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STAKEHOLDER BRIEF

ACIAR Cassava Value Chain and Livelihood Program

Stakeholder Linkages in the Cassava Sector in Indonesia



Summary

Indonesia is one of the largest producers of fresh cassava roots in the world. The main high productivity areas for cassava roots in Indonesia are in Sumatra Island (North Sumatra and Lampung Provinces) and Java Island (West and East Java Provinces). The Eastern Part of Indonesia (especially East Nusa Tenggara Province) has the potential to develop into one of the main cassava production areas in Indonesia.

The overall aim of this project “Developing value-chain linkages to improve smallholder cassava production systems in Indonesia” is to increase the profitability and sustainability of smallholder cassava production in Indonesia by developing effective linkages between value-chain actors to increase the adoption of improved technologies. To achieve this, the project seeks to: (1) assess opportunities and constraints for smallholder production and marketing of cassava in different agro-economic settings, especially access to extension services; and (2) increase the adoption of improved cassava production and processing technologies by strengthening linkages between primary value-chain actors (farmers, traders, processors) and with support actors (researchers, government agencies).

A key policy recommendation of the project is to engage the collaboration of stakeholders in the cassava farming, including local government, Ministry of Agriculture (via field extension officers), private sector actors and cassava-based industries. There are two different stakeholder engagement models that could be used as a reference to improve the performance of the cassava value chain and deliver sustainable positive impacts for smallholder cassava farmers.

Background

Indonesia is one of the largest producers of fresh cassava roots in the world. However, Indonesia is also the world's second biggest importer of cassava starch. This highlights that Indonesian cassava production is still not able to meet the needs of domestic cassava starch factories. The majority of large scale cassava production is undertaken in Lampung and North Sumatra Provinces, while there is great potential for expansion of cassava production in the eastern part of Indonesia.

In Simalungun district (North Sumatra) the cassava farmers already have a strong relationship with the cassava starch processing industry, but there is a lack of support from the local government. On the other hand, in Sikka regency (East Nusa Tenggara Timur) farmers only plant cassava for food security and not

as a cash crop for sale to industry. The local government of Sikka is willing to help farmers with improving and scaling up production to enable them to benefit from investments made by private sector actors.

Key Issues



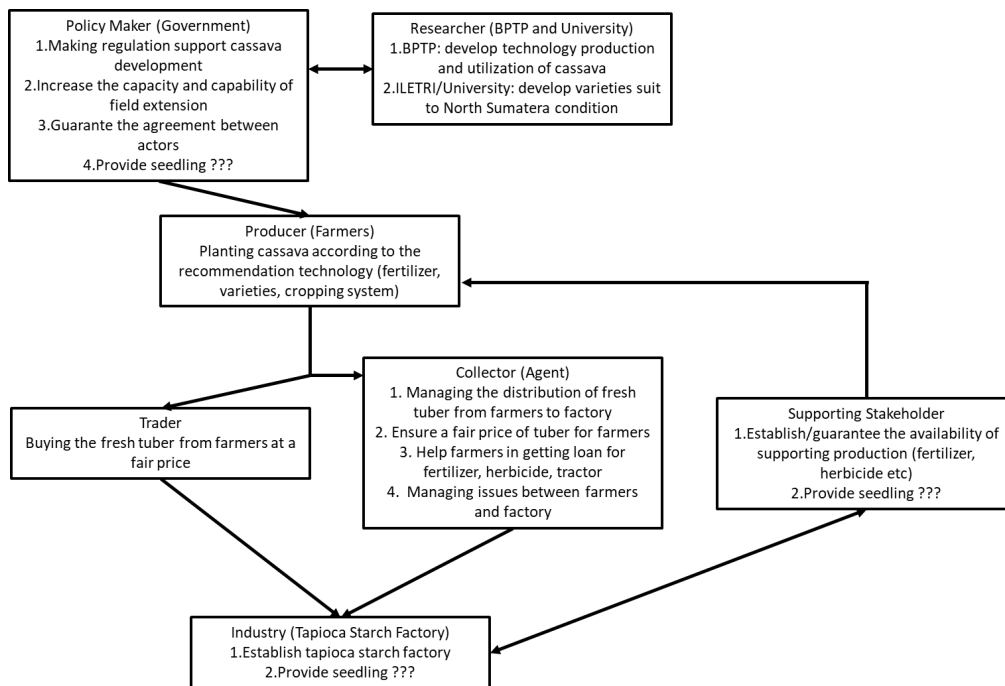
Lack of support from the local government: The household surveys conducted in 2017 in both project sites showed that overall there is a lack of support from the local government in the smallholder cassava farming. Private sector actors (cassava starch industry in Simalungun; and cassava trader in Sikka) in general are the main actors taking initiative to work with smallholders. In the case of Simalungun, the cassava starch industry has a long-term strong relationship with farmers. However, this was not the case in Sikka, where farmers tend to sell their cassava roots directly in the market for consumption and currently there is no medium or large scale private actor in the cassava processing sector.

