



## **HORTIN II Co Innovation Programme**

*Training & support mission*

*HORTIN II supply chain development*

*Horizontal integration and marketing strategies  
smallholders' cooperative*

### **Mission Report 18**

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The purpose of the HORTIN II programme is to contribute to the development of cost effective high quality value chains for the selected commodities hot pepper, shallot and sweet pepper. Among others this can be achieved when technology development takes place in close collaboration between public institutions, farmers and private companies.

In Indonesia, the programme is carried out by the Indonesian Vegetable Research Institute (**IVEGRI**) in Lembang. In the Netherlands Applied Plant Research (**APR**), WUR-Greenhouse Horticulture (**GH**) and Agricultural Economics Research Institute (**LEI**), all part of Wageningen University and Research centre, are the principal partners.

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## 1 Introduction

From March to July 2008, a quick assessment has been made of the market requirements of high value products of hot pepper and sweet pepper. In the case of sweet pepper, different market actors have been found willing to collaborate in a supply chain targeting a new market with a higher value product of pesticide free sweet pepper.

The mission took place to look at the feasibility of linking up the small farmers' coop in Lembang, in such a supply chain. This coop in Cisarua, Lembang, has been contributor and beneficiary of the Hortin field-technical research on improvement of production for better yield/quality.

The mission took place from August 17 to 23; and included coordination meetings between LEI (Olga) and the supply chain facilitator (Iskander) as well as a meeting with IVEGRI. Main purpose of the mission was to conduct a 2-days workshop with members of the coop. The 2 days training had as objective to introduce tools that allow members and coop staff to assess market opportunities according to member's preferences for market access. The terms of reference for the mission can be found in Annex I

### 1.1 Backstopping mission in short

Before the start of the mission, different expectations on communication lines within the Netherlands, within Indonesia and between both countries, resulted in uncertainty about the mission itinerary and compliance with objectives, as people to be involved in the mission formally had not been informed on time about activities and itinerary.

Furthermore, the mission coincided with the preparations for the imminent visit of the Dutch Minister of Agriculture, Gerda Verburg, to IVEGRI and the Cisarua Producers' Association.

Nevertheless, with the goodwill of all Indonesian partners involved, it was possible to follow the itinerary as planned. The itinerary and an overview of time spent per activity are attached as Annex II.

A second major observation about the HORTIN supply chain development programme, concerns ongoing discussion between project partners about its objectives, expected outputs, and the final choice for the supply chains for the pilot project. See also HORTIN report 11 paragraph § 7.1. For a discussion on the arguments for different approaches to supply chain development, see paragraph 2. In short, pilot projects may be directed at the development of new chains with new product/market combinations to strive at higher added value for the chain, or at the improvement of existing chains. In the first case, the main objective is to create more economic value within the agricultural sector, with the assumption that the creation of new (niche) markets will benefit all farmers indirectly through growth of the rural economy (improved employment, more services, more production and consumption linkages etc.) .

In the second case, current supply chains are analyzed for improvement of efficiency; distribution of added value to farmers' benefit, and improvement of fitness to the majority of small farmers' ambitions and capacities.

With the decision to support the farmers' coop Cisarua in their management and administrative internal control systems, the development of a supply chain is considered from coop's perspective. This may finally lead to participation of this particular group in a high value chain with the national supermarket sector as final actor in the chain, but not necessarily.

The training of the farmers during a two days workshop was directed at the introduction of a business plan that can be easily managed and analyzed by farmers (not only coop staff), and at obtaining the coop's permission to introduce such a plan in their daily operations. The actual implementation of the business plan will imply systematic and frequent updating of the costs planned in comparison to real costs made and, once in place, will function as a monitoring system.

Working with a business plan on farmers' level and on coop level was positively received by the coop members, participants of the workshop. A general agreement on further activities and responsibilities for coop staff and HORTIN support was elaborated, to be formalized in a Memorandum of Understanding (to be elaborated by Iskander).

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For research and measuring impact of farmers' support in supply chain development; the formulation of indicators for supply chain performance by the farmers themselves was deemed important. For that reason, part of the workshop program for the second day was not carried out, to have more time to assess performance indicators of importance to farmers. A short inventory among participants showed that quick payment to members and stable price was considered more important than a high price with higher risks. The discussion will be used to elaborate a survey to be held among the farmers (on entrepreneurship and willingness to take risks in marketing). The World bank study on Horticulture in Java (2007) can be used as a basis and as reference for the elaboration of the survey.

It is important to note that the results of the internal monitoring system and survey can be exploited by farmers themselves, as guidance for marketing decisions and improvement of performance, while being the basis for researchers to assess the impact of (interventions by) the Hortin programme for small farmers' market position and small farmers' market access.

From the meeting with IVEGRI it was concluded that IVEGRI is not planning to be directly involved in supply chain development activities, but would like to have more feedback from LEI on the envisaged objectives / output of the programme, as it is their interest to have both technical research (by IVEGRI / HORTIN) linked to the supply chain programme. The demand for improved communication has already been mentioned.

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## 2. Defining outputs of the Supply Chain development programme HORTIN

### **Findings from:**

*Study of HORTIN reports and quick assessment of World bank study  
Meeting August 18 with Iskander and Olga  
Workshop findings August 20 & 21*

Supply chain development supposes bringing together all market actors in one supply chain with the aim to improve the performance of that chain.

Targeting a specific market with a new product may give an overall higher value of the chain and market opportunities for those participating. This also facilitates the connection between (super)market requirements and the development of new markets to technical research on farm field level to improve yields and/or quality of produce within HORTIN. The role of knowledge institutions, besides research, would be to facilitate collaboration among market actors and enforce the creation of new networks. This is why seed companies also start to hire supply chain specialists.<sup>1</sup>

In effect, the rising importance of supermarkets in Indonesia has given room for innovations in the vegetable chains, like new chain structures with the emergence of new specialized trader-suppliers of specialized products (brands; organics; pesticide free) to supermarkets. Whether these new structures include participation by smallholders is uncertain. Research (Berdegué et al, 2005) has shown that supermarkets in Central America, only source a minority of products directly from producers, and for direct procurement will prefer medium to large producers or producer organizations.

The World bank study has found similar tendencies for Indonesia, and that farmers share in the new supply chains with supermarkets varies only between 11 and 15% over areas. These farmers represent the upper stratum of small farmers in terms of landholdings, capital (finance, irrigation tanks) and education. Successful cases of direct supply to supermarkets by producer groups in Indonesia merit further analysis, as even the specialist traders who are the preferred suppliers of supermarkets (like Carrefour) have difficulties to break even when supporting farmers to get the required quality and volumes, and that margins are tight because of cheap imports and the costs high (long payment periods, traffic jams, long queues at supermarket DCs.; promotion at supermarket stores) (World bank, 2007, p. 65).

This reflects that it is not likely that innovations in high value chains will benefit the majority of small farmers, who are mainly dependent on the wholesale market.

One barrier for establishing innovations in high value chains concerns the time factor. For the market to fully benefit from field level innovations and product (breeding) innovations, the latter needs time to develop. To have the lower stratum of small farmers benefit from these market opportunities, they also need time to improve organizational efficiency, bulking and quality management.

