Situation in Own Locality Compared With National Situation

In terms of market access situation, 50 percent of the 24 respondents feel that their own local situation is no different from the national situation although one or two cited that national situation in general is better due to better access to information and resources. Two non partner respondents cited that their local situation are better than at the national level with one citing that they can sell products direct to consumers (even door to door) while the other who is from Java cited that their local condition is better as most farmers understand market and have access to information and facilities which cannot be said at other areas outside of Java.

The market access situation described is relatively problem laden citing concerns pertaining to weak position of farmers, exploitation of farmers by the rich, long agricultural chains with the presence of numerous middlemen, inability to meet quality requirements, poor infrastructures, lack of solidarity among farmers, fluctuating prices and impacts of global trade as well as lack of government support including its inability to protect domestic farmers in the light of the world trade agreement (WTO).

iv. Moves Needed Towards A Situation of Better Market Access for Indonesia

Improving market information and governments assistance provision in varying capacities are the most cited move needed to enhance market situation with 29 percent of the respondents stating so. Developing markets (new and traditional ones) was the second most cited needed move citing in particular a place where there is open trading system, bussiness terminals, local markets so marketing costs are reduced among others. Building capacities of farmers ranked third while credit provision as well as infrastructure development ranked fourth in the most needed move, although one respondent cited the need to shift governments attention from infrastructure development to farmers' need.

There are some interesting responses as follows:

- the need to map food products in the country

- the need to enhance service delivery of extension workers
- the need for a market access empowerment agenda be considered hand in hand with a long term sustainable agricultural agenda that will address structural problems,
- that food is not a commodity, that food is life, so determining who does what and who benefits from where is essential, the irony is that producers/peasants get nothing while collectors get everything.

vi. Relating Current Market Access Situation to the Past and the Future

Lack of information access, government related factors (poor planning, lack of coordination, insufficient assistance provision) and farmer related factors (getting used to subsidies, “ijon” selling even before harvest and lack of education) are past conditions identified by the respondents that brought about the current state of market access in Indonesia. Situations, on one hand, that need be avoided in the future are product and marketing related. Product related situations to be avoided are those where products are left rotting for lack of processing opportunities and where Indonesians think that local products are inferior. Marketing related situations to be avoided are those where farmers are taken advantaged by bad brokers, there is monopoly, and there is failure of agricultural marketing in transmigration areas. On the other hand, a sight a respondent wishes to see in the future is one where shipping is well developed allowing producers to move their products directly.

vii. Market Access Situation 10 Years Hence

When asked if they foresee or not changes in market access concerns 10 years hence, the respondents are divided. On one hand, those who said it will change cited the following as conditions that will bring about positive changes : government support (subsidy, quality control, improved Bulog’s operation, government discontinued importing rice), infrastructure improvement and forging of partnerships and collaborations. As to negative changes, a respondent cited that trade liberalization is making imported products cheaper than the local ones.

Those who are of the position that there will be no changes, on the other hand, cited the absence of interventions by external organizations, lack of government support, continuing lack of access to resources, low capacity to undertake post harvest activities, low human resource capacities and lack of new policies as the factors that will contribute to a no change situation.

viii. Immediate Actions Needed to Improve Market Access Situation

To improve market access situation at the national level, respondents see the implementation of fair trade, regulation of retail market, facilitation of small farmer outlets, going organic, open market access and empowering farmer groups as necessary conditions. Likewise establishing quality assurance system, developing alternative markets, enterprise linkage facilitation, adoption of one product per region (avoid oversupply) and improvement of regional distribution will help improve it.

At the local level, suggestions clustered along improvements on a) market and associated infrastructures – village market, improvement of traditional/wholesale and institutional markets, transportation particularly shipping, b) supply chain management - reduce reliance on middlemen, value adding, post harvest processing, commodity systems, c) enhancing farmers capacity – access information, marketing and d) institution and governance – government regulation, programs (KUBA, home industry mapping).

2.3. Findings

Given the varying concepts of family farms as glimpsed from the stakeholders in terms of composition, land tenure and nature of farming engagement, there is a need to come up with a working definition for family farms, both at country and at regional levels. This will ensure a leveling of basic family farm concept, the knowledge of which will lead to more focused interventions.

Market access as a process has been concretized from the stakeholders' perspective, one where farmers sell their products in a market where stakeholders are well coordinated and where farmers have better bargaining position as there are market options to choose from, the prices, which they themselves determined are better and information/resource (capital, facilities) access are possible.

Market access situation in general are perceived to be the same across the country, although there are patches of differences attributed to variations in geographical situation, levels of development (infrastructural, information, etc) and levels of capacities of farmers. Factors perceived as crucial in enhancing market access in Indonesia are improved marketing Information access as well as a more visible government in policy formulation, regulation and assistance delivery.

Stakeholders are divided as to whether market situation access will change for the better or not, though they are one in saying that information access, government support and competency enhancing partnerships among others will bring about positive changes. The lack of support from the government and from external organizations are seen to lead to a no change situation level, together with continuing low capacity on the part of farmers.

Empowering farmers and farmer groups through open market access and capacity building are recognized necessities to enhance market access at both the national and local levels. Ensuring fair trade and market regulation (retail, open market access) at the national level while development of markets (village, wholesale, traditional) and associated infrastructures (shipping) as well as supply chain management at the local level are likewise viewed as crucial moves to enhance market access in Indonesia.

3. Roundtable Discussion

In a consultation process, giving everybody a chance to be heard and providing opportunities for a rich exchange of ideas are crucial considerations. These were kept in mind in the conduct of the country consultation held by VECO-Indonesia, at Sanur, Bali on February 9, 2006. It provides general information on market access issues, as well as the results of the roundtable, in particular scenario building that includes uncertainties and driving forces for market access.

3.1. Objectives

The objectives of the Indonesian Roundtable on Market Access for Small Family Farmers are:

- To provide a venue for articulating the views of various stakeholders on the issues and concerns related to access to markets for sustainable agriculture produce for small-scale family farmers in the period 2005-2015 in Indonesia.
- To develop scenarios for market access for small family farmers based on diverse views of the stakeholders, and to list the uncertainties and the driving forces for such market access.

- To provide Indonesia specific input for the preparation of the International Forum 2006 in Belgium where a few scenarios will be developed on access to markets for sustainable agriculture produce for small-scale family farmers for the period 2005-2015

3.2. Methodology and Process

The national consultation adopted a roundtable format ensuring that each participant was given a chance to share insights and contribute to the consultation process. Inputs on market access issues, were drawn from the participants individually and in groups, ensuring that new inputs were provided at each stage either through overview papers, shared insights and group discussions.

The issues that surfaced from the discussions were then summarized and compared with the insights gained in the stakeholder survey conducted on the same topic beforehand (likewise presented). The ensuing discussion paved the way for validation of the results of the preliminary scoping activity (survey) while at the same time allowing for the surfacing of additional issues. Scenario building were likewise used to enhance further understanding of identified driving forces and uncertainties of market access.

A total of 19 participants attended the roundtable representing the government, NGOs, business sector and farmers' organization in Indonesia and including three VECO-Indonesia staff, one facilitator and one interpreter (List of participants is presented in appendix 2.1) Most of the participants were respondents to the previously conducted survey on Market access while non respondent participants from the ministry of Industry, provincial enterprise, private trading firm and organic farmer association were likewise invited to gain new insights.



The roundtable process in details are as follows:

- General overview on market access was provided by two presenters, the first to cover concepts and practice and the second to share farmers' perspectives.
- This was followed by the first round of discussion where each participants shared what they considered as issues and concerns on market access.
- Based on the insights gained from the general overview and the shared perspectives, participants were asked to identify three pressing issues on market concerns (Activity1). These were later processed and presented
- The result of the Interviews conducted by VECO-Indonesia was then presented to complement the input from participants.

- The immediately preceding activities paved the way for validation of results of the preliminary scoping activity while at the same time allowing for the surfacing of additional issues.
- Based on all the input of the first half of the day, participants were individually asked to identify at least two each of driving forces and the uncertainties for market access (Activity 2). Driving forces are those factors which would support market access. Uncertainties are events/factors which may or may not happen, and are not under one's immediate control, and when they do happen, will affect market access.
- The output of activity 2 were then processed and clustered. A short plenary discussion, wherein questions were asked, answers attempted and selected regional updates provided.
- Participants were again divided into two groups to undertake scenario building (Activity 3). One group discussed on the driving forces, the other on the uncertainties.
- The scenario of each group was presented, followed by the second roundtable discussion.
- The roundtable was rounded up with presentation and discussion of the integrated scenario (Activity 4) which will serve as Indonesia's input to the International Forum in Belgium come September 2006.

The agenda of the Roundtable is presented in Appendix 2.

3.3. Round table Proper

The roundtable proper was comprised of the opening program and the roundtable process itself where discussions and ensuing group activities were the highlights.

3.3.1. Opening Program

Introductory note, workshop mechanics and overview papers were the highlights of the opening program.

i. Introductory note

Dr. Mieke Leermakers, Country Representative, VECO-Indonesia described briefly the ambition and programs of VREDESEILANDEN followed by activities of VECO-Indonesia. VECO-Indonesia works on sustainable agriculture programs in East and West Nusa Tenggara (NTT and NTB), East and Central Java, and South and West Sulawesi. VECO-Indonesia does not work directly with farmers, but through its NGO partners in each working area.

VREDESEILANDEN Head Office in Belgium has initiated a study on market access for small family farmers as part of its empowerment program. This program is to be conducted in each county office where VREDESEILANDEN operates to be used as strategic planning for the period of 2008-2013. The strategic planning will be based on internal and external input. Internal information will be gathered through: results of program evaluation in all countries 2005/2006, SWOT analysis and review of the strategic orientation model.

External input will be gathered from dialogue with selected stakeholders in the countries via interviews, national consultations with a broad range of stakeholders in the countries, and sharing the outcome with HO through a report. The Indonesian workshop is an effort to gather such external information. An International Forum on Market Access for Small Family Farmers will be held in September in Belgium followed by Strategic Planning Workshop in November, to be attended by representatives from each working area. The results of the Strategic Planning will be shared through national workshops.

The Roundtable will develop a national scenario on market access as input to the International Forum. The scenario building process is illustrated in Figure 1.