Creating linkages between stakeholders: As mentioned above, local government in both project locations currently have a limited engagement with smallholder cassava farmers. The project aimed to create linkages and communication between various stakeholders to improve the value chain of smallholder cassava farming. In Simalungun, the private sector (fertilizer company and tapioca starch industry) are open to collaboration with local government to support the farmers in terms of increasing the availability of fertilizer to the farmers. Moreover, after witnessing positive impacts from the project, the local governments of both Simalungun and Sikka are considering methods to support farmers to increase the land area for cassava production in the near future.

Key relevant findings from research

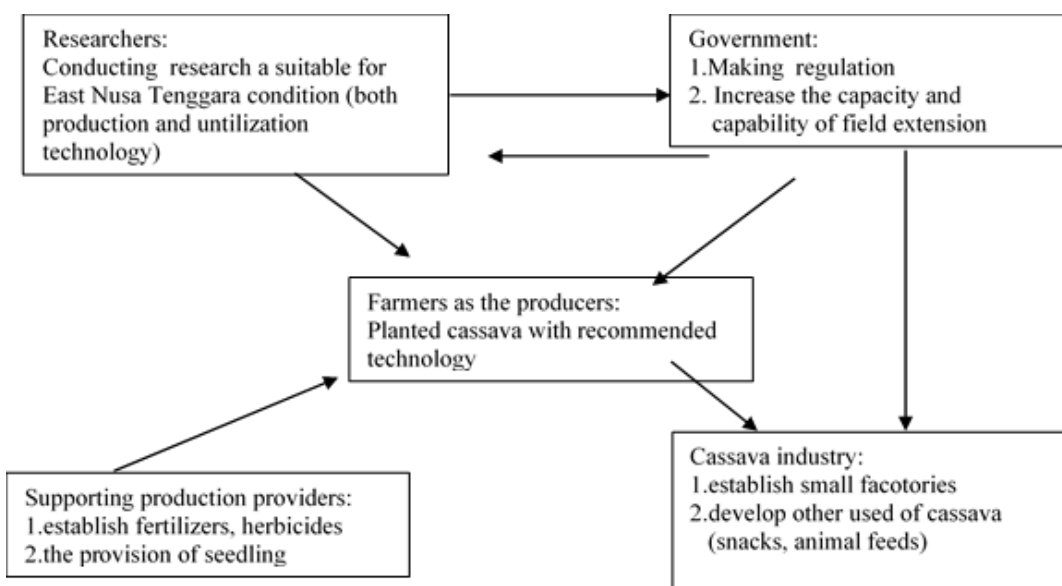
Stakeholder workshops and discussions undertaken in both Simalungun and Sikka have developed a stakeholder engagement model to support the smallholder cassava farming. This model can be further developed by private sector actors, local government and farmers in the future. The stakeholder engagement models in Simalungun and Sikka each have their own characteristics.

Stakeholder model in Simalungun



In **Simalungun**, there five main stakeholders that directly involved in the smallholder cassava farming. These stakeholders are: (1) Farmers; (2) Trader; (3) Agent/Collector; (4) Tapioca starch industry and (5) Local government. There are also supporting stakeholders such as fertilizer and herbicide companies. The expected role for each stakeholders and the relationship between stakeholder is explained in the figure above. Through this model, it is expected that local government could act more to support the development smallholder cassava farming either through technology transfer or increase the capacity of field extension officer to support the farmers.

Stakeholder model in Sikka



In **Sikka**, the stakeholder engagement model is directly involved farmers, government, and cassava industry. Because currently there are no large scale cassava based industries working in Sikka, the farmers directly sell the fresh cassava tuber to the market for consumption, or to small scale cassava industry (chips for animal feedstock). The government is expected to be more involved to help farmers in getting planting material and fertiliser. The cassava industry is expected to establish small factories for cassava chip processing, as well as developing a cassava based animal feedstock factory.

Recommendations based on research findings

The local government, agricultural extension field officers, and industry should develop collaboration to help farmers in developing the small holder cassava farming: All actors within the value chain agree to take more action for increasing cassava production. However, prior to the project activities, there was still a lack of clarity about the roles and responsibilities of actors involved in the value chain. The project concluded that government should more active to take a supporting role, especially in providing cassava varieties and technology. The local government was also expected to perform an “honest broker” mediation service between farmers and processors in facilitating agreement, and supporting actors in getting insurance. Agents, traders and collectors are willing to take part in multiplying and providing input for farmers materials as long as there is a clear profit incentive for them to do so.

This stakeholder brief summarises issues, findings and key policy recommendations related to stakeholder linkages in the cassava sector in Indonesia from ACIAR Project AGB/2012/078 *Developing value-chain linkages to enhance the adoption of profitable and sustainable cassava production systems in Vietnam and Indonesia*. The project is funded by ACIAR and implemented by ILETRI, University of Brawijaya, CIAT and the University of Queensland. The intended audience of this brief is the Ministry of Agriculture, Ministry of Rural Development, Local Government and extension centres in Simalungun and Sikka and the private sector stakeholders in the cassava value chains in the two provinces.

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