Some conclusions from the World bank study:

- Participation of small farmers to high value chains (with the national supermarket as final actor) depends is higher in the areas with higher commercial infrastructure (which implies better logistics, more services and more contact with the market);
- The farmers who are participating belong to the upper stratum, that is, the 10-15% of farmers with more capital (infrastructure; education) and landholdings (p.44)

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<sup>1</sup> Interview with Jos vd Knaap, August 22.

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- Most benefit (highest income) was obtained by farmers in the good infrastructure zones; selling to specialized wholesalers who deliver directly to supermarkets.
  - The traditional wholesale market is still the main final marketing channel with 68% of market share (46% to wholesale and 40% to local collectors), though the emergent marketing channel to supermarkets has become the main alternative (11%), having grown from non existent in 1993 to 11% in 2006 (p.82; 83; 86)
  - In the traditional marketing channels (though wholesale), an important obstacle to improving quality and returns on their produce for farmers is that many traders have a vested interest in maintaining the status quo. Wet-markets are controlled by well-established trader networks that often go back a few generations and are governed by various patronage systems. As such it is difficult for an outsider to get an insight in price setting systems and trends in demand and supply – and practically impossible to intervene and start operating in these markets. This conclusion is supported by oral comments and experiences of farmers.
  - For improving chain performance of traditional marketing channels, an assessment of the costs and benefits for established traders of improving product quality and food safety to GAP levels is needed. Innovation strategies will have to take account of vested interests, and offer profit margins for traders that are considerably more attractive than current ones. (p 57).

A study (LEI, 2008) on the impact of the adaptation of hybrid (open field) vegetables by small farmers on their income, executed in five countries of the South-East Asia (among which Indonesia); showed that changes in production technologies will lead to changes in marketing strategies, with as influencing factor the individual farmer's network on the input side (link with seed companies) and on the marketing side (market contacts). This is congruent with the World bank study. (see above)

Research question:

How does the establishment of an internal monitoring system in small farmers' coop influence marketing strategies, member's participation and members' commercial choices?

It is assumed that a monitoring system will lead to more transparency of coop's performance for staff and towards members, which will lead to improved efficiency (better prices to farmers, better payment conditions etc)

The monitoring system will enable a feasibility analysis of marketing options by farmers themselves (through the coop) with analysis of preferences in supply chain performance by coop members. This may lead to changes in marketing strategies and attitude towards taking risks, or not.

Thus not only the quality of the monitoring system itself is important (complete, accurate, systematically updated), but also the internal communication and analysis of results with all coop members.

Will implementation of internal control system improve coop members' flexibility and autonomy in decision making in:

- Planning crop cycles (starting date to sow, date of harvest)
- Choice whether to sell green or red / yellow pepper (deliver red sweet pepper in stead of green, of market prices at a certain moment are more attractive than market price for green sweet pepper.
- The results of the coops actual marketing strategies for farm's economies: whether there are yearly fluctuations in market prices
- Entrepreneurial skills of coop members
- Risk taking attitude by coop members
- Farmers commitment to marketing strategies by coop
- Organizational capacity to diversify activities

With a comparative study of control groups, an analysis can be made of the arguments for small farmers to participate or not in a cooperative; how collaboration takes place in other arrangements (like groups in which one lead farmer coordinates with other farmers informally) and what marketing strategies are followed by individual farmers and organized groups.



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**Conclusions and action points**

- *Discussion of research questions and impact measurement of activities within Hortin.*
- *Development of survey, complementing the monitoring systems as developed and managed by farmers themselves (establishment control groups?)*

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### 3. Assessment of the Cisarua Farmers' Association

**Findings from:**

*Meeting August 18 with Mr. Sutardi, Iskander and Olga*

*Visit to farmers' facilities August 19*

*Workshop findings August 20 & 21*

Mr. Sutardi has been chairman since the group started in 1994. Since 1999 the group has been formalized as a coop. It seems to be difficult to find coop members willing to take over as chairman (not remunerated).

**Marketing strategies:**

The coop sells 40% of produce (quality A<sup>2</sup>) to an exporter, with whom the coop has a longer term relationship. The price is set by the exporter for 3 to 6 months, which is usually respected by both partners (only once did the coop renegotiate when prices had gone up considerably).

The price is negotiated by the coop on the basis of world market prices and exporter's margins (explained by exporter). This information is given by the exporter. The coop also checks with other exporters.

The rest (60%) of the produce is sold by the coop at local market through local buyer or intermediary. There are 19 local buyers and / or intermediaries that bought the coop's produce. Outside the existing coop's buyer, the coop management team and coop members know that there are about 24 local buyers and or intermediaries that did not buy the coop's produce. Those local buyers and / or intermediaries are bought sweet pepper to non member producers. However those buyers are potential market for coop. At this moment the coop is not able to fulfil all of market demand, the coop members have opportunity to increase yield by expanding the acreage or improve farm performance such as yield per square meter.

The coop pays its members every 10 days with a 10 days average price, minus a commission charged to the member for coop services (mainly sorting and marketing). The average is taken from current market prices, so sometimes the cost price might be higher for the coop, if the market price has increased above the price set with the exporter.

The exporter pays the coop every week, so there is a difference (delay) of 3 days between payment period by exporter and payment period by coop to members.

Participants of the workshop have expressed that if the coop would take longer than 10 days to pay its members, it would need to procure seed and inputs (fertilizers) so farmers can finance their (new) production.

It has happened that the coop did not get paid by buyer.

Average price of first quality is 13,000 rupiah for yellow pepper; 9,000 rupiah for green pepper<sup>3</sup>. Between class A and B there is a 1,000 rupiah difference.

Calculated cost of the coop services is 1,000 rupiah per kg. ; which according to the chairman is around 10% of the price paid to the producer<sup>4</sup>.

How the commission to the farmer is calculated is not totally clear, the coop staff (members) reports that it is based on the real costs in the same 10-days period and calculated from the monthly costs.

Commissions vary per quality and per month.

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<sup>2</sup> 60% of all production was estimated to be quality A (the highest quality); 25% quality B and 15% quality C. It is not clear however whether the exporter only buys green sweet pepper or also other colours (yellow, red).

<sup>3</sup> Representing € 0.95 and € 0.66 euro per kilo respectively; conversion rate August 20, 2008

<sup>4</sup> A relation of prices paid and commissions charged per quality per 10 days during 2008 has been given by coop to researchers, but not yet analyzed.

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The farm staff (not the people sorting the sweet peppers) are not receiving a salary, but a compensation for time invested. The sorters get paid per month.

### **Spot market price to farmer versus integrated supply chain price**

When asked if the price paid to members (the 10-days average price); results in higher long term income, compared to the income when following the fluctuations of the market; Mr. Sutardi answered that he did not know, but that he had the feeling that there is no difference. This forms part of coop's performance.

### **Coop's current administrative system**

Paper trail in coop regarding purchase from members:

Member sends produce to central warehouse, where it is sorted into three qualities and weighted (high level of internal trust).

