



Marketing Fresh Fruit and Vegetables: The Role of Traditional Markets and Supermarkets

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Introduction

Demand for fresh fruit and vegetables (FFV) in Indonesia is generally considered to be growing following increasing urbanization, growing incomes, and changing tastes and preferences, especially of the younger generation. Prior to 1998, FFV were generally brought to city consumption centres through traditional marketing channels, i.e., first through the wholesale markets on city outskirts, then to the various inner-city wet markets and retailers.

Since 1998 Indonesia has witnessed the fast growth of supermarkets, presumably a result of the lifting of foreign investment restrictions in the retail sector. Supermarkets generally procure FFV directly from production centres. Current estimates put supermarkets' share of food retail in Indonesia at roughly 10 to 15 per cent, and appears to be growing steadily (World Bank, 2007). While there is much public discussion on the rapid expansion of supermarkets, knowledge of the impact of this expansion on the role of wholesale and traditional wet markets in Indonesia is limited.

At the same time, the growth of supermarkets provides potential benefits to consumers through improved quality, better food hygiene practices and, possibly, lower prices. Again, little is known about the impact of supermarkets on FFV markets. For example, who are the major customers of the supermarkets? Do poor families shop at supermarkets or do they still shop at traditional markets? A better understanding of consumer expenditure and shopping patterns will provide insight into the long-term viability of traditional markets and small retailers. This

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knowledge could contribute to policy formulation by government to assist small retailers, traditional markets and wholesale markets in making the transition to this rapidly emerging domestic market.

This article addresses some of the above issues. It is heavily based on the quick study conducted by CAPSA during the last half of this year in Jakarta and its surrounding areas.

FFV Consumer Behaviour

Our findings indicate that it is not uncommon to find families of lower, middle and higher incomes in Jakarta that employ maids who do the cooking and shopping for FFV. In general Indonesians prefer their vegetables cooked rather than fresh, and it appears that the demand for vegetables is not commensurate with increasing incomes. This is reflected by the fact that the urban population, having negative income elasticity, views most vegetables as inferior goods. Demand for fruit appears to be growing at a faster rate than vegetables, and at the same time it is more sensitive to changes in income, presumably due to improving health consciousness of consumers. The study indicates that most fruits are considered normal goods, while orange, apple and watermelon are considered luxury goods, having elasticities of over 1.0.

Most of the consumers interviewed indicated that they prefer to buy vegetables in the wet markets, at traditional markets, or from peddlers or street vendors because the price is lower, even though quality may also be lower. Also, they can choose the best fruit provided by the vendor. Another reason is that the traditional markets are usually relatively close. The peddlers make consumers' lives even easier because they deliver the produce from door to door.

As for fruit, an increasing number of housewives prefer to buy their fruit from the supermarkets because of quality and the range of choices. But the majority still prefers street vendors or wet markets. Some fruits, such as imports, are bought from supermarkets. Frequently, supermarkets offer discounts for non-FFV. Therefore when consumers shop for non-FFV at a supermarket they may also buy FFV – in particular those that are not available from vendors. Another consideration is that buying FFV in the supermarkets is not convenient if one does not have a car.

The FFV Wholesale Markets

The first and largest FFV wholesale market in Jakarta, Kramat Jati Wholesale Market (KJWM) was established in 1972, on the southern outskirts of Jakarta, having direct access to the Jagorawi toll road connecting Jakarta and Bogor. Back then it was

intended to cater to the whole retail market in the inner part of Jakarta and nearby surrounding areas.

Ten years later, another FFV wholesale market in Cibitung, Bekasi, West Java, was established, on the eastern outskirts of Jakarta, also having direct access to a toll road (connecting Jakarta and Cikampek). Both these markets were established and run by the government.

Nineteen years later, in 2001, in connection with the establishment of another toll road connecting Jakarta and Merak on the western outskirts of Jakarta, in the city of Tangerang, Province of Banten (formerly in West Java), another wholesale market for FFV was established, this time entirely with private investment, and run by a private company.

The following table shows the capacity and services provided by the three wholesale markets.

Table 1. Brief picture of availability of services and capacity of the three wholesale markets.