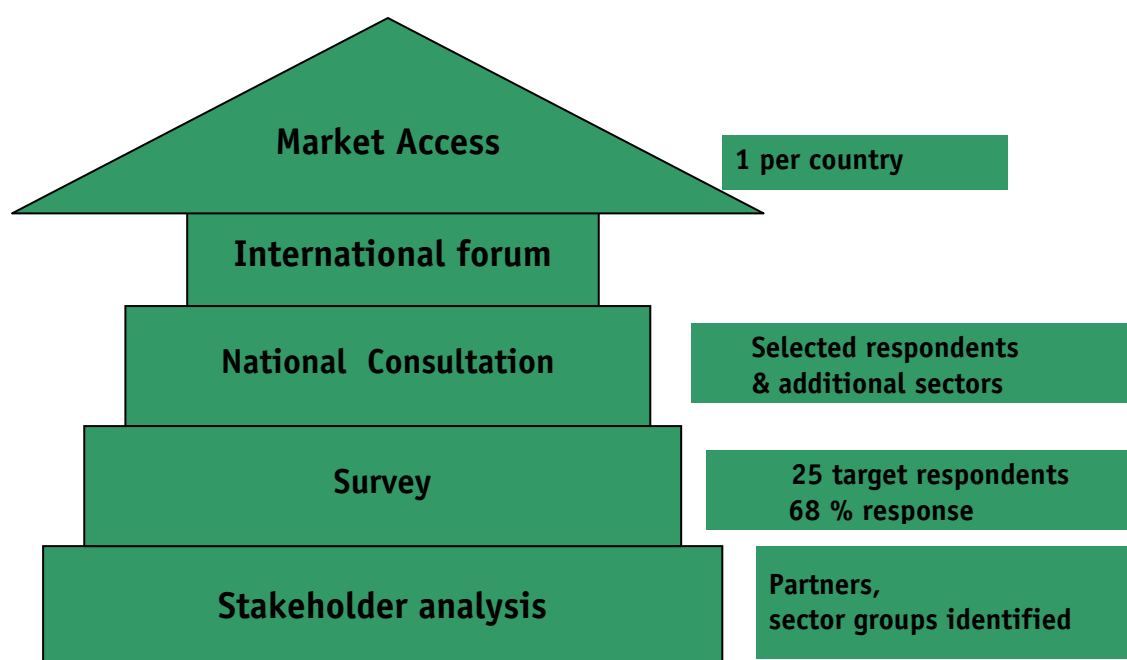


Figure 1. Scenario Building

The introductory note was concluded by thanking the participants for their willingness to contribute to the development of a new global program at VREDESEILANDEN. Dr. Leermakers stressed that it is important for the concerns of Indonesian stakeholders are heard and taken into consideration for future planning at VREDESEILANDEN.

ii. Roundtable Mechanics and Introduction

In the discussion of the roundtable mechanics Dr. Nerlie Manalili briefly discussed the program of activities and pointers. She emphasized that the success of the activity is highly anchored on giving everybody a chance to be heard and on the commitment to participate and contribute in the discussions and group activity. A brief individual introduction by the participants followed, where each cited as well marketing related activities they are involved in.

3.3.2. Overview of Market Access for Small Family Farmers in Indonesia

The overview on issues and concerns were presented by Dr. Gumbira S'aid of The Bogor Agriculture Institute while on farmers' perspective by Augustin Pulungan representing Indonesian Farmers Society or WAMTI. The result of market access survey conducted by VECO-Indonesia is described at the end of this section, to provide an overall picture of the situation (though it was presented in the roundtable after the participants themselves have identified market access issues for purposes of comparison and results).

Dr. Gumbira listed the following general issues on market access in Indonesia:

- Low quality, high price and irregularity in product delivery
- Poor post-harvest technology, leading to high cost of production
- Marketing system is not well developed
- Lack of infrastructure (roads and transportation system) and illegal levies
- Government policy is not pro-farmers as illustrated by the increase in volume and type of import commodities as well as limited incentives for farmers.
- Difficulties in complying with global trends and policies such as Sanitary and Phytosanitary Measures, Bioterrorism Act, Pest Risks Analysis etc.

One of the most important issues cited is the large gap between the farm gate price and the price paid by consumers due to the long supply chain, as illustrated in Figure 2 for the supply chain of vegetables. The figure shows that farmers get only about 20% of the retail price paid by consumers.

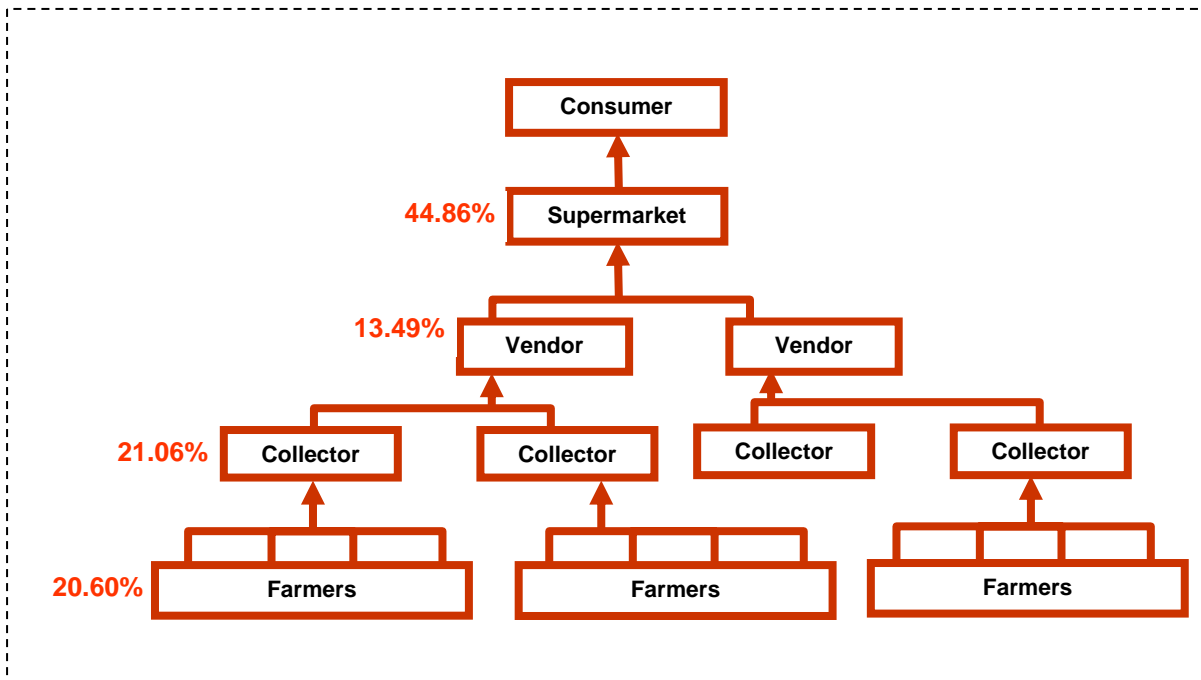


Figure 2. Supply chain for vegetables

An example was given on the poor management of agriculture products in the main vegetable market in Jakarta. Farm products from this market are then distributed to various places in Jakarta. Yet there is no standard set for product handling, packaging and regular delivery time. Thus there is no quality control leading to high level of product damage and eventually losses. The market also lacks proper spatial planning, sanitation and comfort for easy transaction.

In order to address this, Dr. Gumbira suggested the development of the agro-business terminals which will set quality standards, good packaging and on time delivery system. It is hoped that such a terminal would reduce product damage and illegal levies in the market. The terminal will then distribute quality products to traditional markets, supermarkets and other retailers in Jakarta.

However, the main key for improvement of market access for small farmers is collaboration between the private sector (traders), farmers organization and the government in a mutually beneficial partnership

Augusdin Pulungan began his presentation by defining family farmers as those whose family members are involved in on and off farm activities in a given area, own or rent a piece of land, and mostly selling fresh produce to the market. At the local level, market access is provided by small creditors which have emotional ties with the farmers, middlemen and local collectors.

Currently small farmers sell their produce fresh. And they face the following problems:

- There are too many middle men that manipulate price
- Lack of direct contact with the wholesale market/supermarket/agro-industry in the region.
- Most of crops are sold in forward agreement to the creditors
- Unpredictable price and disparity between the on farm price and consumer price (as illustrated in Table 1)
- Competition with agricultural multinational corporations.

Table 1. Disparity of Commodity Price

Commodity	Farmer Price(Rp)	Consumer Price (Rp)
Cucumber	200	900
Potato	1.500	3.500
Durian	1.000	10.000
Banana	2.000	4.000
Onion	3.000	6.500
Tomato	2.000	3.500
Red chili	4.000	9.000
Carrot	750	1.600
French Bean	1.000	1.750
Spring onion	2.500	5.000
Cabbage	250	850

Note: US\$1 = Rp. 9.200, - at March 2006 rate

The high disparity in commodity price is mainly due to the long distribution chain. The long distribution chain has also caused damage to the products, especially fruits and vegetables. A survey conducted by WAMTI in 2002 indicated that product damage in wholesale market of Caringin (Bandung, West Java) was 30% and in wholesale market of Kramat jati (Jakarta) was 40%.

The current and future challenges facing small farmers in terms of access to markets are:

- Competition from the surge in supermarkets
- National government policies such as the decision to import agriculture products, which have lower prices (such as rice, corn, milk, meat).
- Global trends such as the demand for health/organic food, standardization, and biosecurity issues
- The role of international market regulations such as the WTO agreements which are unfair for the small farmers in developing countries but biased towards the interest of MNCs or traders from developed countries.

To improve market access, the main issue is to shorten the distribution chain from farmers to the consumers. In addition the following measures need to be taken:

- Market promotion
- Extension program for improved technology and Good Agricultural Practices
- Micro-finance development
- Product development through processing
- Improvement of local market facilities for distribution.
- Strengthening of farmers organizations
- Improvement of marketing and distribution infrastructure
- Development of regulation that protects farmers from unfair trading and taxation systems
- Development of safety net for small farmers

Two steps need to be taken in the short term to improve market access. First is increasing competitiveness through improvement of management skills to meet the standards of agro-industry and the food industry. Second, there is a need to strengthen the linkage with agribusiness by ensuring participation of farmers in the agro-industry system and the super/hyper market system.