Per producer a notebook is held, with the register of quantities delivered of each quality, and prices paid per 10 days (average price). In excel relations (totals) of all deliveries per grower and per quality are kept.

The producer receives a receipt every 10 days on weight; qualities and commission charged

The coop keeps registration of daily local market prices (but not farm gate prices).

All of data that registered by coop has not been used as resources to make production plan, marketing plan and cost budgeting at both farm level and coop level. As outcome of this workshop the management team now understand the importance of registration.

### **Micro-finance**

The coop members have been beneficiaries of a micro-credit programme by the private bank (Bank Arta Graha). A total of 5 billion rupiah was distributed among the 50 member of the coop without requirements for collateral.

The programme started 4 years ago, and some credits have been renewed already. Some members reimburse through the coop, some pay directly.

According to the coop's chairman (Mr. Sutardi), the coop's management team is preparing a proposal for micro credit finance to the local government bank (West Java Bank / Bank Jabar). The amount has not mentioned yet. This credit of finance will be used as capital of coop so that the coop can pay to its members become shorter than 10 days. This micro credit schema without requirement for collateral because there is warranty from government but the creditor gets commercial bank interest. This micro credit schema is only for coop and small-medium enterprises (SME's).

### **Internal accountability**

Each year, the coop holds an evaluation assembly, in which the financial report of all coop operations is presented and explained to the farmers.

If there is a profit, members receive additional revenue according to quantity of product delivered to the coop. The quantity does not influence voting rights (one (wo)man, one vote).

The coop does not work with business plan with budgets to use in planning and monitoring of activities during the year.

There are three forms of member's contribution:

- Main Savings / coop share (once in the beginning as member and the same amount for each member)
- Obligatory savings of 5,000 rupiah/month (monthly saving and the same amount for each member)
- Voluntary Saving (at irregular times which can be different among members)

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All savings can be used by coop as capital for commercial operations. If there is profit it will be given back to the members in relation to the percentage of total amount of savings by each member plus percentage of total contribution of each member's produce delivery in one year.

There are no other formal meetings for information exchange.

### **Product flow**

Producers deliver daily from 9:00 to 12:00h; around 5 to 6 producers per day. The produce is brought by motorcycle or picked up by the coop truck from farm to coop facilities and is estimated at 1,000 kilos per day. Internal policy is those members sell the whole production through the coop. If not the coop member gets three warnings before expulsion from coop. The same goes for compliance with production schedule (sowing month) as set by coop.

The different qualities are being placed into plastic boxes (13 kilos, according to buyer) for export (Emeralindo), property of the coop; while the produce for local market are packed in plastic bags (with name written on it). The used plastic bags are assembled and sold for \$ 4,000 rupiah per kilo.

The coop has a cooling facility with a capacity of 4 ton (4,000 kg); that is; four times daily deliveries by farmers. In the cooling facility, the produces can be hold for 10 days. It was used for storage, but not cooling at the moment of the visit.

### **Additional conclusions from discussions with Iskander**

The market demand is constant, and higher than supply, it is the production that fluctuates; because of lack of seed (finance for purchase and / or late delivery from seed supplier). Other causes are climate (strong winds in rainy leading to damage to green houses) and diseases (virus).

For monitoring that all forms in the administrative system are updated regularly and correctly (farmer + coop level); it might be useful to hire a student.

Iskander does not coordinate directly with Arij / Herman etc.; only through IVEGRI (Mr. Witono);

With hot pepper the same approach can be followed: analyze how farmer is linked to markets, what terms of payment; how to improve marketing options.

Possible performance indicators:

- Price levels
- Information from buyer
- Personal contact with buyer
- Payment period
- Loans from buyer (seed, inputs etc.)

### Questions for survey that came up in discussion with Iskander:

Do you compare your farm results with other farmers?

How do you get information on market prices?

Do you have more information on market prices now in comparison with a year ago? Why, from whom?

Do you know the operational costs of the coop?

Do you know about production plan?

Do you have production plan?

Do you know how much the total production by all coop members is?

Do you know how many kilos your produce per square meter per year?

Why did the farmer fill in / not fill in the formats?

How to implement survey among other farmers but coop members (survey)?

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Other questions will be developed and elaborated by Iskandar and Olga and input from Coop Management Team for the questions on expectations and satisfaction by coop members.

The following agreements for follow-up were made, to be formalized in a Memorandum of Understanding

Coop / Koperasi:

1. Analysis data that coop has made /Pengolahan data yang sudah ada (Pak Sutardi, Pak Cheppy)
2. Make coop business plan / Bisnis plan koperasi (Cost, production plan, marketing plan)
3. Help farmer to make farm level business plan / Penyusunan bisnis plan di petani oleh petani (di bimbing oleh pengurus (Pak Sutardi, Pak Cheppy) / hortin)
4. Make questioner for the member to get sales reference / Quisioner kepada anggota (frefrensi untuk penjualan)
5. Preparing business plan format for farmer / Menyiapkan format bisnis plan untuk petani (Penanggung jawab: Pak Sutardi, Pak Cheppy, Pak Eman)

Hortin:

1. Support for analysis of market opportunity
2. Support for analysis of marketing strategy
3. Continue with business plan assistant (follow up)
4. Support and Monitoring to elaboration of farm level of BP and Coop BP
5. Support to make guide line business plan on farm level.
6. Visit to Coop every Thursday at 9-12
7. Prepare MoU between Coop and Hortin

#### **Conclusions and action points**

- *The coop is open about its (financial) operations and has paper trail in place and summaries of product flow computerized.*
- *Trust in coop operations by farmers is high; requests for internal accountancy are low;*
- *The coop will start to work with business plans at farm level and at coop level; to be executed by staff with support by Iskander. This will imply working with budgets (monthly, yearly) and different annotation of real costs in administration (that is, reflecting cash flow)*
- *The main function of a business plan to work towards defined marketing goals has been discussed during the workshop, but not yet defined. It is suggested to first make a feasibility study of marketing options (World bank study also gives information on added value in different marketing channels etc) and to have more inside in farm and coop performance.*
- *A guideline for the business plan will be provided to the coop by Iskander. Before implementation, formats will be sent by Iskander to Olga for comments before their implementation in the group.*
- *A survey will be elaborated by LEI, with feed back by Iskander and coop. Some questions on farmers' preferences for supply chain performance (farmer's attitude) were tried out in workshop.*
- *Iskander will contact the other farmer groups in the region through the coop*
- *Iskander will work with the coop every Thursday morning.*
- *[Agreements for inclusion in the Memorandum of Understanding, see to be completed by Iskander]*

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## 4. Collaboration with IVEGRI in supply chain research

**Findings from:**

*Meeting with IVEGRI (Dr. Nikardi, Dr. Witono and Dr. Rofik), Iskandar and Olga; Tuesday August 19  
Diner meeting with Herman de Putter, Thursday August 21*

Large part of the meeting with IVEGRI was dedicated to a discussion on supply chain approaches

There has already been a lot of research on coop building and on supply chains.

The HSPS has done the same<sup>5</sup>. The coop staff has had trainings on management and finance before<sup>6</sup>.