Description	Kramat Jati	Cibitung	Tangerang
Flow: vegetables	1 400 tons/day	2 565 tons/day	1 500 – 2 000 tons/day
Flow: fruit	1 500 tons/day	1 710 tons/day	Smaller
Number of stalls	FFV: 1 835 Retailing: 1 818 Free purpose: 890 General stores: 76	1 830	1 500
Number of traders	1 865	n.a.	800
Cold storage	None	7 units, mainly for fruit	5 units, mainly for fruit

Vegetables are mostly brought to the markets from the highlands of West Java, Central and East Java, North Sumatra, Lampung, Bengkulu, and West Sumatra. These are traditional places for growing vegetables in the country. In contrast to vegetables, the fruit sold in these markets mostly comes from either East Java or from outside Java.

The next question is, to whom do these wholesale markets cater? Our findings indicate that the retailers in the 151 wet markets of Jakarta's inner city and the many wet markets in the nearby surrounding areas of Jakarta still procure FFV from one of the three major wholesale markets. Some wet markets procure certain vegetables (of particular types such as cassava leaves, and usually in smaller quantities) from more distant wholesale markets such as Bogor.

The above observation shows that as the city expands and the population grows, so does the need for efficient distribution of FFV to these centres of demand. Second, for the first time, we have witnessed the involvement of private companies in wholesale market facilities that were formerly the domain of public investment. It appears that in the future we will observe the growth of privately run wholesale markets in the country, as the owner of the Tangerang

Message from the Director

The Role of Agriculture in Rural Development: Current Opportunities and Challenges

Towards the end of 2007 we will all witness a unique event. The World Development Report 2008 is devoted to agriculture and its role in development in general.

There is no doubt that the choice to focus on agriculture has been inspired by the concerted willingness of the donor community to focus efforts in Africa because it lags behind in many ways.

By the same token, however, we should also consider the role of agriculture in Asia. All of us will remember that Asia, at the time of the Green Revolution in the 1970s and 1980s, generated an historically unique period where national economic growth was in fact partly driven by agriculture. Recent important conferences in Manila and in Beijing further underscore the importance of these complex policy issues.

If we look at agriculture, its productivity and wages, we now see in Asia stagnating productivity, stagnating agricultural wages, a rapidly increasing income gap between urban and rural areas, and at the same time a rapidly aging population in rural areas, where 75 per cent of Asia's poor are concentrated.

One very fundamental conclusion following the underlying line of analysis of the World Development Report is that agriculture needs long-term and steady support, while in the course of development the role of the private sector increases steadily as a development partner. This is not new, but all too true.

At the same time, the roles of national and local governments continue to be of crucial importance especially when it comes to investment in infrastructure, irrigation, electricity and communication.

The pillars of rural development are very much investment in an enabling rural environment. However, a large proportion of rural population lives in very isolated and marginal conditions and it is quite a big challenge to engage these people in inclusive growth.

With a number of major projects on rural development going on in the region focusing on sub-district and community levels, some very interesting mainstreaming of public investment seems to be taking place.

It is however of vital importance to continue and intensify localized R&D and to maintain a pattern of development based on diversity, in terms of genetics, in terms of plant breeding, in terms of sources of income and, of course, in terms of technology.

Maybe in Asia one of the ideals that came up during the Green Revolution, namely local land race based crop and technology improvement, can be realized in the coming period. There are more ideas and practices stemming from earlier years that now deserve re-consideration, such as extension services, which, in combination with community grants and local investment can make the rural governance and economic machinery work.

Taco Bottema

wholesale market has plans to build similar facilities in different provinces. Another observation is that infrastructure necessitates the establishment and investment in such marketing facilities. Yet another conclusion is that for FFV, as a result of its bulky nature, and the relatively small amount demanded at the end of the marketing chains (retail points), the presence of wholesale markets as re-distribution centres or hubs are necessary for efficient marketing. Any attempt or policy, therefore, to bring bulky agricultural products directly to the consumers (retailing) would be doomed to failure.

FFV Retail Markets

There are several types of retail markets for FFV in Jakarta and surrounding areas: wet markets,

supermarkets, fruit shops/groceries, peddlers and stalls/street vendors. The wet markets and fruit shops procure FFV from the wholesale markets and the surrounding production centres. The latter are primarily for hot vegetables such as *kangkung*, spinach, and other vegetables, and some fruits from the surrounding area such as banana. Most peddlers and some stalls and street vendors procure FFV from wet markets. Some other stalls/street vendors procure FFV directly from the wholesale markets.