3.3.3. Initial Market Access Survey Results

Dr. Nerlie Manalili of VECO-Indonesia presented the preliminary results of survey on market access in which 18 respondents were interviewed (six more accomplished questionnaires were turned it after the roundtable). Four clusters of issues (among others) were asked to the respondents, viz.: definition of small family farmers, market access situation, will the situation change in the next 10 years, and what steps to be taken to achieve better market access.

The presentation highlighted that respondents have varying definitions of family farms and they vary in composition (nuclear or extended, adults and children), status (land owner, hired labor, product sharing). Similarities of family farm concepts centered on basic characteristics where their income coming mainly from farming is low, that they are hard working, have limited access to resources, have low welfare and are usually part of a community or small group who are weak but have potentials.

In terms of market access, majority feels that local situation is no different from the national situation although one or two cited that national situation in general is better due to availability of information in general as well as access to resources. Situation described is relatively problem laden citing concerns pertaining to weak position of farmers, long agricultural chains with the presence of numerous middlemen, inability to meet quality requirements, lack of government support, fluctuating prices and impacts of global trade, poor infrastructures and lack of solidarity among farmers.

There was a 50-50 division when asked if they foresee or not changes in market access concerns 10 years from now. On one hand, those who said it will change cited the following as conditions that will bring about positive changes: government support (subsidy, quality control, and improved Bulog's operation), infrastructure improvement and forging of partnerships and collaboration and if government to stop importing rice. As to negative changes, a respondent likewise cited that trade liberalization is making imported products cheaper than the local ones.

Those who are of the position that there will be no changes, on the other hand, cited the absence of intervention of external organizations, lack of government support, continuing lack of access to resources, low capacity to undertake post harvest activities, low human resource capacities and lack of new policies as the factors that will contribute to a no change situation.

To improve market access situation at the national level, respondents see the implementation of fair trade, regulation of retail market, facilitation of small farmer outlets, going organic, open market access and empowering farmer groups as necessary conditions. Likewise establishing quality assurance system, developing alternative markets, enterprise linkage facilitation, adoption of one product per region (to avoid oversupply) and improvement of regional distribution will help improve market access situation.

At the local level, suggestions clustered along improvements on a) market and associated infrastructure – village market, improvement of traditional/wholesale and institutional markets, transportation particularly shipping, b) supply chain management - reduce reliance on middlemen, value adding, post harvest processing, commodity systems c) enhancing farmers capacity – access information, marketing and d) institution and governance – government regulation, programs (KUBA, home industry mapping

3.4. Roundtable Process

Two rounds of discussion were undertaken, with each round comprised of sharing of individual insights, group discussions and processing or integration of outputs.

3.4.1. Roundtable Discussion 1

During the first stage of the roundtable discussion, each participant was asked to express their opinion on market access issues, and a range of issues surfaced (table 1) which were later clusters and prioritized. Based on the prioritized issues, driving forces and uncertainties were identified.

i. Market Access Issues

Top on the list of the most cited issues is the low level of farmers capacity (production, marketing, market and pricing). Three concerns tied on the second most cited issue, namely: the presence of long agricultural chains, lack of information (basically market information) and the issue on pricing. The issue of farmer groups, market development, value adding, market orientation, downstream – upstream linkages, south-south market linkage, protection of big businesses more than the small farmers were the other issues cited.

Table 2. Market Access Issues, Suggested Actions and Remarks

Sector	Market Access: Issues and concerns	Suggested Actions	Remarks/quarries
1. private sector	Organic Certification		Is it valid in all countries
2. Ministry of Industry	Long chain	Shorten the chain: Auction Markets	To prevent selling even before harvest
3. NGO	Long chain Prices and Pricing mechanism (If price based on production cost, higher than imported counterpart)	<ul style="list-style-type: none"> Strong Farmer organization to sell direct Post harvest processing to increase price Govt. to look into pricing mechanism 	
4. Academe	Weak farmers capacity to sell	<ul style="list-style-type: none"> Organized farmers marketing 	To avoid being tricked by traders
5. Local Market Authority	Need A place where farmers can directly bring their produce	<ul style="list-style-type: none"> Cooperative more Traditional markets direct marketing, consumers 	
6. NGO	Enhance farmers capacity knowledge <ul style="list-style-type: none"> Producing organic market & pricing 		
7. Ministry of Agriculture	<ul style="list-style-type: none"> role of middleman important Lack proper data: on commodity (which, when & what volume/quality needed by market) Farmers unable to do marketing plan, has no economies of scale to supply supermarkets 	<ul style="list-style-type: none"> needs to bridge gap thru <ul style="list-style-type: none"> - linking farmers: traditional markets & supermarkets - a fair play system - farmer organizations 	
7. NGO	Farmers are Subsistent. Low capacity in agribusiness	<ul style="list-style-type: none"> need to fill in the gap thru information <ul style="list-style-type: none"> - synergistic market w/ good hearted traders concerned on farmers' income sustainability 	
9. NGO (Food Sovereignty)	<ul style="list-style-type: none"> Credible/comprehensive database (success/failure) Many farmer groups formed but as learning/media process not as business organs understand small farmer situation and market access (global, national, local) Market access: a policy issue (need to be defined) need to provide <ul style="list-style-type: none"> - incentive to build farmers capacity to be competitive - financial support (production) think of south-south trade(not only US market) 	<ul style="list-style-type: none"> Transformation process to make farmer groups business oriented a countries economic access be measured not only in terms of export quantities but also in terms of increase in farmers' welfare <p>For VECO-Indonesia to help access Asian & African markets</p>	<ul style="list-style-type: none"> Does market access mean open, free, where government need only to regulate? If market access provided but small farmers not benefited, then its useless
10. NGO VECO-Indonesia	<ul style="list-style-type: none"> Farmers' bargaining position very weak big companies always protected, but not small farmers 	Strong small farmers' organization like in Thailand	For an agrarian country, we talk more on violence, in Thailand people discuss agriculture almost everyday
11.Academe		Revitalization of agric, fishery & forestry sector program of govt. launched but no action taken yet	Vredeseilanden: invest more in Indonesia, largest, most populous/fertile (14 countries)

12. Provincial Enterprise (government)	<ul style="list-style-type: none"> • long chain • problems in developing markets: <ul style="list-style-type: none"> - market information system tried (onion, chili, tomato) but not easy, plan to expand data base 	<ul style="list-style-type: none"> • set up an agribusiness center (no system & mechanism yet but building available) • has the competence to provide organic certification (embryo stage) • plan to revitalize village industries to add value generate employment & lure the young people to go back to farming 	*Indeed government must deliver promises on revitalization (agric, fishery and forestry) including bio-energy
13. Farmer Organization	<ul style="list-style-type: none"> • We don't have control on Global pricing policies (need determine who is responsible) • Improve technology at micro level for added value • revitalize village agroenterprise (so farmers can sell tomato paste not just fresh tomatoes) • guarantee certificate from local banks so farmers need not wait 3 months to be paid by supermarkets • regulate taxes in agricultural products to guarantee market access and provide safety nets 	<ul style="list-style-type: none"> • Suggested for VECO-Indonesia to take lead roles in: <ul style="list-style-type: none"> - improve management skills of farmers so they can fulfill market requirements - build a multi stakeholder relationship in which guarantees farmer participation 	• Market access has two aspects: tariff & non tariff barrier (uncertain factor)
14. private sector	<ul style="list-style-type: none"> • develop upstream part of agriculture by <ul style="list-style-type: none"> - improving production system - providing appreciation to farmers • at downstream, government & universities can help improve marketing system to help farmers access market • Farmers and traders benefit together (upstream and downstream linkages) • Government to regulate prices (fair to farmers) 	Need to develop agriculture together, focused on farmers who comprised 70% of our population (should have been a driving force but it is not).	Bali agriculture is also needed to develop tourism further and there must be synergy.

Based on the above discussion, the facilitator asked participants to set priorities of issues to be addressed. When clustered the participants' prioritized issues yielded eight concerns, namely technology, human resources, infrastructure (marketing, post harvest, agricultural), marketing information, Institutions (farmer groups, market institutions), Networking, finance and policy.



Most of the cited market access issues are almost the same with those generated from the interview process, thus confirming that indeed the foregoing are the concerns to address if market access is to be enhanced in Indonesia.

Table 3. Priority Issues on Market Access

No.	Cluster of Issues	Input
1.	Technology	<ul style="list-style-type: none"> - Improve post-harvest handling(grading, packing, processing) - Improve product quality - Conduct joint cropping system to achieve good quality produce
2.	Human Resources	<ul style="list-style-type: none"> - Improve farmers capability - Strengthen farmers for agribusiness development (tech & non-tech) - Develop and improve capacity of extension workers to help farmers produce good quality commodities, ensure continuity & competitiveness. - Improve facilitation of farmers from subsistence-agribusiness orientation - Increase competition through development of management expertise to realize good agribusiness & industrial standards - Farmers groups capacity building (product development, quality control, management of business) - Analyzed impact on gender relation due to changes in “market access”
3.	Marketing/ Agriculture infrastructure	<ul style="list-style-type: none"> - Develop auction marketing system - Improve marketing and market infrastructure - Enhance agriculture infrastructure (Transportation, post-harvest tech)
4.	Marketing information	<ul style="list-style-type: none"> - Provide/distribute information on product standards to farmers - Provide relevant market information(type, quality, volume, price etc) that can be accessed up to village level - Develop market information system through market promotion - Database and information system (village, district, national level).
5.	Institutions	<ul style="list-style-type: none"> - Create strong farmer institutions/associations for market access - Develop agribusiness terminal up to the village level - Create institutions that can absorb farmers’ produce at reasonable prices - Strengthen farmers associations in joint marketing - Ensure participation of farmers in agro-industry system and supermarket - Eliminate trading / marketing mafia - Stop the debate and implement the aspects being discussed
6.	Networking	<ul style="list-style-type: none"> - Effective collaboration between government, university, private sector and farmers on marketing, technology development and promotion - Develop partnership between small farmers and business sector, based on fairness and equitability
7.	Finance	<ul style="list-style-type: none"> - Support micro finance development for small farmers - Facilitate access to capital (micro credit, establish agro-Bank, other source of capital). - Develop policies to provide soft credit at the village level or through the Village Credit Institution (LPD)
8.	Policy	<ul style="list-style-type: none"> - Develop a fair market mechanism - shorten trading chain, facilitate farmers’ direct market access, early contract - Strengthen farmers’ bargaining position (through farmer cooperative, farmer group, partnership) - Provide protection to small farmers and their products through appropriate policies - Government needs to facilitate fulfilling the needs of farmers - Develop market regulation and trade policy (protection policy, incentives for small scale farmers). - Develop support from government, private sector and NGOs to bridge the price gap between farm and consumer level (fair trade system)

ii. *Driving Forces and Uncertainties in Market Access*

When asked to list at least two driving forces and two uncertainties for market access, the arrived at driving forces focused mainly on consumer/farmer behavior , policy, institutions and governance, product improvement, market networks, potentials, capital, and information. Three of the cited driving forces were likewise cited as areas of uncertainties, namely 1) behavior (lifestyle, demand, purchasing power), 2) policies (not pro farmer policies, tariff and taxes, food safety regulation, etc), and 3)capital (low financial support for farmers, regulations along this line). Other uncertainties identified by the participants are on networking (no permanent relationship between traders and small farmers), the lack of price guarantee and climate.