A lot of people are trying to build new supply chains (no need to do the same)

This project is looking for quick results, but volumes (by coop) are too small.

If the idea is to establish a "new system" (a new supply chain with high value), we have already started wrong, and we are halfway working in the same old system now.

The choice for the three products for HORTIN was based on its importance for the agricultural sector and priority for Indonesian government. The interest of the government is in how to break through a market.

Niche markets nevertheless are being supplied by large scale growers. Small growers need more facilities to do so.

We would also need to look at the duplicability of the pilots: be open to other alternative but the supermarkets.

How to prove / measure the improvements made?

A portion of the research is still not defined: that is good.

What are lacking are the objectives for each activity within the supply chain programme.

Why do a market research? For what objective?

How does intervention in the chain influence the farmers' position? What factors influence?

If the Hortin programme is about three products, why just only do two pilot projects on supply chain? Why not include all three?

It came up for discussion, but there is no agreement in IVEGRI whether shallot would be preferable over hot pepper for supply chain research.

Market research question for the shallot:

Technical field research is improving yield. A larger size shallot means a higher yield, nevertheless local markets require smaller size shallot. Can different sizes be sold to different markets? How small must shallot be to have a local market?

Analysis of performance in field research has been limited to technical (production) indicators and has not included financial farm performance. It would be good to have budget to set up a greenhouse with a farmer, cover commercial risk in case results are negative, and thus be able to show performance improvement in practice<sup>7</sup> or factors influencing farmers' decision to change production methods.

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<sup>5</sup> HPSP program focused on IPM (practice and theory). Outcome of this training is improvement in export quantity from 2 ton/week (before training) to 6,2-8 ton/week (after training).

<sup>6</sup> It is unclear how these trainings were linked to (improvement of) coop financial and marketing operations. Currently coop is not working with budgets, cost reduction or cash flow calculations.

<sup>7</sup> No farmers in Lembang have changed to metal based greenhouses for more light efficiency and thus (proved) higher yields.

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Red Pepper (comments by Herman)

Red pepper is a secondary crop for producers; they intercrop with shallot, but do not invest in the red pepper (diseases) once the shallot is harvested. If the red pepper pays off, how nice, if not, it does not matter.

It is a bulk product, difficult for the creation of added value. Because of indifference to yield, it is difficult to have farmers buy hybrid seed (too expensive if not taking care of production)

Suggestion: work with the products that are not important in terms of the number of small growers, but a product which has the interest of several parties (seed companies / retail) to work on. Tomato is such a product. <sup>8</sup>

**Conclusions and action points**

- *There is an ongoing discussion about what the outputs of the supply chain programme are going to be, and what is expected from IVEGRI. This includes required budget to finance IVEGRI contributions. Proposals to finance research through the Indonesian Ministry of Agriculture need to be presented in week 35.*
- *IVEGRI sees supply chain research as supportive to technical research*
- *First have the objectives (output) clear; then the communication lines.*
- *IVEGRI would prefer dealing with the same person in time, so he/she will know all about previous meetings and arrangements. The different persons who have visited for the supply chain research also come up with different viewpoints.*
- *LEI will define who is contact person with IVEGRI and inform*

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<sup>8</sup> Likewise, Jos vd Knaap commented that you should have your network in place before starting a pilot, and involve the farmers with the capacity to comply with the new product/market combination. Join all partners and look together at new opportunities: from seed to market.

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## Annex I

### Terms of reference HORTIN II Supply Chain Support Mission

#### Background:

Within the framework of the HORTIN II program a LEI / PPO project was initiated in March / April 2008 to facilitate a sweet pepper (paprika) cooperative in Cisarua and hot pepper producers with the domestic marketing of their produce.

The paprika cooperative and its associated members are involved in the HORTIN technical research program on sweet pepper. To strengthen the sweet pepper cooperative and other similar initiatives LEI has appointed a so called supply chain facilitator (Ir. Iskander Zulkarnain) who has been posted with the INA/ HPSP<sup>9</sup> program. Supply Chain facilitators and their activities are new in Indonesia.

In Indonesia there is a fast emerging retail market segment offering opportunities for small vegetables producers to supply their products. A recent study of the World Bank has confirmed that the retail market can be interesting for organized smallholders provide that they reach certain economies of scale and comply with quality standards but also are able to ensure a continual supply. These challenges need to be addressed by producers associations or cooperatives.

To date sweet pepper producers as an example face difficulties with organizing their produce and deliver sufficient quantities of pesticide free vegetables regularly. Supplying their products through the retailers' preferred distributor cum trader is also a new phenomenon for producers.

Sometimes producers are not well informed about market prices, margins and their own costs of production. The Cooperative needs more knowledge and access to information to make optimal strategic and tactical decisions.

#### Purpose of the supply chain project in general is:

To improve the linkages between two Indonesian horticultural supply chains and local high value market segments, by stimulating horizontal and vertical integration through upgrading of cultivation, organizational and logistic skills.

#### Objectives are:

1. To establish commercial fresh supply chains for both vegetables as a pilot project, linking producers with the retail sector in Indonesia (MataHari and Ranchmarket have committed themselves to cooperate);
2. To link, as far as possible, these yet to be established supply chains and its actors with the ongoing technical HORTIN research program executed by Wageningen UR – PPO and IVEGRI and to make use of the technical innovations for supply chains as developed in the HORTIN program;
3. Documentation of this experience and analysis of up scaling opportunities.

#### Purpose of this mission:

Within the framework of the above mentioned project a mission is planned from August 18 until August 23 2008. The aim of the mission is to develop capacity regarding chain development strategies through the development of horizontal integration strategies. To obtain inside information on the possibilities and constraints of such a chain development strategy, part of the activities during the mission will focus on a sweet pepper cooperative and its members. Also information will be collected to analyse the opportunities to expand the research and development activities to hot pepper producers. The following results are envisaged:

- Jointly with cooperative management and members discuss the strategy of cooperative on production, marketing, pricing, investments etc;

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<sup>9</sup> INA: Indonesian Netherlands Association  
HPSP: Horticultural Partnership Support Program



- To assess and jointly discuss with coop members the internal organization of the sweet pepper cooperative, their management system and ongoing operations.
- To assess capacities and potential of the cooperative and its members with respect to marketing, production and other business aspects (0 line-assessment);
- To discuss and select follow up activities with regard to the above mentioned issues (for implementation and continuation by Iskander Z);
- Exploration of opportunities for hot pepper supply chain activities together with HORTIN staff and on how to link technical IVEGRI research with supply chain development work.
- Backstopping of Iskander on his work regarding the facilitation of horizontal integration and delivering input on project description.