The Wet Markets

Many of the wet markets in the country were established during the 1960s and 1970s under presidential instruction, including the 151 in the city of Jakarta. Back then the main objective then was to build

market infrastructure as part of the economic infrastructure to facilitate the smooth and efficient marketing of the products, in particular agricultural products, and bring them closer to consumers. The number of these markets, including those in the nearby surrounding areas, has tripled – now at least every sub-district has one. Our estimates indicate that the flow of FFV from wholesale markets through the wet markets is around 95 per cent.

Recently, many of these markets have been renovated, in particular those which are in Jakarta, to become modern 'mall' type markets where a variety of goods are sold, such as gold and silver merchandise, clothing, books, consumer goods, processed foods, plus FFV. In fact now direct retailing of FFV in these markets is only between 10 and 20 per cent. With the upgrading of markets, and continuous increases in the price of land in the city, the cost of a stall in the market is very expensive and unaffordable for small FFV traders. As a result, an interesting evolution in FFV retailing is that the wet market is now a transitory place for FFV before it reaches the final consumers. In the hours between 8 p.m. and 5 a.m., peddler vendors, restaurants/food shops, and stall/street vendors procure their FFV not inside the market but along the streets around the market.

With this evolution, due to the high price of stalls, few if any vegetable stalls exist in the new improved market and the supply of vegetables to the surrounding area will be limited. It is expected that the price of vegetables faced by the many households, small restaurants, and street food vendors, will go up. Hence the price of consumers' cuisine will also increase. Some of the stalls and some of the peddler vendors might still search for other affordable markets and locations but presumably at a relatively further distance resulting in price increases. A further chain effect would be the rise in the cost of food for the millions of low-level workers in the vicinity of Jakarta.

What is the implication of this new development in urban FFV markets? It appears that improvement in urban wholesale and wet markets is not so much a problem of investment, (meaning availability of investors who are willing to invest in this venture) but a problem of the change in land prices and space, as well as the behaviour of urban consumers (i.e., whether they are willing to pay for safer, cleaner, more convenient, and higher quality FFV). To date, there is evidence toward this change in preferences, although it is slow-paced, as can be seen in the limited sales of FFV by the growing number of supermarkets around the city. This growth is partly a result of the growing proportion of the city's high-income population and the rise in average income per capita of the citizens.

One could therefore argue, that if any investment is contemplated, it should be to improve the capacity and facilities for FFV in the wet markets, and also the capability of farmers to produce higher quality FFV,

through modern farming technology and through improved post-harvest and processing technology in the production centres. This should be pursued in an evolving fashion, following the change in demand, not supply. Investment in modern urban wet market facilities that force urban consumers into the more expensive 'no-alternative' option should be avoided.

The Peddlers

Most of the FFV are sold to consumers by peddlers who bring the produce, together with various products such as fish, meat, and spices, to nearby housing complexes and offer it from house to house, usually early in the morning. Purchasing is done by housewives or maids. We can observe various kinds of transportation being used, from pushed carts, pedal carts, and motorcycles, up to small trucks. Our estimates are that this type of retailing amounts to about 50 per cent of total produce. From our interviews we found out that none of the restaurants/*warung* procure FFV from supermarkets, and we estimate the flow to the restaurants to be about 20 per cent of total volume. One will also find stalls/street vendors (in front of a house or store) selling FFV. According to our estimates 10 per cent of FFV is sold through this channel.

In addition to its convenience and the fact that shopping for FFV is mostly done by maids, the price may also be a reason why most housewives buy FFV from these vendors. The following table provides some insights on the price comparison of selected produce between wet markets, peddlers, and the supermarkets.

Table 2. Price comparison of selected produce between wet market, peddler, and supermarket.

Produce	Wet market (Rp)	Peddler (Rp)	Supermarket (Rp)
Spinach	500/bunch	750/bunch	2 500/bunch
Mustard green	1 000/bunch	1 500/bunch	3 500/bunch
Broccoli	10 000/kg	12 000/kg	25 000/kg
Citrus	5 000/kg	7 500/kg	12 000/kg

Note: Rp = Rupiah

The Supermarkets

Our findings indicate that the total amount of FFV from production centres that goes through the supermarkets is between 1 and 5 per cent. In general, the total amount of FFV sales relative to total sales is on average 5 per cent, with a small but growing proportion from vegetables. Most of the fruit is imported while most vegetables are procured domestically. There are several types of suppliers to the markets, first those who procure the produce (mostly fruit) from the wholesale markets and/or fruit importers/wholesalers. Second, there are those who produce the vegetables themselves from their own farm; and third, there are those who have their own grading and packaging

facilities and procure the produce from the farmers. The last two types of suppliers are usually stationed close to production centres. Based on our interviews, none of the supermarkets so far procure the FFV directly from farmers. Some supermarkets do the importing themselves through their agents in the country of origin. Some others procure imported fruit from importing companies, or from fruit suppliers who in turn procure the fruit from fruit wholesalers or from wholesale markets.