Table 4. Driving Forces and Uncertainties in Market Access

Driving Forces	Uncertainties
<p>Behavior:</p> <ul style="list-style-type: none"> - The trend to live healthy (organic) - Recognition of the importance of agricultural products, particularly organic produce - Farmers want to progress and live well 	<p>Behavior:</p> <ul style="list-style-type: none"> - Change in lifestyle, in consumption pattern of communities - Purchasing power of people, depends on economic development and security issues - Consumer demand
<p>Policy:</p> <ul style="list-style-type: none"> - Regulation that protect farmers from unfair trade system, tax and illegal levies - Agriculture revitalization policy and its implementation - Revitalization of urban development programs - Increasing political pressure from CBOs and farmers organization to advocate policy changes that will support farmers - Infrastructure and incentive development from government - Improvement in law enforcement that will encourage (domestic and foreign) investment in agriculture 	<p>Policy:</p> <ul style="list-style-type: none"> - Macro-economic policy that is not pro-farmers and agriculture - High living cost - Laws and policies that hamper partnership between investor and farmers - Tarriff and tax changes - Changes in national government and global regulation on food safety - Changes in agriculture policies - National and regional politics
<p>Product Improvement:</p> <ul style="list-style-type: none"> - Extension of better technology to meet standards of agro-industry and agri business requirements - Product development by farmers group - Improvement in post harvest technology and marketing facilities - Product certification - Added Value for agriculture produce 	<p>Networking:</p> <ul style="list-style-type: none"> - No permanent relationship between traders and small farmers
<p>Market Network:</p> <ul style="list-style-type: none"> - Increased number of traditional markets - Marketing network from the village to national level - Mediator that can facilitate network between producers & market actors - Transportation & information infrastructure available at village level - Collaboration between farmers, traders and consumers 	<p>Price Guarantee:</p> <ul style="list-style-type: none"> - International price and production of crops - Business code of conduct (ethics) - Price Fluctuation, very low during harvest - No price guarantee - Price is regulated by global market - Farm level price is suppressed by market players
<p>Potentials:</p> <ul style="list-style-type: none"> - Social capital and production resources at the local level - Fertile land and different climates make it possible to produce various crops the year round - Large population can become significant means of production 	<p>Climate:</p> <ul style="list-style-type: none"> - Climate uncertainties affect production
<p>Capital :</p> <ul style="list-style-type: none"> - Availability of micro credit facilities - Access of information and capital for farmers 	<p>Capital:</p> <ul style="list-style-type: none"> - Investment support for farmers - Low financial support for farmers and uncertainties of government regulation on

	<p>this issue</p> <ul style="list-style-type: none"> - Availability of government and public funds to develop agriculture
<p>Information:</p> <ul style="list-style-type: none"> - Strengthening market information. - Data and information processing on production and market (planning, product development, market intervention) - Registration of middleman, traders - Development of communication systems to help farmers get the latest and accurate information - Understanding of consumer demands and global trends - Accurate data base on farmers' produce 	<p>Global Impacts:</p> <ul style="list-style-type: none"> - Global pressures (increasing oil price, terrorism) - Farmers' produce cannot compete due to globalization - Price manipulation by middle trader - Global influence on price and market system - Unfair international trade regulation - Liberalization of agriculture trade(WTO,AFTA, BTA) - Domination of global market by TNC/MNC
<p>Institution:</p> <ul style="list-style-type: none"> - The role of local government and local policies in supporting farmers - Strengthening farmers institutions 	

Several issues were then discussed by the participants based on the list in the last table as well as the first stage of roundtable discussion. Most of the times, other participants provided answers to the questions raised, in instances where there are more questions raised than answered, the facilitator, in response, shared related experiences and practices in the Southeast Asian region.

First, the issue of organic certification. Indeed this can be a driving force as well as an uncertainty in market access. There are farmers who conduct organic farming but have no certification; there are groups who claim to have organic certification but might not be engaged in organic farming. Then, different countries have different standards for organic produce and therefore there is a need to coordinate such standards. Certification is really an issue as the market is not that developed enough to be able to differentiate between organically certified and organically grown. If this continues, certification provides no added premium to producers particularly if they have to compete with non-certified products that are easily marketed as organically grown. In terms of standard, while a regional harmonization move is already under discussion at regional bodies such as ASEAN, a third party certification by a duly recognized body in countries of a given region is usually acceptable.

The second issue is on why locally produced commodities are costlier than imported products. This has to do with transportation costs and the customary long agricultural chains. Local processing of produce may help to solve this problem if cause is transportation related, wherein processing at point of production reduces risk of damage and consequent losses than if transported in fresh form. As regards to long chains, operational efficiencies within the chain, such as one or more stakeholders undertaking multi roles (producer/ trader, processor/distributor) shortens the chain and considerably reduces costs.

The next issue is about hypermarket and supermarket. This is a complex issue. On the one hand, supermarkets want high quality products which farmers may not be able, sometimes, to fulfill. On the other hand, payment to farmers is often late. Supermarkets are potential markets for suppliers even for small producers. The problem is that their quality requirements are not known particularly to small farmers, thus hindering access by the latter. In Thailand, this was addressed through a simple dialogue where a credible organizer (in this case a university) provided a venue for the stakeholders to meet and discuss problems. In terms of supplier access, farmers aired their difficulty in meeting requirements such as business registration, etc, to which Carrefour responded positively by agreeing to go for whatever document they can present for purposes of recording and traceability (local government/ village certification). On the issue of delayed payments, a payment scheme was

institutionalized again through dialogues where an agreement between the supermarket and the bank was made. This agreement provides for an easy payment to small producers through a bank's automatic teller machine (ATM) card which they can use to collect payment immediately against the supermarkets account in the bank for a minimal service fee (charged against the total value of delivered commodity).

It is also important to discuss roles of NGOs and the private sector in strengthening the driving forces and addressing uncertainties. Should agencies such as VECO-Indonesia, for instance, engage in collaboration with the private sector if it can really help farmers? We need to think carefully about these issues.

Every intervention also has an effect on gender relations. When we talk about market access, we talk about money, that means management of money at home as well. Who controls the money and how it will be used will have an impact on women as well as children.

Finally, the driving forces in market access must consider the application of appropriate and environmentally friendly technology. Otherwise the technology, supposedly to drive market access, may create unsustainability in agricultural produce.

iii. Scenario Building

Scenario building was done in two stages. During the first stage, participants were divided into two groups. The initially identified driving forces and uncertainties were equally divided and assigned to each group. The groups were asked to formulate a scenario for market access for small family farmers based on the driving forces, uncertainties, and the discussion thus far as well as on the experience of participants. The participants were asked to discuss what would happen if the driving forces and uncertainties persist and what would happen if they change.



The results of each group is presented below.

Scenario Building of Group 1

This group considered the various factors for market access that have been discussed, such as institutions (farmers, private sector, government), capital, data and information, product improvement, government policy, behavior and market network, then formulated four scenarios, summarized in the following table.

Developing, exploitation, small farmer elimination and stagnant are the four scenarios arrived at by the group. The developing scenario is the most positive of the four characterized by partnership, conducive policy environment and pro farmer policies and access to information and resources. As such, it is the scenario that the group wishes to foster and develop. The three remaining scenarios, exploitation and elimination of small farmers and stagnant, as the names connoted are negative scenarios which according to the group has to be avoided.

Table 5. Market access for small family farms (Group 1)

Scenario 1 (Developing)	Scenario 2 (Exploitation)	Scenario 3 (elimination of small farmers)	Scenario 4 (stagnant)
<ul style="list-style-type: none"> a. multistakeholder partnership b. Policies to protect farmers c. Investment/finance system accessible & conducive for farmers d. Data & information available, up to date and can be accessed e. Product diversification with high foreign exchange value f. Govt policies are conducive, govt provides incentive and formulates balanced national budget (rural and urban) g. Farmers develop agrobusiness (food security and foreign exchange earnings increase) h. Agro-industrialization clusters are developed in rural areas i. Traditional markets are well developed j. Farmers form commodity association k. Agriculture revitalisation is conducted effectively 	<ul style="list-style-type: none"> a. Private sector well developed b. Govt. is pro-private sector c. Finance institution is pro-corporation d. Data and information controlled by private sector e. Nat. resources controlled by private sector f. Govt. policies are exploitative g. Farmers are exploited by govt. private sector etc. 	<ul style="list-style-type: none"> a. Land conversion b. Social unrest increases c. Young generation think they cannot live from agriculture d. Farmer institutions collapse; farmers become individualistic, while private sector institutions strengthen e. Govt. institutions not credible f. No added value, low product quality g. g. Data and information not credible 	<ul style="list-style-type: none"> a. Institutions (for farmers, information, investment, market network) are weak b. Weak market and marketing infrastructure weak c. Farmers are subsistent but consumptive

Scenario Building of Group 2

Group 2 looked at the positive and negative developments of policy, globalisation, price guarantee, finance and behaviour to come up with the following scenario. What is highlighted is that one concern can both be a driving force if pursued or taken in an appropriate manner or an uncertainty if not done properly or if left unregulated.