#### **Implementation and activities (not exhaustive)**

Mission activities are among others:

- Study and discuss reports and data collected by HORTIN researchers and staff;
- Interview supply chain facilitator, producers and traders;
- Training and drafting work program for follow up activities of SC facilitator on horizontal integration of cooperative;
- Identification of activities to stimulate horizontal integration of producers;
- Discussions with IVEGRI / HORTIN researchers on how to integrate IVEGRI technical research into SC development activities;

#### **Tentative mission program Olga vd Valk (to be facilitated by Iskander Zulkarnain)**

| <b>When (week and date)</b>            | <b>What / activities</b>  | <b>Who (implementation)</b>                         |
|--|---|---|
| <b>Week 33 (August 11–15)</b>          |   |   |
|  | Preparations  | Iskander after briefing and instructions by Olga    |
| Sunday (17/8)                          | Arrival Olga Jakarta  |   |
| <b>Week 34 (August 18–22)</b>          |   |   |
| Monday morning (18/8)                  | Discuss findings Iskander intake survey and finalise program  | Iskander and Olga                                   |
| Monday afternoon                       | Visit Amazing Farm (?) and transport to Lembang / Bandung   |   |
| Tuesday morning (19/8)                 | Familiarize with IVEGRI staff and discuss their role in supply chain development sweet and hot pepper with special emphasis on horizontal integration strategies. | Witono, Nikardi, Olga and Iskander                  |
| Tuesday afternoon                      | Familiarize with cooperative members and activities; finalize program for Wednesday / Tuesday   | Witono, Nikardi, Olga and Iskander with Cooperative |
| Wednesday and Thursday (20/8 and 21/8) | Workshop, field visits and on site meetings and discussions in Cisarua  | All and cooperative staff and members               |
| Friday (22/8)                          | Wrapping up with IVEGRI / HORTIN staff; discuss hot pepper pilot project and identify follow up activities  | All (Including Herman)                              |
| Friday Afternoon                       | Transport to Jakarta<br>Work with Iskander  | Olga and Iskander                                   |
| Saturday (23/8)                        | Reporting and follow up   |   |
| Afternoon                              | Departure Olga 15.30 hrs  |   |
| <b>Week 35 onwards</b>                 |   |   |

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| <b>When (week and date)</b> | <b>What / activities</b>                   | <b>Who (implementation)</b>                                     |
|-----------------------------|--|---|
| August 25-31                | Provide input for the project plan         | Olga, Marcel, Andre and Myrtille                                |
| (August 25 – ...)           | Implementation and continuation of program | Iskander, supported (through Skype and mail) by Marcel and Olga |

Optional: PT Bimandiri-Bandung, PT Alamanda, retail store visit?

#### **Staffing**

- Olga van der Valk, LEI researcher on Producers Organizations
- Iskander Zulkarnain, LEI / INA / Fresh Studio supply chain facilitator
- Witono Adiyogo or Nikardi Gunadi, IVEGRI sweet pepper and supply chain researcher

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## Annex II

### Itinerary & time spent per activity

|     |        |               |   |
|-----|--------|---------------|---|
| Sat | 16-aug | 18:00h        | Departure The Hague- Amsterdam - Jakarta                    |
| Sun | 17-aug | 19:30h        | Arrival hotel Jakarta                                       |
| Mon | 18-aug | 12:00h        | Departure to Lembang  |
|     |        | 17:00-19:00   | Coordination meeting with Iskander                          |
|     |        | 20:00-22:30h  | Meeting with Mr. Sutardi, chairman of Cisarua coop, Lembang |
| Tue | 19-aug | 10:00-13:00h  | Visit to office and sorting facilities coop                 |
|     |        | 13:30-15:15h  | Meeting with IVEGRI   |
|     |        | 16:00h        | Departure to Bandung to buy utensils for workshop           |
|     |        | 17:00h        | Arrival hotel Lembang                                       |
| Wed | 20-aug | 8:30-12:30h   | Workshop at Cisarua coop facilities                         |
|     |        | 12:30-13:30h  | Lunch   |
|     |        | 13:30 - 16:30 | Continuation workshop                                       |
| Thu | 21-aug | 9:00-12:30h   | Workshop at Cisarua coop facilities                         |
|     |        | 12:30-13:30h  | Lunch   |
|     |        | 13:30 - 15:30 | Continuation workshop                                       |
|     |        | 16:00h        | Departure to Bandung  |
|     |        | 18:30-21:30h  | Diner meeting with Herman de Putter                         |
| Fri | 22-aug | 10:00h        | Visit to Jos vd Knaap (RijkZwaan representative Indonesia)  |
|     |        | 13:00h        | Departure to Jakarta  |
|     |        | 16:30-17:30h  | Wrap-up meeting with Iskander                               |
| Sat | 23-aug | 9:00-15:00h   | Costs administration & writing report                       |
|     |        | 15:00h        | Departure to airport Jakarta - Amsterdam                    |
| Sun | 24-aug | 7:00h         | Arrival The Hague   |

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## Annex III

### Programme for two days workshop with farmers:

#### Day 1 Morning:

Objectives:

1. Farmers acquainted with use of registers for internal use in assessment of farm performance.
2. Farmers have determined uniform basic information needed for farm performance assessment

#### Topic: Farm performance and business plan

Short presentation on different sorts of information to look at performance of farms (PowerPoint by Olga; hand-outs): administrative system based on business plan with example of corresponding formats.

- Availability / lack of information (exercise with the example of one farm by means of filling in formats)
- Determine how to assess farm's performance (incl. marketing); which information needs to be registered (plenary discussion)

#### Day 1 Afternoon:

Objectives

1. Definition of indicators for assessment of chain support program (farmers' perspective);
2. (Minimal) conditions determining farmers' choice for each marketing channel (intermediary, coop etc.) are known;
3. Farmers have reviewed future marketing strategies for own farm and coop.

#### Topic: Marketing

Small group exercise:

1. Write down who are your current buyers (middleman, coop etc.)  
For each buyer, write down advantages / disadvantages to sell to him / her explain why you do not sell to him/ her
2. Write down what other buyers you know (in city, in other villages, in city etc.)  
For each buyer, write down advantages / disadvantages to sell to him / her and explain why you do not sell to him/ her

Plenary exercise:

- What do you want to change to makes your sales more successful?
- What can you do to make your sales more successful?
- How can we measure sales improvement? (5 years).

#### Topic: Market assessment

Presentation on how to assess different market channels (PowerPoint provided by Olga)

Presentation by Iskander on sweet pepper supply chains (see **Fout! Verwijzingsbron niet gevonden.** + new information)

Small group exercise: assessment of sweet pepper supply chains according to criteria

#### Day 2 Morning

Objectives:

1. Farmers have assessed individual marketing versus collective marketing (as coop)
2. Farmers have decided on target market for collective marketing (current and future)
3. Farmers have decided on information needed for setting up administrative system

#### Topic: Coop as a marketing instrument

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Plenary exercise:

How does coop function now?

1. Information / meetings / budget etc
2. Decision making: choosing buyer, price negotiation
3. Responsibility / tasks of coop staff
4. Delivery / payment policies

Small group exercise

- Are there buyers who buy from both coop and individual coop members?
- What is difference for buyer to buy from coop or from farmer? What is the difference for the farmer?
- What is advantage / disadvantage of selling through coop? What conditions would coop need to comply with for farmer to sell through coop?