It is safe to conclude that the majority of the city's population, 95–99 per cent, still procures its FFV from the traditional markets. This is consistent with the discussion in the consumer behaviour section of this article, where, at least until today, only a small portion of the city's population prefers high-quality produce and convenience to price. The future trend however, is growing. The fast growth of supermarkets in the city can be explained by the fact that most supermarket shoppers are buying goods other than FFV as indicated by the 95 per cent sales of non-FFV.

Concluding Remarks

The majority of the population is still procuring its FFV from the traditional wet markets and various traditional retailers. As such, wholesale markets continue to play an important role in smoothing the flow of FFV from production centres to consumers in Jakarta and its nearby surrounding areas. Over the years, wholesale markets are growing both in number, size, turnover and operational efficiency.

The amount of FFV retailed through supermarkets is still very small and should be seen as another market opportunity that should be left to the workings of market mechanisms. Of most importance for policy makers, is how to continuously facilitate and improve the smaller wholesaling activities of FFV on the streets around the wet markets which takes place from 8 p.m. to 5 a.m., without which, the many street vendors, peddlers, street food vendors and restaurants would face increased marketing costs which in the end will be borne by consumers.

(References are available upon request)

The Characteristics of Poverty and its Alleviation Programmes in Indonesia

*Dewa K.S. Swastika, Gatoet S. Hardono, Yana Supriyatna and Tri B. Purwantini**

Introduction

Poverty is a serious problem in many countries. Consequently the alleviation of poverty and hunger has become a principal objective of the Millennium Development Goals (MDGs). The Central Agency of Statistics of Indonesia defined poverty as 'an inability to meet basic needs'. From an economic point of view, poverty is the inability to meet basic need for food and non-food items such as clothing and housing. Poor people therefore live below the poverty line, defined as the minimum expenditure required to meet basic needs for food and non-food items (BPS, 2003 and 2004). The World Bank considers poverty as: the condition of hunger, not having proper shelter, inability to access medical care and proper education, illiteracy, not having a permanent job, fear of the future, powerlessness, not being represented, and having no independence in society (World Bank, 2005).

In line with the World Bank, Pakpahan *et al.* (1995) stated that poverty is often demonstrated by one or a combination of manifestations such as low-level income, high mortality of children under five years of age, consumption of food of low nutritive value, appalling quality of housing, low level of education, bad health, etc. Meanwhile, Santoso (2005) stated that poverty is a condition where the majority of members of a society have low standards of living.

Making poverty alleviation a development priority in Indonesia is an urgent necessity, because the 1997 economic crisis and the fuel price hike in 2005 have led to a sharp increase in the number of poor people. It has to be realized that the basic objective of development is raising the welfare of all people. Failure to significantly reduce the number of people living under the poverty line can be considered a failure of development.

The objective of this study is to examine the profile of poverty, including the growth in the number of the poor, its characteristics, and the performance and prospects of poverty alleviation programmes in Indonesia. Another objective is the formulation of alternative policies concerning the alleviation of poverty in Indonesia.

Role of the Agricultural Sector

Labour absorption. The agricultural sector in Indonesia still has an important role in national economics. Apart from being a source of food, agriculture plays a significant role in the absorption of labour force and is an important contributor to the

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needs for staple food; and (h) a tendency toward insufficient food intake due to food consumption of less than 2.1 cal/day (Roesminingsih, 2005; Sudaryanto and Rusastra, 2006).

Poverty according to economic sector. In Indonesia, the poor depend on the agricultural sector. In 2000, poor people employed in the agricultural sector amounted to about 52 per cent of the poor working in all sectors. This increased to about 59 per cent in 2004. In fact, the percentage of poor employed in the industry sector decreased from around 14 per cent in 2000 to about 6 per cent in 2004 (BPS, 2003–2004). The decrease may be caused by the following factors. First, the industrial sector suffered a paralysis and was unable to absorb labourers. Second, the poor could not obtain employment in the industrial sector because they could not meet the required education standard. Third, a significant part of industrial development is already directed towards capital-intensive development.