Table 6. Scenario for Market Access (Group 2)

Factor	Positive	Negative
Regulations	<ul style="list-style-type: none"> a. Eradication of corruption b. Increased import tariff c. Reduction in export retribution d. Revitalization of agro industries in rural areas e. Agriculture subsidy f. f. Price guarantee of rice and sugar floor price 	Inconsistent implementation of policies
Globalization	<ul style="list-style-type: none"> a. Farmers are required to increase product quality b. b. Opportunity for farmers' produce to compete in the global market 	<ul style="list-style-type: none"> a. Farmers's produce cannot compete globally b. Products of Indonesian farmers are developed in other countries c. Subsidy not allowed to be given to farmers d. d. Difficulties in marketing Indonesian products at the global market
Price guarantee	Depends on market mechanism	<ul style="list-style-type: none"> a. Farmers do not get appropriate selling price b. b. Small farmers are not interested in producing commodities

Capital	<ul style="list-style-type: none"> a. Shift from subsistent to agrobusiness b. Partnership between business sector, farmers and the bank c. Reduction in advance contract buying (pre harvest selling) at the farm level 	<ul style="list-style-type: none"> a. Very small scale farming business b. b. Farmers are trapped in pre-harvest selling contract
Behavior	<ul style="list-style-type: none"> a. Purchasing power is adequate b. b. Harmonious relationship between farmers, traders/market actors 	Farmers become consumptive

3.4.2. Roundtable Discussion 2.

The second roundtable discussion tried to sharpen the scenarios and to add on important issues that need to be thrashed.

There was a question whether investment can be considered as an uncertain factor in the scenario. It can actually be anticipated, as opposed to epidemics such as the bird flu, for instance. This was discussed further. From the perspective of the bank and business sector, capital seems to be a certain issue, if you have a business plan. But from the farmers' point of view, it is an uncertainty; there are a lot of requirements and uncertainties for farmers to obtain capital for their business. It is difficult to access credit, especially for farmers who only have 0.3 ha of land. There is a need to consolidate small farmers to increase the scale of production. But this would still need the assistance of credit institutions.

Then there was the question of the fact that the younger generations are interested in farming. Fifteen years from now, do we still have young people and small farmers? In Europe small family farms are disappearing. The children of farmers work in offices. Only the poorest people are still engaged in agriculture. Will this be a scenario for Indonesia?

Indeed, according to a participant, a survey conducted during a graduation ceremony of an Agriculture Faculty at a university revealed only less than five percent of the fresh graduates are willing to work as farmers. They said what is the point of farming if you cannot get profit. Those in Java and Bali say fragmentation of land ownership makes farming unprofitable. But in East Nusa Tenggara where farmers still own about 3-4 ha of land, the younger generation is also not interested in agriculture, they prefer to drive motorcycle taxi that provides income on a daily basis.

In addition, television and other media have stimulated change in the rural lifestyle where farmers and their children become more consumptive. They want instant cash to buy non-essential products such as television and cd players.

Related to this issue is the question, should small farmers be preserved? A participant said that it is a crime to retain small farmers who are poor. The objective should be to raise their productivity. But the current trend is to eliminate individual farmers, to be replaced with corporate farming. The number of small farmers and the quantity they produce is decreasing. This is a worrying scenario.

One measure to be taken to solve the problem is to ensure on farm and off farm employment in rural areas. Strengthen farmers' cooperative system and ensure that the private sector plays a role in agriculture, but in partnership with farmers.

The reluctance of the younger generation to engage in agriculture needs to be considered as a challenge. A representative of the private sector said that he encountered youths who asked him if they turn back to farming, will there be buyers? Thus it is a challenge for business people to open and create market access for farmers' produce.

But, it is also true that in 20-30 years, the number of farmers will reduce but it will be replaced by more efficient way of agriculture. But agriculture will still be important for Indonesia and there will still be small farmers. But their income must be raised through efficient management of farms and market access.

Another issue of interest was how global rules affect small farms in countries like Indonesia. These global rules tend to strengthen corporate control over resources, including for agriculture. For instance, there is a trend for domination of corporation in water resources management. There is a need for national rules to limit such corporate control. .

Integrated Scenario

The final part of the roundtable discussion was devoted to integrating the scenarios formulated by the two groups above. With Agusdin Pulungan, the farmer group representative taking the lead, the participants agreed to use the scenarios outlined by Group 1 as a starting point. Based on that, they further discussed scenarios to be avoided, and scenarios to be developed if we are to achieve market access for small family farms.



The following scenarios are to be avoided:

1. Scenarios 2,3, and 4, with emphasis on fertile farm land conversion
2. Inconsistent and exploitative government policies towards farmers (e.g. rice import, price fluctuation etc.)
3. Young generation are not convinced they can earn a living from agriculture
4. Unfair trading practices
5. No government protection for domestic products and important sectors such as agriculture.

Scenarios to be developed:

1. Scenario 1 with the following priorities: agriculture revitalization, balanced partnership governed by government regulation
2. Conducive policies for small farmers
3. Focus on government commitment for budget allocation for agricultural sector, balance between domestic policies and ability of govt to lobby for fair trade system at the international level.

4. Implement agriculture revitalisation through budget allocation which integrates protection for farmers' products with a market system that guarantees it.
5. Improve competitiveness of products by increasing quality through capacity building for farmers, revolving fund and programs to harness youth participation.
6. Guarantee of farmers participation in agrobusiness and agro-industrial development
7. Develop mechanism for control of corporate (MNC) behaviour
8. Open maximum market access for small farmers in supermarkets.

In the resultant integration, the participants underscored the need to avoid scenarios where a) the government itself is the source of farmers' woes (exploitative government policies, provides no protection for agriculture), b) there is rampant fertile farm land conversion into non agriculture uses and c) there are unfair trade practices. The scenarios to be developed primarily focused on putting more teeth and action into government programs and policies (agriculture revitalization, conducive policies, budget allocation, proper control and regulation). Other scenarios endorsed by the group are those where a) there is enhanced competitiveness of farmers (through capacity building, revolving fund provision and harnessing youth involvement), b) farmers' participation in agribusiness development is guaranteed and c) there is an open maximum access for small farmers in supermarkets.

4. Closing

In her closing speech, Dr. Mieke said this is the first time for VECO-Indonesia to bring together stakeholders from farmers group, academics, government, NGO and the private sector together to discuss issues for small farmers. The forum demonstrated that if there is commitment to think together, it becomes a creative forum where many ideas are discussed.

It may be worthwhile for VECO-Indonesia to continue engaging in this kind of forum beyond the preparation for the International Forum. Meanwhile, the results of this roundtable will be synthesized to be presented at the International Forum in Belgium. VECO-Indonesia hopes that the forum will reconvene to discuss the follow up of the results of the International Forum and to provide input for VECO-Indonesia Strategic Planning.

Appendix 1.1: List of VECO-Indonesia Partners

VECO-Indonesia's Partners by Location and Program Thrusts

No	Organization	Location	Thrusts
West Nusa Tenggara province			
1	Lembaga Pengembangan Masyarakat Pedesaan	Dompu	<ul style="list-style-type: none"> ▪ Advocacy
2	LPSM – Bima	Bima	<ul style="list-style-type: none"> ▪ LEISA
3	Yayasan Bina Cempe(YBC)	Dompu	<ul style="list-style-type: none"> ▪ Gender issues
4	Yayasan Madafaku	Dompu	<ul style="list-style-type: none"> ▪ LEISA (sweet potatoes production).
5	Yayasan Sambirio	Dompu	<ul style="list-style-type: none"> ▪ LEISA ▪ cooperative ▪ post harvest processing (sweetpotatoes)
6	Yayasan Bangun Daya (YBD)/(LP2DER)	Bima	<ul style="list-style-type: none"> ▪ LEISA
East Nusa Tenggara Province			
7	Pengembangan Wilayah Tana Ai (BANGWITA)	Maumere	<ul style="list-style-type: none"> ▪ Pilot Project organic cashew certification. ▪ Advocacy with DAS (Daerah Aliran Sungai) → water shed mgt ▪ Sustainable agricultural (concern food crop).
8	Yayasan Mitra Tani Mandiri (YMTM) - Ngada	Bajawa	<ul style="list-style-type: none"> ▪ Pilot Project organic cashew certification. ▪ Marketing (vanilla,coffee,non organic cashew) ▪ Sustainable agriculture ▪ Advocacy with DAS (Watershed Mgt)
9	Yayasan Mitra Tani Mandiri (YMTM) – TTU (Timur Tengah Utara)	Kefamanu – TTU	<ul style="list-style-type: none"> ▪ Sustainable agriculture ▪ Advocacy ▪ cow fattening/marketing ▪ cooperative
10	Yayasan Ayu Tani	Hokeng, Flores Timur	<ul style="list-style-type: none"> ▪ Sustainable agriculture, with kepala suku (ethnic head) ▪ Advocacy
11	Ketua Yay. An Feot Ana	Kefamanu – TTU	<ul style="list-style-type: none"> ▪ Sustainable agriculture (assisting youth /female)
12	Yayasan Tana Nua (YTN)	Ende	<ul style="list-style-type: none"> ▪ Sustainable agriculture. ▪ Advocacy (conservation)
13	Yayasan Masyarakat Sejahtera (YASMARA)	Kupang	<ul style="list-style-type: none"> ▪ Sustainable agriculture ▪ Advocacy, small component (forest issue)
14	Yay. Sosial Nusantara (YANUSRA - Ruteng)	Manggarai – Ruteng	<ul style="list-style-type: none"> ▪ Sustainable agriculture ▪ UBSP (Unit Bersama Simpan Pinjam)
15	Yayasan Bina Sejahtera (YBS - Ruteng)	Mbaubuku – Ruteng	<ul style="list-style-type: none"> ▪ Sustainable agriculture ▪ UBSP ▪ Land Advocacy
16	YAKINES	Laboan bajo – Manggarai Barat	<ul style="list-style-type: none"> ▪ Sustainable agriculture (organic rice) ▪ Marketing (coffee, cocoa, organic rice) ▪ Advocacy
17	Delsos Keuskupan Ruteng	Ruteng	<ul style="list-style-type: none"> ▪ Sustainable agriculture ▪ Cooperative (church)
18	Yayasan AYO INDONESIA	Ruteng	<ul style="list-style-type: none"> ▪ Sustainable agriculture ▪ UBSP ▪ Marketing (cashew, herbal drink, coffee)
Sulawesi Province			