Topic: Marketing plan coop

Presentation marketing plan Coop (PowerPoint prepared by Olga)

Plenary exercise:

- Definition of market positioning (market /price / investments /qualities) as coop. Discussion of Amazing Farm requirements as discussed in mission May 2008 paragraph 3, page 7)
- Determine how to assess coop's performance (incl. marketing) and which information needs to be registered.
- Discussion on how to deal with bottlenecks:
  - a. Timing of seed supply and cost of seed (overlap in growers schedules and harvests)
  - b. Incompliance by members (fines, discount, expulsion from coop?)

*A cooperative can only be successful if it connects all business plans of individual farms on those aspects that bring benefits to all*

## **Day 2 Afternoon**

Wrap up:

- 1.** Agreements farmers
- 2.** Activity plan

## Annex IV

### Tentative schedule of workshop

| Date Day              | Time        | Agenda   | Who (implementation)   |
|-----------------------|-------------|--|--|
| 20/08/08<br>Wednesday |             | Workshop Day 1   |  |
|                       | 08.45-09.00 | Registration of participants   |  |
|                       | 09.00-12.00 | Topic<br>I. Farm Performance and Business Plan<br>- Presentation<br>- Exercise<br>- Plenary Discussion | Olga van der Valk<br>Small group<br>All participants         |
|                       | 12.00-13.00 | Lunch & Pray   |  |
|                       | 13.00-14.30 | 2. Marketing<br>- Exercise<br>- Plenary Exercise   | Small group<br>All participants                              |
|                       | 14.30-16.00 | 1. Market Assessment<br>- Presentation<br>- Exercise   | Iskandar<br>Small group                                      |
|                       | 16.00       | Back to the hotel  |  |
| 21/08/08<br>Thursday  |             | Workshop Day 2   |  |
|                       | 08.30-12.00 | Topic:<br>1. Coop as Marketing Instrument<br>- Plenary Exercise<br>- Small group Exercise              | All participants<br>Small group                              |
|                       | 12.00-13.00 | Lunch & Pray   |  |
|                       | 13.00-16.00 | 1. Marketing Plan Coop<br>- Presentation<br>- Plenary Exercise   | Olga vd Valk / Iskandar<br>All participants                  |
|                       |             | 2. Wrap Up<br>- Agreements farmers<br>- Activity Plan  | All participants<br>Participant, guided by Olga and Iskandar |

Note:

2. Number of participant : 15 – 20 peoples (cooperative member and staff)
3. One small group : 4 – 5 peoples

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## Annex V

### Minutes of workshop

#### Day 1: August 20

Opening by Mr. Sutardi and Mr Cheppy.

Presentation of Hortin and supply chain programme by Iskander

Clarification of workshop program by Olga:

Supply chain programme means to have collaboration between market partners. To have a good collaboration between market partners, we need to know what every market actor wants to achieve, to know their ambitions. To know the potential and the ambition of the cooperative, we first need to know the potential and ambitions of the individual members. To have that information, we can use a business plan.

1. Today in the morning we will work at administrative systems which help us to always have updated information about ourselves (farm performance).
2. This information needs to be matched with market opportunities: how can we describe the different markets? This we will analyze in the afternoon. We also want information on supply chain performance: what do you (as farmers, as coop) consider improvement in the supply chain? This we can use as researchers to look at the results of our programme and the support to you.
3. Tomorrow we will look at the coop as an instrument to improve farm operation and performance: how effective is the coop, why do we want the coop, does it give better results than each farm separately?

Presentation Olga on the use of a business plan at farm level

Question to audience: What is a business plan?

- Mr. Sutardi: it is something we already do in our heads, though not on paper. For example, if we want to buy a greenhouse, we calculate the costs
- Mr. Eman: we can use it for planning.

Olga: it is important to realize that a business plan is not (only) something you hire a consultant for to make a proposal for a bank, which afterwards disappears in a drawer. It is an instrument, a method to use yourself in your daily farm operations to know how you are doing.

Olga gives an example of how to operate a business plan by using the example of the strategy she used to find new assignments / job.

1. Set objective
  - ⇒ for pepper grower: choose the markets you want to sell to, set objectives on how much you want to sell and what qualities / type (quality A,B; or green or yellow pepper) etc.
2. Find out what the requirements of the market are
  - ⇒ for pepper grower: requirements of different buyers / markets (quality, certificates, farm management (pesticide free), quantities.
3. Know yourself: what can I offer the market? Engage in further training. Future employer will ask prove of skills and compliance with requirements
  - ⇒ for pepper grower: know yourselves first: how much profit do we make? How much volume, qualities do we have in what season? Then set up systems that assure that you can comply with buyers' requirements and acquire more experience; a track record you can show to potential buyers. Investigate the market so you know the buyers and their characteristics
4. Set up network to be more visible to people and to know about opportunities (for work)
  - ⇒ for pepper grower: have fresh information about different markets so you know about market opportunities. Also know your competitors: what more can you offer than they can offer?

- 
5. Start negotiations with specific employers (showing track record; previous experiences and preparation)
    - ⇒ For pepper grower: start negotiations with buyers with good background knowledge of their markets and their needs.

A business plan also helps to measure farm performance; this is why we set up an administrative system with formats.

Why are formats (on production, on costs etc) important?

- If I set goals to improve my farm in a few years time, I need to know exactly how I am doing now, to know if I am at the right track to achieve my goals.

The business plan of each farmer will be the basis for the coop business plan and marketing strategies. If the coop knows each of the farms well, also future objectives, then there is less risk of non-compliance in a supply chain from the side of the growers.

A business plan is not static: you can change it in time, when you have new objectives. Your objectives do not necessarily have to be economic; it can also be about other values, for example preference for friendship or priority of non-pollution.

You can present different versions of a business plan, for example one which calculates the worst-case scenario for any given marketing strategy (buyer does not pay; high level of rejects) and its effect on farmer's price.

Three formats, as part of a business plan, are presented: production plan; marketing plan, and costs.

Exercise:

Because of lack of time, the three groups only filled in the format on costs. They left out the sales costs. The results were hypothetical costs, not real of one particular farmer.

Remarks:

- ⇒ One group forgot to include the cost of the owner's labour and time. It can be included as "farm manager".
- ⇒ The first month of starting a new growing cycle is the month with highest costs, because of the purchase of seed.
- ⇒ All groups used historical data to fill in the format. The business plan actually is meant to describe the future, and to check the estimates you made at the beginning of the year with real costs. Of course the estimated costs are based on the historical data, though at times it is necessary to check if you have not forgotten any new costs.

Question: do you include depreciation costs? Do you include the cost of land?

- ⇒ The format as presented is intended to be used to calculate cash flow and need for finance per month. In that case you do not include depreciation costs, as these do not influence your cash flow. To calculate cash flow, the row with total costs per months at the bottom of each month is important for checking the need for finance (against estimated sales incomes per month)
- ⇒ The format can also be used to make a profit and loss account. Then it is better to only use the last column with total costs per concept. In this case you need to include depreciation costs, but for example also taxes on land etc.
- ⇒ You can include non-farm costs, for example personal expenses, in both the cash flow calculation and the profit and loss calculation, but this needs to be separated from on farm costs, so we can easily calculate farm efficiency and productivity without "contamination" from non-farm management costs.

