

## Stories from the Field



“We can improve the quality of local pigs by providing good quality piglets and affordable feed for fattening. If we can show that the feed works, then farmers will be convinced - I was,”

- Father Yohannes



Father Yohannes bagging feed at the Diocesan Unit for Social and Economic Development (PSE) feed mill.  
(PRISMA/Nina FitzSimons)

## From Yams to Hams

How a project went from a potential failure to a success by following the market

In eastern Indonesia, the Australian Government, through the PRISMA program, is looking to increase the income of poor farmers by improving market systems using an approach known as M4P (Making Markets Work for the Poor). This approach complements other economic growth support measures being implemented through the Australian development cooperation and Bappenas program, by creating better access to markets for smallholder farmers and strengthening market sustainability.

The market system is highly dynamic and has many influencing factors. Because of this, programs using M4P must be able to adapt. A good example is the cassava project in East Nusa Tenggara (NTT) being implemented by the Netherlands Development Organization (SNV) on behalf of PRISMA. What started out as a project aimed at improving cassava production has turned into a project focussed on feed production for the pig industry.

At the beginning of 2014, SNV identified that 80% of households in the poor districts of Timor Tengah Utara (TTU), Belu and Malaka grow cassava but the market is limited to local consumption. This under-development of the cassava trade has resulted in low production levels and as a result, farmer income from cassava is negligible.

In early 2014, SNV identified a cassava trader, PT Singkong Timor Jaya (PT Singkong), that was interested in setting up cassava trading in the district of TTU to export cassava starch flour to Surabaya. PT Singkong agreed to partner with SNV in a project aimed at improving cassava production of smallholder farmers. PT Singkong would invest in the plant and provide training to farmers and collectors in good agricultural practices and processing techniques to make cassava chips. SNV agreed to contribute technical expertise to train the company master trainers and also to provide assistance to set up cassava demonstration plots in a number of villages through the local Catholic church.

In April 2014, SNV and PT Singkong partnered with ten local parishes, which function as the cassava collection and processing point in the three districts. While the church is not a usual market player, the Diocese is highly influential in NTT and is actively engaged in agricultural enterprise. In the local context the partnership made sense.

After cassava demonstration plots had been established and ten slicer machines were jointly purchased for the parishes, the project ran into a major stumbling block. The potential buyer of cassava chips from PT Singkong, namely PT Kartika Chandra from Surabaya – the



Processed local ingredients, including cassava chips, for pig feed.  
(Photo: PRISMA/Nina FitzSimons)

company which planned to process the chips into flour - advised there was insufficient electricity and water supply to build and run the plant. Because of the high cost of transportation, there was no commercial value to export unprocessed chips to Surabaya and PT Singkong withdrew from the project.

Nina Purwiyantini, the SNV Field Officer for the project, was devastated. "I remember the day clearly. I had to get on a plane to meet SNV management to explain why PT Singkong was pulling out."

But it turns out the trip was fortuitous. At the airport Nina ran into the Director of the Diocesan Unit for Social and Economic Development (PSE), Father Urbanus Hala. He asked Nina what she was up to and where she was going. "I told him about our project and how

things had fallen through," explains Nina.

"Father Urbanus told me that the PSE had a number of pig fattening programs with the parishes and they were trying to source affordable feed for their pigs. I remembered SNV had a previous program making local feed using cassava. As we spoke we both realised we could help each other," said Nina. "Instead of going to SNV to report a failure, which does happen in M4P projects, I went to report a potential new partner," she said proudly.

SNV developed an alternate model with the PSE as the purchaser of the cassava chips as part of a new feed production business. The PSE was keen to participate but had no experience in feed production. SNV arranged technical expertise from the University of Bogor to assist with feed formulation and a study tour to a sole proprietor feed mill in Bali. Father Yohannes, the person responsible for the feed production at the PSE, found the study tour transformative.

"After Bali we realised the business potential. We can use the entire cassava plant in the milling process and can source all the other feed ingredients locally, including corn, fish meal and rice bran" he says. "We already had a machine to mill flour from a previous project and were prepared to invest in a mixer. We really made a commitment to the business after our trip to Bali."

In November 2014, the PSE began negotiating agreements with the ten participating parishes for the purchase of cassava chips, using the slicer machines. The PSE would take over the role of training the parishes in cassava processing with support from SNV.

There is a big market for pigs in NTT because of high local consumption and the use of pigs in cultural ceremonies. In Atambua alone there are six restaurants that source 29 pigs daily. The current market can only provide eight pigs a

day of the requisite size and quality. "The PSE got into the pig business to assist local farmers access these markets," explains Father Yohannes. "We can improve the quality of local pigs by providing good quality piglets and affordable feed for fattening. The profit we make goes into asset maintenance and other business opportunities."

Local pig farmers currently use household scraps and fodder to feed their pigs. It takes approximately two years to get a pig to a market size of around 80kg. By using the feed made by the PSE, pigs will be able to reach 80kg in six months. The feed will be sold at Rp 6,000/kg compared to Rp 8,500/kg for industrial feed. Father Yohannes recognised that changing farmer behaviour will be challenging, so they are setting up three pig breeding demonstration farms at the parish level and 50 pig fattening demonstration farms at the farmer level to provide evidence. "If we can show that the feed works, then farmers will be convinced - I was," says Father Yohannes.

By the end of the project, it expects to increase the income of 2,000 cassava farmers by up to 35% and 150 pig farmers by up to 75%. If successful, the PSE will expand the project to all 60 parishes in the three districts, potentially reaching more than 107,000 farmer households.

The SNV project is a great example of how being adaptable to the local market context and flexible to change turned a failure into a potential success. "A meeting in an airport is all it took," says Nina. "I am sure there will be many cassava and pig farmers in NTT that are happy that meeting took place."

## PRISMA

Promoting Rural Income through  
Support for Markets in Agriculture

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The Australia-Indonesia Partnership for Promoting Rural Income through Support for Markets in Agriculture (PRISMA) is a multi-year program that is part of the Indonesian Government's long term strategy to encourage economic growth. With the support of the Australian Government, the program aims to achieve a 30% increase in the net incomes of 300,000 male and female eastern Indonesian farmers by the program's end by providing innovative solutions to increase productivity and market access.

PRISMA focuses on agriculture sectors that are the main source of income for a large number of smallholder farmers and have strong growth potential in areas of East Java, West Nusa Tenggara, East Nusa Tenggara, Papua and West Papua. Partnering with key market stakeholders, the program help spur growth along the value chain by reducing barriers and constraints within the agriculture sector.