19	YMK (Yayasan Mesa Kapa)	Toraja	<ul style="list-style-type: none"> ▪ Agriculture (forest area) ▪ Capacity building, empowerment, alternative education ▪ Civil society
20	YDPM (Yayasan Duta Pelayanan Masyarakat)	Mamasa	<ul style="list-style-type: none"> ▪ Savings and Lending ▪ Sustainable Agriculture.Farmer Field School (FFS)
21	Yayasan Sosial Abdi Masyasakat	Mamasa	<ul style="list-style-type: none"> ▪ Advocacy ▪ Sustainable Agriculture
22	Yayasan Dana Bhakti Ekonomi	Mamasa	<ul style="list-style-type: none"> ▪ Savings and lending ▪ Sustainable agriculture
23	Yayasan Jaya Lestari Desa (JALESA)	Toraja	<ul style="list-style-type: none"> ▪ UBSP ▪ Sustainable agriculture ▪ Marketing (Seong (mesora Palutris).
Java District			
24	Gita Pertiwi ¹	East Java	<ul style="list-style-type: none"> ▪Seed development and PHT (pest and disease control)
25	Yayasan Peduli Indonesia (YPI)	Mojokerto East Java	<ul style="list-style-type: none"> ▪ Sustainable agriculture ▪ Advocacy
26	LPPMA (AL-ZHAR – Kediri)	Kediri – East Java	<ul style="list-style-type: none"> ▪ Post harvest processing ▪ Sustainable agriculture ▪ Advocacy (water sources)
27	BABAD (Banyumas)	Central Java	<ul style="list-style-type: none"> ▪ production in dry land (including livestock)
28	YPKGM Lumajang-district	Lumajang – East Java	<ul style="list-style-type: none"> ▪ Marketing (coffee, rice) with capacity building(group of farmers) ▪ Post harvest processing
29	LPPSLH Banyumas-district	Banyumas – Central Java	<ul style="list-style-type: none"> ▪ production in dry land (including livestock). ▪ intervention on marketing for to sell palm sugar.
30	JTM (Jaringan Tani Mandiri) – CBO (Community Based Organization)	Boyolali	<ul style="list-style-type: none"> ▪ Advocacy for food sovereignty ▪ Facilitation in farmer groups
31	SPM – CBO (Community Based Organization)	Malang	<ul style="list-style-type: none"> ▪ Sustainable agriculture w/ livestock(organic system, holistic) ▪ Advocacy for land

¹ Former partner, was included as non partner responded for seed development concerns

Appendix 1.2: List of Respondents

Non Partner Organization/Sector	Respondents	Partner Organization/Sector	Respondents
1. Farmer Groups		1. Livestock	
<ul style="list-style-type: none"> Regional/National (WAMTI) Provincial - Bali Organic 	1. Augusdin Pulungan 2. Ni Luh Kartini	YMTM TTU	1. Petrus Tanmenu Naibobe
2. Traders		2. Land Issue	2.
<ul style="list-style-type: none"> Producer/Trader- Nat'l Exporter 	3. Mr.I.B. Raka Wiryanatha (PT. Bayu Jaya Kusuma) 4. Mr. Aridito (P.T.PMA)	JTM SPM	3. Mr.Haji Mashudi 4. Mr. Sukardi
3. Retailers		3. FFS + LEISA	5.
<ul style="list-style-type: none"> Modern (supermarket) Traditional (wet market) 	5. Hardy's Supermarket (Jeratu Ayu Istri Putri) 6. Head of Badung Market (I Gusti Made Estuase)	YDPM	6. Mr. Demarlo
4. Researcher/Academe		4. Gender + LEISA	7.
<ul style="list-style-type: none"> Post harvest Agribusiness/marketing 	7. Dr. Made Mahendra Udayana University 8. Dr. Gumbira S'aid Institute Pertanian Bogor 9. Mr. Suwarji Mataram University	YBC	8. Mr. Mujahidin
5. Policy Development/government		5. Advocacy	9.
<ul style="list-style-type: none"> National Bali Region (BULOG) Eterprise Department 	10. I Nyoman Oka Tridjaja, Processing &Marketing Agric Products (MOA) 11. Mr. Himawan Kartika Nugraha 12. Mr. Bagus Ketut Wijaya	YMTM Ngada	10. Mr. Yosef Maan
6. Specialized Sectors		6. Fresh Produce	12.
<ul style="list-style-type: none"> Food Sovereignty Coalition Journalist Seed development(NGO) 	13. Mr. David Adrian (KRKP) 14. Mr. Witoro (KRKP) 15. Mr. Didik Dwi Praptono 16. Gita Pertiwi (Mrs Nunik)	LSKBB	13. Sri Wiji Astuti
		7. Peasant and Fisher folk	14. Bina Desa Foundation (Dwi Astuti)

Appendix 1.3: Questionnaire

Access to Markets for Sustainable Produce for Small-scale Family farmers Questionnaire

Objective : To gather various stakeholders' views on market access for small scale family farms as possible inputs to scenario building (projecting the potential future or how the world might unfold in the coming 10-15 years) with the end in view of anticipating issues and concerns.

Name of Respondent _____
Address _____
Sector Represented _____

1. What is your concept in general of :

a. family farms?

b. market access/ linking farmers to market

2. What do you think is the current situation of market access for family farmers in

a. in your area ? Please Describe.

b. In Indonesia in general? How they may be different?

3. Do you think the situation will be the same 10 years from now? Yes ___ No ___ Why

a. In your area?

b. In Indonesia, in general? In what way will it be different? Please explain

c. What will be the desirable and or non desirable outcome given your view in b?

Desirable

Non Desirable

4. What do you think will be needed for Indonesia to move towards a situation where there is a better market access for family farms?

5. What could have happened in the past that

a. could have led to the current situation of market access for family farms?

b. could provide lessons on what to do or avoid to ensure better market access?

6. What do you think are decisions to be made or actions to be undertaken immediately to improve current level of market access of family farms:

a. in your area?

b. in Indonesia, in general?

7. If you have the responsibility and the means to change things in terms of market access for family farms:

a. what will you do and why.

b. What factors or activities not yet considered would you include to enhance market access and why?

t h a n k y o u !

Appendix 2.1: List of Roundtable Participants by Organization

No	Name	Organization
1	Augusdin Pulungan	WAMTI
2	I Wayan Anggara	Bali organic farmer
3	Mr. Raka	PT. Bayu Jaya Kusuma
4	I Gusti Made Estuase	Badung Market
5	Dr. Gumbira Said	IPB Bandung
6	Dr. I Nyoman Oka Tridjaja	Directorate Processing & Marketing Agricultural Products
7	Petrus Tanmenu Naibobe	YMTM TTU
8	Mrs. Nunik Sulistyaningsih	Gita Pertiwi Foundation
9	Mr. Suwarji	National Council/Mataram Univ
10	Mr. David Ardian	KRKP-Bogor
11	Mr. Suarja	VECO-Indonesia
12	Dr. Nerlie Manalili	VECO-Indonesia
13	Miss. Sutrisnowati	VECO-Indonesia
14	Heny Pujastuti	PT. Bayu Jaya Kusuma
15	Drs. Gd. Muderaja	Trade Department Bali
16	Mieke Leermakers	VECO-Indonesia
17	Mr. Tjok Gde Oka	Enterprise Department Bali
18	Mrs. Hira Jhamtani	Interpreter
19	Miss. Budi	VECO-Indonesia (Notulen)

Appendix 2.2: Roundtable Program Of Activities

Time	Activity	Person
08.30	Registration	
09.00	<ol style="list-style-type: none"> 1. Opening and welcome remarks with introduction 2. Roundtable Mechanism 	<p>Dr. Mieke Leermakers – Country Representative VECO-Indonesia</p> <p>Dr. Nerlie Manalili, Regional Advisor for Asia(Market Access) VECO-Indonesia</p>
09.20	<p>Topic introduction</p> <ol style="list-style-type: none"> 1. Market Access In Indonesia: Issues & Concerns) 2. Market Access from farmers' Perspective 	<p>Dr. Gumbira S'aid, Institute Pertanian Bogor</p> <p>Mr. Agusdin Pulungan, Chairman WAMTI</p>
10.00	BREAK	
10.30	<p>Roundtable Discussion 1</p> <p>Sharing of individual perspective on market access</p>	All participants
12.00	<p>Identification of key Issues</p> <ol style="list-style-type: none"> 1. Individual Identification of pressing issues 2. Summary of identified issues 3. Presentation of Ple-liminary survey result 	<p>All participants</p> <p>Mr. Suarja Program Manager Veco- Indonesia Dr. Nerlie Manalili</p>
12.30	Lunch Break	
13:30	<p>Identification of Driving Forces and Uncertainties</p> <ol style="list-style-type: none"> 1, Listing of at least two each of market access driving forces and uncertainties 2. Processing and clustering of output 	All participants
13.30	Scenario Building	All participants
15.00	BREAK	
15.30	Presentation of Group Scenarios	Group
16.00	Roundtable Discussion 2	All participants
17.30	Integration of Arrived at Scenarios	All Participants led by Agusdin Pulungan
18.30	DINNER	All participants

Appendix 2.3: Roundtable Session 1. Participants Views on Market Access in Details