Question from Olga to the farmers group: Do the sales costs belong to the farm budget?

- ⇒ Mr. Sutardi starts with answering that these do not belong to the farm budget, because the sales are responsibility of the coop, but then quickly realizes that it is the farmer who pays for the costs of the coop.
- ⇒ So it does need to appear on the farm budget, but perhaps not very detailed (the detailed account is responsibility of the coop), for example as "sales expenses coop" or "coop expenses" to differentiate from payment of coop contribution (part of "other costs"). If it is on the farm's budget, then the farmer can also



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calculate how much the coop costs him / her for each kilo of pepper, or for each square meter of greenhouse.

Break for lunch (12:30 – 13:30h)

After lunch, Iskandar works on further elaboration of the costs sheet in Indonesian and according to the different costs farmers have (excel sheet projected on the wall). In this sheet all potential cost on farm level is taken into account. This sheet will actually be used by farmers in coming weeks. Another sheet will also be developed and elaborated by Iskandar, such as a fixed asset's sheet.

Question from Mr. Aan.

He bought 1 litter of pesticide and it was not spent in one spraying, he only used half a litre for example. How do I register this cost of pesticide?

Explanation by Iskandar:

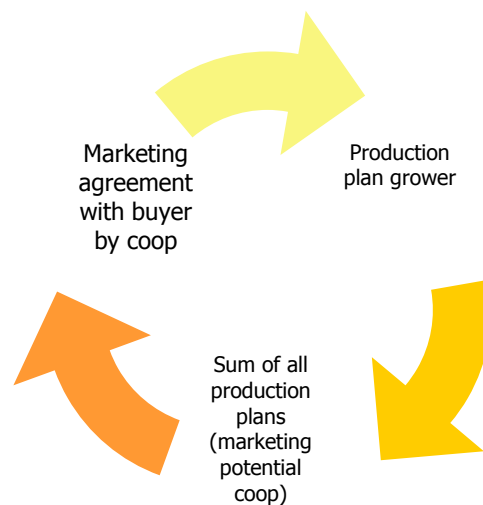
Because you do not know exactly how many litres you have used, it is better if you put your pesticide cost in the time when you bought it. When you use the rest of pesticides later on, you do not have to put this pesticides cost again. To know how many litres and what kind of pesticides you have used, you need different kind of form with purpose to register pesticides used.

We finish with some questions and remarks on the relation between the three sheets of the farm business plan and it's relation with the business plan of the coop:

⇒ The three sheets need to be in balance: if you produce 600 kilos per day (sheet production plan), then sales per month (sheet marketing plan) must also have a total of 600 kilos per day, with the same qualities. The marketing sheet at farm level is used to register the prices per kilo and income received from the coop.

⇒ The coop will use all the production plans on farm level to know the quantities to negotiate and potential of all the growers together. After having an agreement or contract with a buyer, the coop will go back to the growers to make a production planning among all growers. This means that it is a circle (see figure).

⇒ It is possible to do the same exercise to determine future sales (ambition / goal) and plan production accordingly. For example: if you want to sell to a buyer who needs more volume than the actual potential by all growers, as a coop you can do two things: (1) adjust the production sheet of each grower. Then the grower but improve yield or expand in area; (2) find new coop members to increase total volume.



Olga: We spoke about Farm performance. What is a performance indicator?

As the farmers do not know, she gives as explanation:

⇒ A performance indicator tells you how your farm is doing. A performance indicator is always measured per unit. For example costs per square meter, costs per kilo; production per square meter (= yield) or per plant. Other indicators are Return On Investments (ROI), revenue costs ration; net profit per year etc.

⇒ The ranking of indicators may differ per farmer. A farmer without access to capital will prefer decreasing costs over increasing yields, if the latter require ample investments.

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Iskandar: From now on, once the members understand their farm performance, what will coop do the coming year?

Mr. Cheppy's answer:

1. Will manage production as stable as possible through planting program among the members
2. Add capital to support cash flow of the member. Coop will borrow money from the bank.
3. Reduce coop's operational cost. Management team will analyze coop's operational cost from last year.
4. Install a savings program of each member for reparation / expansion of greenhouse.

#### Commercial risk

Commercial risk (likelihood of losing money) is linked to costs of controlling the company. The more diversified the coop's activities (for example in case of vertical integration, if the coop should decide to deliver directly to supermarkets), the more risk there is. Besides start-up costs and the "learning curve", this includes the risk of not having enough representatives from the coop to control the (hired staff of) new companies and assure farmers' commitment.

Other forms of commercial risks:

- ⇒ Payment per week or payment per month (risk of non-payment)
- ⇒ Risk of delivery at longer distance (something happening on the way: loss of product, loss of quality, loss of investments (truck accident etc.))
- ⇒ Risk of fixed assets: higher losses when you have to sell out fixed assets in case of losses. Loss of financial flexibility as your money is "tied".

The next session of the topic of workshop is marketing and market assessment. Iskandar has given a short explanation about importance of this topic because it has been requested by coop and is related to the planning of coop management team to expand with new business. It is important that the coop, and its members, know about the performance of its current buyers (marketing conditions) before taking action towards making "a new business division". How many buyers the coop has, what quantity of buyers purchase from the coop, payment conditions, what quality requirement buyers want etc.

Exercise:

Participant divided into two groups. First group consist of coop management team and the second group of coop members. Every group has the task to write down all the coop buyers as well as the other buyers that they know even if these have never bought sweet pepper from the coop. The group also has to write down the advantages and disadvantages of selling to each buyer. There are differences in the results between the first group and the second group. The first group wrote down more buyers than the second group. This might indicate that not all of the members know how many buyers the coop has.

Because of lack of time, the plenary discussion on this topic could not be finished and will be continued in the day two of workshop.

Day 2, August 21

Before continuing to the next topic, we discuss with Mr. Sutardi about changing of program little bit. Because of marketing strategy of coop is important issue in this workshop as coop's management team requested, we would like to continue the plenary discussion of day 1

Plenary discussion lead by Iskandar to explore advantages and disadvantages of each coop's buyers. Again because of the limited time, from 20 buyers only 3 buyers were explored.