Opportunities for employment for the poor decreased in the industrial sector and increased in the agricultural sector. It seems that continuing layoffs in the industrial sector contributed to the flow of labour back to the agricultural sector. These circumstances have led to the view that development of the agricultural sector along with development of its supporting infrastructure should be given a higher priority.

Poverty according to profundity and seriousness. The Poverty Gap Index, or the index of profundity of poverty, is a measure of the gap between expenditures of the poor and the poverty line. The greater the gap, the greater the Poverty Gap Index. In other words, a large Poverty Gap Index is an indicator of profound poverty. The Distributionally Sensitive Index, or the index of the degree of seriousness of poverty, gives an illustration of the distribution of expenditures among the poor and may be used to determine the intensity of poverty (BPS, 2003 and 2004).

The research found indications of improvement of per capita income, as reflected by a decline in the Poverty Gap Index from 3.51 per cent in 2000 to 2.89 per cent in 2004, or an average decline of 4.74 per cent per year. Similarly, the Distributionally Sensitive Index indicated improvement in income distribution as reflected by its decline from 1.02 per cent in 2000 to 0.78 per cent in 2004. This is also a reflection of the decreasing variation in income of the poor.

Performance of Poverty Alleviation Programmes

During the last 25 years, the government has exerted considerable effort to alleviate poverty. Examples of such poverty alleviation programmes are described below.

Project of income improvement for small farmers and fishermen. In 1980 the Department of Agriculture implemented the “Project of Income Improvement for Small Farmers and Fishermen” (*Proyek Peningkatan Pendapatan Petani dan Nelayan Kecil, P4K*). The project is a special programme managed by the Department of Agriculture in co-operation with the People's Bank of Indonesia (BRI), and its purpose is to deal with poverty and empowerment of the people's economy. Credit for collective ventures is provided to groups of 8–12 small farmers and fishermen. Using funds provided by FAO and IFAD, the government extended subsidized credit to groups possessing work plans for collective ventures (Pakpahan *et al.*, 1995). This has been a long-term project and is considered to be a success. Up to April 2004, the project assisted 64,247 small farmers and fishermen and created 132,682 collective venture plans. Moreover, the project acquired credit from the BRI amounting to Rp 902.5 billion, of which Rp 690.5 billion has been repaid, leaving Rp 211.9 billion still in the process of repayment. The arrears are small at around 4.8 per cent. Furthermore, 53,333 small farmers and fishermen have savings in the BRI amounting to Rp 23.8 billion, and savings in their groups amounting to Rp 5.9 billion. The project covered 9,646 villages in 1,258 sub-districts (*kecamatan*), 134 districts (*kabupaten*), and 18 provinces (Sinar Tani, 2004).

The Rice for the Poor Programme. “The Rice for the Poor Programme” (*Raskin*) was implemented in 1998, as an effort to alleviate poverty caused by the economic crisis. The objective of the programme was to assist poor households by reducing their expenditures on food (Pasaribu, 2006). Tabor and Sawit (2005) estimated that between 2002 and 2004 the *Raskin* Programme distributed 6.3 million tons of subsidized rice, or on average 2.1 million tons per year. Some limitations and weaknesses emerged during the implementation of the programme. One of these was that some of the households entitled to subsidized rice were unable to make the Rp 20,000 payment required to redeem the packet of 20 kg of rice. Consequently a number of coupons were sold and were not used by a part of the programme's target group.

Granted-cash Aid Programme. Granted-cash Aid (BLT = *Bantuan Langsung Tunai*) was provided to poor families as compensation for the reduced subsidies on fuel prices in 2005. Around 15.5 million poor families received BLT. Granted cash is distributed by the National Postal Service once every three months, amounting to Rp 100,000 per family per month. In 2006, the BLT programme was transformed into a productive economic programme aimed at empowerment of the poor (Pasaribu, 2006). There were many flaws in the implementation of the programme in the field. Lack of socialization and inaccurate identification caused misunderstandings and

even protests from people who did not receive BLT. Some people in East Java considered the BLT programme unfair, because recipients of the *Raskin* programme also received BLT, while other groups of poor people did not receive any aid at all. The BLT programme is not considered to be educative, since recipients of the programme may become lazy and may depend too much on government aid (Hardono and Kariyasa, 2006).