Name	Organization	Opinions
Henry	Private Sector	One way to get market access is to have organic certification. Is organic certification from Indonesia valid in other countries? Can we use the same organic certification for all countries for export? How does this work?
Gde Muderaja	Government Ministry of Industry	The limitation of farmers in Indonesia is indeed market access. The main weakness is the long chain of production and distribution. We should shorten this chain perhaps by developing the auction market. This is being planned by Ministry of Industry for the coming years, including allocating budget to develop the auction market. It is important that farmers can raise their income from market rather than the conventional system of selling their produce before harvest time.
Petrus Naibobe	Local NGO	The main problem is indeed the long distribution chain. But at the farm, we need to think how to facilitate farmers to have skills in post-harvest processing so as to increase price. At the moment the price level does not correspond with the costs incurred by farmers. Prices are determined by the production level. If price is based on the production cost, it will be higher than imported products. Thus the government needs to look into the issue and think how to protect farmers through pricing mechanism. Also we need strong farmers organization so that they can sell products together rather than individually; this will strengthen their bargaining position <i>vis a vis</i> traders.
Gusti Made Estuase	Local market authority	The government needs to create an organization where farmers can directly send their products to. In Bali there is the Bali Cooperative. We hope this will extend to agricultural products whereby more traditional markets will be developed. Another issue is the direct marketing to consumers. For this, farmers need to guarantee and maintain product quality.
Wayan Anggara	Local NGO (BOA)	Farmers need to enhance their capacity not only in producing organic commodities but also in knowing about market and pricing issues.
Suwarji	Academic	It is important to strengthen the capability of small farmers to sell their produce. This is a difficult issue. For example, the cost of buying corn from Sumbawa and transporting it to Surabaya is higher than importing corn from the US. Organized marketing by farmers ensure that they are not tricked by traders. Finally our weakness is linking the upstream and downstream marketing chain.
Nunik	Local NGO	Most of our farmers are subsistent and therefore have low capacity in agri-business. We need to bridge this gap. We need to provide information on commodities and to facilitate the creation of a synergistic market whereby we have good hearted traders that will think of sustainability of farmers' income.
Tjok Gde Oka	Government	We do not have proper data on what commodity is needed by the market, and how much, what quality and when. Thus we cannot make appropriate marketing plan. Farmers plant commodities based on season and/or price. Farmers in Indonesia own small plots of land and cannot reach economies of scale in their production in order to directly market to supermarkets. Thus the role of middlemen is important. But there needs to be a fair play system. We need to bridge this gap, perhaps by creating farmers organizations and linking them directly to other market players (traditional markets & supermarkets)
David Ardian	Local NGO	We must have a credible and comprehensive database as a starting point. Only then can we compare success and failure at the local level. If the subject is small farmers/small family farms, we need to understand that the situation is different, for example, from the US. We need to acknowledge that hitherto, many farmer groups have been formed, but as a learning media/process rather than as a business organization. We need a transformation process to change such groups into business oriented groups. Market access is a policy issue which we have to define. Does it mean that everything is free and open, and the government needs only to regulate? If market access is provided, but small farmers cannot get benefit, then it is of no use. There is a need to provide incentive to build capacity so that small farmers can compete with bigger entities. There is a need to provide financial support for production, understand market access at the local, national and global level, where the

		market is dominated by big actors. A country's economic success is measured only in terms of export quantities, where in reality it should also be measured in terms of increase in farmers' welfare. Finally, we should not only think of US (other developed countries) as market and also think about south-south trade. VECO-Indonesia can help on how to access the markets in Asia and Africa.
Suarja	International NGO(VECO-Indonesia)	The bargaining position of small farmers is very weak. There is always protection for big companies but not small farmers. Farmers have not idea about global market prices. De we need to regulate the market, if so, who should be responsible? We need a strong small farmers organization like in Thailand. It is ironic that as a agrarian country, we talk mostly about violence, whereas in Thailand, almost everyday people discuss about agriculture.
Gumbira Sa'id	academic	We need to review the revitalization of the agriculture, fishery and forestry sector launched by the government. It was launched but there is no concrete action as yet. I have a suggestion. From among the 14 countries in which VREDESEILANDEN operates, Indonesia is the largest, most fertile and most populous country. Thus it needs to put in more money in this country.
Oka Trijadja	Government	Indeed the government must deliver promises on revitalization of forestry, fishery and agriculture sectors, including the development of bio-energy for local consumption. The role of Ministry of Agriculture is to facilitate and provide policies for protection. There are problems in developing markets. The ministry of agriculture had tried, in cooperation with GTZ, to develop market information system that include data base on who much the market needs a certain commodity. This is not easy but we have tried with onion, chili, and tomato. The ministry will expand the database to include other commodities. On cutting the long chain of marketing, we have tried to develop a centered agribusiness place. The physical building is available but there is no institution and mechanism as yet. The Ministry also has competence to provide organic certification system although it is at embryo stage. There are plans to revitalize village industries and to educate young people to go back to farming. We need to add value to lure young people and to generate employment in the sector, therefore village industries are important.
Agusdin Pulungan	Farmers organization	Theoretically market access has two aspects: tariff and non tariff barrier. The non tariff barrier is an uncertain factor. We also cannot control global policies on pricing that have an effect on market access. The driving forces would be market promotion of agricultural products. We need to determine who is responsible for this, and also improve technology for added value at the micro level. Thus there is the need to revitalize village agro-industries so that for farmers can, for instance, sell tomato paste, instead of only fresh tomatoes. On the finances, there is a need to develop some sort of guarantee certificate in local banks in which farmers do not have to wait for three months to get payment from supermarkets. Instead they can present the guarantee certificate and get the money. The company will then pay the bank. Finally two other important issues are: regulate the taxes in agricultural products to guarantee market access and provide safety nets for farmers. VECO-Indonesian can play a leading role in two issues: improve the management skill of farmers so that they can fulfill market requirements, and build multistakeholder relationship in which there is a guarantee for farmers' participation.
Raka	private sector	We need to develop agriculture together, focused on the farmers. About 75% of our population is farmers, this should be a driving force, yet it is not. We should start developing the upstream part of agriculture by improving production system and providing appreciation for farmers. At the downstream part, government and universities can help with marketing system to facilitate farmers gaining access to markets. Farmers and traders must benefit together through linkage of upstream and down stream aspects of the agriculture and marketing. Government must regulate prices but in a fair manner for farmers. In the case of Bali, agriculture is also needed to develop tourism further, and therefore there must be synergy.

Annex 1. Overview Paper of Dr. Gumbira Sa'id

MARKET ACCESS PROBLEMS AND SOME EXPERIENCES IN PENETRATING DOMESTIC MODERN MARKETS AND ASEAN MARKETS FOR VEGETABLES AND FRUITS

By E. Gumbira-Sa'id⁺)

Market access in agribusiness is defined as the conditions, tariff and non-tariff measures, which are agreed by the members for the entry of specific goods into their markets. Based on its specific subjects, market access is formed through several elements, among others are (1) anti-dumping, (2) balance of payments, (3) import licensing, (4) information technology agreement, (5) rules of origin, (6) safeguards, (7) sanitary and phytosanitary measures, (8) state trading enterprises, (9) subsidies and countervailing measure, (10) technical barriers to trade, and (11) trade facilitation (http://www.wto.org/english/tratop_e/markacc_e/markacc_e.htm). There are some critical problems limiting the advancement of agribusiness marketing in Indonesia, due to the issues arising on market access, as described below.

1. AFTA agreement among the WTO members, has led Indonesia as one of its member to face some difficulties due to the involuntary characteristics of its bounded agreement. One of the consequences is Indonesia has been involved in trading block establishment between the ASEAN countries. Since the acceleration of free trade, from 15 years to 10 years, has been announced in 2003, Indonesia must push its agribusiness performance to anticipate the facing rapid changes in global agriculture market (Oktaviani and puspitawati, 2005).
2. Tariff reduction agreement for agriculture commodities which is divided into three categories (immediate inclusion list, temporary exclusion list, and sensitive list) has led Indonesia to improve its productivity in pursuing better agriculture performance on global agriculture market demand provision. On the other hand, as low import tariff has been set up, the illegal imports and under invoice document manipulation are increased (Gumbira-Sa'id and Dewi, 2003).
3. Inability of local farmers to provide consumers with suitable commodities in suitable quality and quantity, as well as its continuity and the ability to meet its time delivery (QCD principles), due to the limited access to finance, technology and information resources. In the case of horticulture commodities the problems are more severe due to the lack of good seeds supplies (about 80 % must be imported), higher costs of production due to the increase of fertilizers and pesticides prices; and due to more limited areas for good cultivation, due to land quality degradation, inorganic chemical poisoning etc.
4. *Sanitary and Phytosanitary Measures; Bioterrorism Act, Pest Risks Analysis, Organic Food issues* etc. have significance influences on reducing the confidence of small farmers to have access to modern market institutions, what more to export markets. On the other hand, conventional markets available have lost their conveniences due to physical building deteriorations, within traffic jams locations, and some times regulated by illegal gangs of authorities.
5. Market information system for Indonesian agribusiness to provide the potential information suitable for all of the key players, especially small farmers is not well established. This was worsened by the real practicalities of modern retail institutions (super or hypermarkets) which tend to import the commodities (mainly fruits) rather than providing indigenous fruits from local farmers. The modern retail markets display import commodities on very fine and strategic shelves, making the local commodities look so inferior.
6. Lack of good infrastructure (especially road) in the rural and country areas have limited a fine transportation system from producer areas to the destined cities of marketing (capital of regencies or provinces). In addition, long distance transportation (for example oranges from Brastagi, North Sumatera to Jakarta) costs more money than it should be, due to illegal tippings along the road (weighing bridge, seaport, informal collecting parties etc).
7. Government policies on promoting local agribusiness products is not consistent. On the other hand, the price of import commodities some times is cheaper than that of the price of the local products. This has increase the dependency of local consumers to the supplies of import products. This is true for apple, oranges, pears, grape, longan, and even durian from Thailand etc.

A CASE STUDY ON QUALITY PRODUCTS IMPROVEMENT AND MARKET ACCESS DEVELOPMENT AT CV. PACET SEGAR

(Extracted from Gumbira-Sa'id, 2003)

CV. Pacet Segar, is a small agribusiness company owned and chaired by H. Mastur Fuad, and established since 1975, in Ciherang, Pacet, Cianjur, West Java. The missions of this company are to distribute vegetables of prime quality, to obtain high value added of vegetables through better post-harvest handling and marketing, and to encourage job opportunities through agribusiness development of specific vegetables in the neighbouring areas. Due to its consistent efforts to increase the commodities quality and in penetrating modern markets, this company has been used by the Ministry of Agriculture of Indonesia, Bogor Agricultural University, and several international organizations to be used as an incubator for the trainings of farmers and students in improving their post harvest activities. Some trainees from the neighbouring countries, such as the Philippines and Malaysia, or many other countries from Africa have been trained in this company.