The result is as followed:

| No. | Coop's Buyers   | Advantages / Kelebihan   | Disadvantages / Kekurangan   |
|-----|-----------------|--|--|
| 1   | Emerald         | <ul style="list-style-type: none"> <li>- Volume pembelian besar walaupun tidak selalu bisa dipenuhi karena fluktuasi produksi / Big demand although could not fulfill by coop caused by fluctuative of production</li> <li>- Waktu pembayaran relatif pasti, sehingga mempermudah pengaturan rencana keuangan koperasi. / relatively on time in payment and it help coop in financial planning</li> <li>- Pembayaran tiap 1 minggu. / Payment done every one week</li> <li>- Harga stabil, shg ada kepastian harga. / Stable price so that farmers sure what price they will get</li> <li>- Barang diambil sendiri shg mengurangi beban biaya pengirman. / Produce pick up by emerald, it reduce transport cost of delivery</li> </ul> | <ul style="list-style-type: none"> <li>- Harga lebih rendah dari pada harga pasaran. / Price lower than market price</li> <li>- Pemilik suka judi, sehingga ada kekhawatiran mengganggu bisnis. / The owner like gambling, it make coop little bit afraid will disturb the business</li> <li>- Ada sortasi ulang dan sering di reject. / Emerald do re-sorting and often reject the produce</li> </ul> |
| 2   | Elly Garuda     | <ul style="list-style-type: none"> <li>- Volume besar (500-1000 kg/mgg). Pengambilan 2 x / minggu. / Big volume in demand (500-1000 kg / week. Purchase twice a week</li> <li>- Pembayaran lancar, setiap kali pengambilan, cash / Pay cash on delivery</li> <li>- Tidak ada reject. Kualitas barang tidak ketat. No reject. Not too tight in quality requirement</li> <li>- Tidak banyak komplein / Not too much complain.</li> </ul>   | <ul style="list-style-type: none"> <li>- Barang hrs dikirim ke pembeli di Bandung. / Have to deliver produce to Bandung</li> </ul>   |
| 3   | KS              | <ul style="list-style-type: none"> <li>- Permintaan barang 500-600/minggu. / Demand 500-600 kg/week</li> <li>- Pembayaran / minggu dan lancar. / Payment per week</li> <li>- Harga tidak fluktuatif, ditinjau ulang 1 x / minggu. / No fluctuation of price, renegotiate every week</li> <li>- Tidak ada rejeck, kualitas A. / No reject, A quality.</li> </ul>  | <ul style="list-style-type: none"> <li>- Barang harus harus dikirim ke Lembang Have to deliver to Lembang.</li> </ul>  |
| 4   | Tutun           |  |  |
| 5   | Dede Buana Tani |  |  |
| 6   | INTAN           |  |  |
| 7   | NINING          |  |  |
| 8   | ANTON           |  |  |
| 9   | AMAZING FARM    |  |  |
| 10  | TOSIN           |  |  |
| 11  | DIAN            |  |  |
| 12  | TEJA            |  |  |
| 13  | IJO             |  |  |
| 14  | MAIL            |  |  |
| 15  | HAYATI          |  |  |

|    |       |  |  |
|----|-------|--|--|
| 16 | CACAN |  |  |
| 17 | ERMIS |  |  |
| 18 | AYENK |  |  |
| 19 | AYAH  |  |  |
| 20 | RENE  |  |  |

Other buyers well known by coop's management team and farmers but who have did not bought paprika from coop (potential buyers)

| No | Buyer's name | No | Buyer's name |
|----|--------------|----|--------------|
| 1  | Dewa         | 13 | Amun         |
| 2  | Putri segar  | 14 | Erik         |
| 3  | Bimandiri    | 15 | Udin Domba   |
| 4  | Kem Farm     | 16 | H. Ido       |
| 5  | Akin         | 17 | H. Sakid     |
| 6  | Endang       | 18 | Iwan         |
| 7  | Saung Mirwan | 19 | Candra       |
| 8  | Hary         | 20 | Imeng        |
| 9  | Didin        | 21 | Ilud         |
| 10 | Budi         | 22 | Kusnadi      |
| 11 | Maman        | 23 | Kuntaji      |
| 12 | Corona       | 24 | Made         |

Supply chain performance indicators prioritized by farmers themselves

In the last session of marketing, participants have expressed which condition is the most important for them if they have to choose between the following:

| No. | A Condition  |     | B Condition  |
|-----|--|-----|--|
| 1   | Harga tinggi tapi tdk stabil / <i>High price but unstable</i>  | ← → | Harga stabil, walaupun lebih rendah dari harga pasar / <i>Stable price although lower than current market price</i>  |
| 2   | harga tinggi pembayaran lama / <i>High price but longer day in payment</i>   | ← → | Harga stabil, tapi pembayaran cepat / <i>Stable price, but short day in payment</i>                                  |
| 3   | Harga stabil / <i>Fix price</i>  | ← → | pembayaran lebih cepat / <i>very short day in payment</i>  |
| 4   | Ada bantuan dana operasional kebun dari koperasi tetapi harga lebih rendah dari harga pasar / <i>Coop allocated budget for operational cost of farm but farmer will get lower price than current market price.</i> | ← → | Harga lebih tinggi tapi tidak ada bantuan / <i>No allocation budget but get higher price</i>                         |
| 5   | Harga tinggi tpi hrs tambah investasi / <i>Get high price but have to invest more.</i>   | ← → | Harga seperti sekarang, tidak tambahan investasi / <i>Price is like current situation and do not have to invest.</i> |
| 6   | Harga rendah tapi cash / <i>Low price but pay in cash</i>  | ← → | Harga tinggi waktu pemabayan tidak jelas / <i>High price but payment unclear.</i>                                    |

The result as follow

| No. | Responders | Conditions have to be choose |
|-----|------------|------------------------------|
|-----|------------|------------------------------|

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|    |              | 1 | 2 | 3 | 4 | 5 | 6 |
|----|--------------|---|---|---|---|---|---|
| 1  | Supartini:   | B | B | A | A | A | A |
| 2  | Elly Warlina | B | B | A | A | A | B |
| 3  | Agus         | B | B | A | A | A | A |
| 4  | Sutardi      | B | A | A | A | A | A |
| 5  | Chepi        | A | A | B | B | A | A |
| 6  | Eric         | B | A | A | B | A | A |
| 7  | Satria       | B | B | A | A | A | A |
| 8  | Omet         | B | B | A | A | A | B |
| 9  | Olga         | B | A | B | A | A | A |
| 10 | Iskandar     | B | B | B | B | A | A |

Most of the responders choose a stable price. They are willing to invest more if they can get a higher price. Regarding the terms of payment, respondents want to get paid with less delay even though this means getting a lower price than current market price.

Lunch Break.

Wrap-up and agreement for MoU

Follow up planning / Rencana Tindak Lanjut

Coop / Koperasi:

6. Analysis data that coop has made /Pengolahan data yang sudah ada (Pak Sutardi, Pak Cheppy)
7. Make coop business plan / Bisnis plan koperasi (Cost, production plan, marketing plan)
8. Help farmer to make farm level business plan / Penyusunan bisnis plan di petani oleh petani (di bimbing oleh pengurus (Pak Sutardi, Pak Cheppy) / hortin)
9. Make questioner for the member to get sales reference / Quisioner kepada anggota (frefrensi untuk penjualan)
10. Preparing business plan format for farmer / Menyiapkan format bisnis plan untuk petani (Penanggung jawab: Pak Sutardi, Pak Cheppy, Pak Eman)

Hortin:

8. Support for analysis of market opportunity
9. Support for analysis of marketing strategy
10. Continue with business plan assistant (follow up)
11. Support and Monitoring to elaboration of farm level of BP and Coop BP
12. Support to make guide line business plan on farm level.
13. Visit to Coop every Thursday at 9-12
14. Prepare MoU between Coop and Hortin

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Powerpoint presentation on Coops in the Netherlands and case of Greenery.  
Objective of this presentation is to give insight about cooperative in the Netherlands.