

Improving the livelihoods of smallholder farmers, Indonesia

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In Indonesia, Ethical Tea Partnership (ETP) and the Dutch Government funded Sustainable Trade Initiative (IDH) have developed a three year partnership to help smallholder farmers make a better living from tea. The project is addressing leaf quality and low yields, while raising awareness on the social and environmental principles to meet the demands of western markets and certification programmes.



Leaf quality training

Background

ETP and IDH have designed a project to help smallholders in West Java and West Sumatra improve their livelihoods, through improved quality, productivity, and access to international markets.

At the start of the project, diagnostic assessments were carried out with the Gambung Research Institute of Tea and Chinchona (GRITC). These identified a number of key issues:

- Small, low yielding plots located in remote locations
- Inferior leaf quality as a result of limited technical knowledge and poor farming practices
- Logistics of getting leaf to factories in good time and condition
- Lack of working capital for inputs (e.g. fertilisers, new tea bushes)
- Low level of farmer organisation and support

- Lack of understanding of market requirements

Understanding market requirements

Tea buyers from ETP member companies met with farmers to explain what they look for when they purchase Indonesian tea, in terms of quality and social and environmental standards. ETP's local partners have also worked with processing factories to find ways of explaining more clearly to farmers the pricing



Smallholder meeting

structure for different tea grades, so that they understand what is required to get a better price.

Strengthening smallholder organisation and access to finance

A key problem for many smallholders is their lack of organisation, which inhibits their ability to engage effectively with the factories who buy their tea, and therefore from accessing finance for investment.

To overcome this challenge, the project is working with the Rabobank Foundation who have been providing management training to one of the smallholder cooperatives to increase their capacity to represent their members. The training includes information on how to develop a business framework that will enable them to operate a micro-finance project for their members.

Strengthening the cooperative's capacity has already led to practical improvements. For example, payments are now made daily instead of every two weeks, which makes a real difference to farmers. Being able to access micro-finance will enable farmers to make investments in their farms and purchase agrochemicals at the appropriate time, a key component in improving productivity.

Improving quality and productivity

For most smallholders, the greatest income improvement potential comes through implementing better farming techniques. Agronomists from GRITC have been working with

Demo plot at the start of the project



the smallholder groups to identify the most effective ways of improving bush productivity. Training has been provided on a range of issues such as plucking and pruning techniques, and changes to micronutrient and fertiliser application. Plucking competitions have been held to help farmers improve their ability to provide the right kind of leaf to factories more effectively.

Demonstration plots have been established to show exactly how these changes should be implemented and the difference that they can make. Training has been held for 'lead farmers' in each area who then pass on the learning to their neighbours. A testament to the success of these plots is that many of the techniques have already been implemented by other smallholders.

In one area, the project team is working with the factory and cooperative to develop a tea nursery which will supply 500,000 new plants to farmers each year. The new bushes can be used to replace older or diseased bushes, or to

Demo plot after applying techniques



increase the density of plots (by filling in the gaps) thereby improving overall productivity. The plants will be supplied to smallholders at a subsidised rate which will be reclaimed from their tea sales and used to finance the next round of the nursery.



Nursery project

Moving towards certification

In order to supply the export market, and in addition to meeting quality standards, practices must meet international social and environmental standards. ETP and Rainforest Alliance have therefore developed material and training

approaches to help farmers understand these requirements. In order to assist them in making the required changes, local staff from the project's implementation partner, YPLK3, also work with each smallholder group to provide supplementary training and practical advice and support.

Sharing learning and scaling-up

One of the key successes of the project has been the formation of close working relationships between stakeholders; this has provided the opportunity to share learning. The Indonesian Tea Board has been highly supportive of the project and has been advocating its approach within the Ministry of Agriculture and other institutions. This has resulted in the Indonesian Government committing \$250,000 to support farmers in another area, using the methodology from the demonstration plots. ETP is also bringing the learning from this project into work in other tea regions.



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