The company acts as a collector of vegetables from the farmers and Vendor I (first collector) for many kinds of consumers, such as supermarkets (Hero, Makro, and Carrefour), restaurants (especially Mc Donald) or individuals. More than 80 kinds of vegetables are collected daily from the farmers from around Cipanas-Cianjur, Bandung, Garut and Sukabumi areas. In addition Mr. H. Mastur Fuad also grows some vegetables in his own lands. The top 10 vegetables grown and distributed by CV. Pacet Segar are shallots, cauliflower, carrot, lettuce head, tomato, broccoli, corn, sauerkraut, kyuri, spinach and cabbage.

The value of vegetables is increased through handling and processing, started from cleaning, trimming, sorting, grading, and packaging to distribution. Since quality is the most important vegetables attribute, sorting and grading are done by classifying the vegetables according to specific requirement of shapes, colors, taste, odor, and maximum physical defect. The value of vegetable is also added through packaging, based on the vegetable characteristics and the consumer's preferences. The vegetables are packaged in various forms, such as plastic, wrapping film, tray, net or simply tied up. Stringbeans, *zucchini*, shallot, cucumber, tomato and carrot are usually packaged in plastic. On the other hand, broccoli, *kyuri*, *nasubhi*, baby corn, lettuce head and cauliflower are packaged in wrapping film. Styrofoam is used to wrap tiny vegetables, such as chili, chery tomato, *edamame*, radish, mushroom and bell pepper. Meanwhile, the vegetables packed by net and tying up are potato, *horensa*, shallot, *daikon*, and cucumber.

The main component which influences the operations of CV. Pacet Segar is the suppliers (farmers). In order to maintain the sustainability of the supplies, the company established partnerships program with the suppliers, especially in providing consultation services on the production schedules, production inputs, and even training services. The cooperation is also established with Bank Nasional Indonesia (financial institution) in providing credits for the corporate's operation. CV. Pacet Segar provides recommendations for the farmers as its business partner in gaining credits from the banks. CV. Pacet Segar also established cooperations with Master of Management in Agribusiness (MMA-IPB) (for managerial assistances), Inkubator Agribisnis-Agroindustri (IAA-IPB) (Agribusiness and Agroindustry Incubator of Bogor Agricultural University), Kelompok Tani Nasional Andalan (KTNA) (*National Prime Farmers Group*), local government and related institutions in gaining information of technology, management and market access. The cooperations help CV. Pacet Segar in increasing the quality of vegetables and providing market access widely. The scheme of networking between Pacet Segar and its partners is described below (Figure 1).

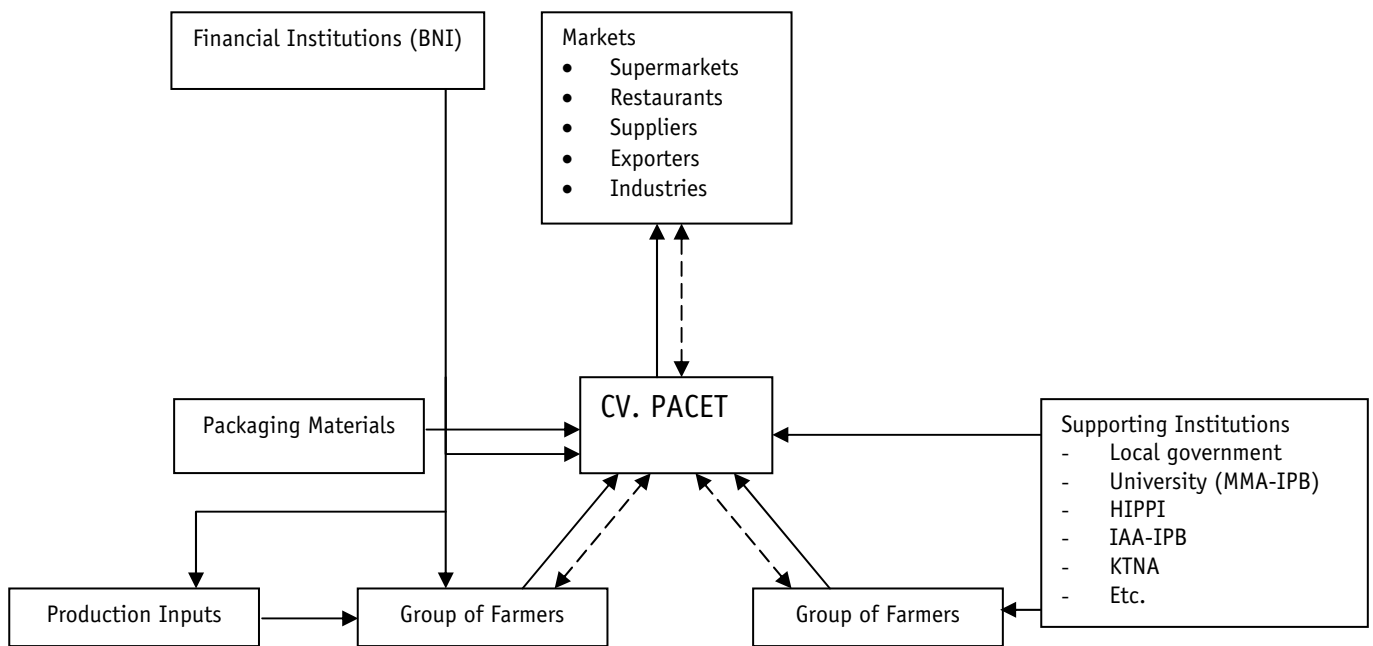


Figure 1. Scheme of Networkings between CV. Pacet Segar and Its Partners

**THE CASE OF ORANGE AND VEGETABLES MARKETING
IN NORTH SUMATERA (Extracted from Gumbira-Sa'id, 2003)**

One of the famous orange production centre in Indonesia is Brastagi, in Karo residence. This residence is not only the centre of orange production, but it also supplies the needs of vegetables (cabbage, tomato, carrots, cauliflower, lettuce, eggplant) and other fruit (passion fruit, pineapple and papaya), not only for North Sumatera, but also for Riau and Java Island, especially Jakarta. In Jakarta and other regions in Java, the horticulture commodity supplies from North Sumatera has become very important in fulfilling the consumption needs, since the local production can only provide a small amount of the consumer needs. It has made the local governments of Jakarta and North Sumatera created a joint cooperation to facilitate fine distribution of commodities from North Sumatera to Jakarta, including the efforts to eliminate illegal taxes and bribery (Bey, 2003).

As there have been some infrastructures built in Karo, especially in Brastagi area, such as local wholesale market, seed market and storage facilities, some of those commodities, especially orange, cabbage and potato are also distributed to Singapore and Malaysia. In 2001, the fruits and vegetables cultivation activity involves about 69% of the food crop farmers in Karo, which contributed about Rp 1 trillion (USD 118 million), or more than a half of the GDP of Karo Residence (about Rp 1.9 trillion or USD 224 million) (R & D Kompas, 2003a). eventhough there is an increase of consumption tendency, especially on oranges, the expansion of the orange cultivation land area from 5,179 Ha to 7,194 Ha has increased the production volume and value of fruits and vegetables in Karo residence.

There are about 13 cultivar types of sweet oranges produced in North Sumatera. Those types are Custom Sweet Orange, Valencia Late Orange, Norris (Hamlin) Sweet Orange, Pineapple Sweet Oranges, Shamouti Sweet Orange, Tenerife Sweet Orange, Pular Sweet Orange, Washington Sweet Orange, Thompson Sweet Orange Australian Sweet Orange, Red Sweet Orange, Maltaise Sanguine Sweet Orange and Double Fine Sweet Orange (Department of Agriculture of Republic of Indonesia, 2003). Since those types of oranges have been exported to some countries, especially to Singapore and

Malaysia, the farmers should encourage to produce higher quality of orange. For this, the government has launched a national standardization of orange, which determines the characteristic of orange, especially on the uniformity of weight, ripeness, overall colour appearance, freshness, pest and disease existence, and impurities

However, in spite of the high production volume of oranges, the farmers in North Sumatera, especially in Brastagi area is facing the unfair selling price. For example, in July 2003, the farmers can only sale its orange for about Rp 2,500 – Rp 3,000 per Kg (USD 0.29 – USD 0.35 per Kg), meanwhile they have to spend about Rp 4,500 – Rp 5,000 per Kg (USD 0.53 – USD 0.59 per Kg) of production cost. However, the collector (Vendor I) is able to sale the commodities about Rp 6,500 to Rp 7,000 per Kg (USD 0.76 – USD 0.82 per Kg) in the wet market (R & D Kompas, 2003b). It happens not only because of the over supply of the orange production in the local market, but also because of the increase of import volume of orange, from PR China, Australia, South Africa, Egypt, USA, Pakistan, Thailand and Brazilia (BPS, 2002). In addition, it is also predicted that, although the orange export is still continuing, the supply chain is not created directly from the farmers or collectors in Brastagi or North Sumatera as a whole, since about 80 trucks of oranges distributed from Brastagi (Karo) to Jakarta daily via Port of Tanjung Priok for shipment to Singapore or Malaysia (R & D Kompas, 2003a).

During the visit of author to Pasar Borong, Malaysia (about 10 times between 2000 and 2005), some vegetables imported from Brastagi were also marketed, namely potatoes and cabbages. Potatoes are packaged in a plastic net, while cabbages are wrapped by news paper wrap and put on bamboo baskets. These baskets are transported in a 20 cu ft container through Port Klang. In addition, some gingers are also imported from Brastagi, as well as sweet potatoes, which are packaged in cartoon boxes . All of the materials were sent by several exporters from Medan area.

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- *) Paper presented at Round table Discussion on market Access of small Family Farms in Indonesia, VECO-Indonesia, Hotel Dhyana Pura Beach Resort, Kuta, Bali, February 9, 2006
 - +) Professor of Agroindustrial Technology, Faculty of Technology, and Senior Adviser to The Program of Business and Management, Graduate School, Bogor Agricultural University, Bogor.