Poor farmers' income improvement through innovation project (PFI3P). This poverty alleviation project is currently being implemented by the Department of Agriculture in co-operation with regional governments and is funded by a soft loan provided by the Asian Development Bank (ADB) covering a five-year period from 2003 to 2008. The targets of the project are 1,000 villages in five *kabupaten* (districts) in four provinces, which were targeted because they have areas of marginal dry land. The objective of the project is to empower farmers by raising their capability to innovate and solve problems. The project introduces various innovations to deal with specific problems identified in each location. They are directed toward infrastructure development, agricultural technology innovations, and upgrading of the quality of human resources. The government provides aid in the form of funds, but management of these funds for infrastructure development, technological innovations, and improvement of the quality of human resources is community-based under supervision of local governments and non-governmental organizations (NGOs). It is expected that this approach will ultimately enable rural communities to execute development independently in response to their needs and problems, while the government need only act as a facilitator (Swastika, 2005).

Prospects of Poverty Alleviation Programmes

Almost all poverty alleviation programmes launched by the government are momentary and curative in nature, and consider the poor as objects. The forms of aid provided, whether in the form of granted cash, food, or revolving funds, apparently has not solved the poverty problem. Revolving funds never actually 'revolved' but just vanished completely. The same can be said of the various forms of direct aid.

In general, good programmes are those that do not provide soft loans, revolving funds, or granted cash to the poor, but develop infrastructure facilities such as roads, bridges, irrigation channels, clean water, and so on. A good example is the current programme PFI3P (from 2003 up to 2008). If PFI3P is implemented properly in conformity with its mission, then a project of this type may become a rural development model for alleviating poverty in the future. However, if the interests of government institutions or officials or regional implementers are put above the interests of the

project, or if project funds are used for purposes other than executing the noble mission of the project, then the project will fail to reach its objectives, with the result that the poor remain poor.

In the near term, it is best to build poor farmers' independence through the provision of easily accessible soft credit, training on appropriate technology, and provision of assistance in the form of infrastructure development in rural areas, not in the form of cash or food which should only be provided in emergencies. To accelerate economic growth in rural areas, the time has come for the government to stimulate investment in the establishment of agro-industrial ventures in rural areas. Also, the government should lessen bureaucracy that results in high costs to investors, and develop infrastructure that supports agribusiness systems in rural areas. Additionally, sustained development of small and medium enterprises has to be increased to create more job opportunities. Simultaneously, the government has to act as a facilitator in developing fair and mutually beneficial partnerships between farmers and agro-industrial enterprises, and between small and medium enterprises and big companies. Thus, farmers will be assured of availability and accessibility of markets for agricultural products. Also the establishment of processing factories for agricultural products may create job opportunities for members of rural households. If this can be achieved, the rural economy will grow faster. Ultimately, the impacts of the projects are expected to generate more opportunities for employment and improve the welfare of the people, leading to reductions in unemployment and poverty.

Concluding Remarks

The majority of the poor of Indonesia live in rural areas endowed with marginal land, low-quality human resources, limited availability of capital, and inferior infrastructure, and their livelihoods depend very much on the agricultural sector. Therefore, the strategic development of the agricultural sector in the form of integrated development of rural areas, will help the poor rise out of poverty.

Until now, poverty alleviation programmes have been mostly top-down and for the greater part are curative and momentary in nature. Such programmes have not created independent people, and have even had a tendency to pamper poor people, making it difficult for them to move out of the poverty trap. In the era of regional autonomy, it would be best to introduce decentralized design and implementation of poverty alleviation programmes. This would lead to the creation of programmes that are more appropriate to the area-specific characteristics and problems of poverty, and hence the objective of reducing poverty would be easier to achieve.

CAPSA News and Activities

Regional Implementation Meeting for Asia and the Pacific for the 16th Session of the Commission on Sustainable Development (RIM-CSD 16)

A meeting was organized by UNESCAP in collaboration with the Food and Agriculture Organization of the United Nations, Regional Office for Asia and the Pacific, Centre for Alleviation of Poverty through Secondary Crops' Development in Asia and the Pacific (CAPSA), United Nations Convention to Combat Desertification (UNCCD), United Nations Environment Programme (UNEP), and the United Nations Development Programme (UNDP) on 26–27 November 2007 at the Borobudur Hotel, Jakarta, Indonesia. The objective of the RIM-CSD 16 was to prepare inputs on the Asia and Pacific perspective for the 16th and 17th sessions of the Commission for Sustainable Development (CSD).

A meeting was attended by the UNESCAP members and associate governments, CSD members from Asia and the Pacific region, United Nations partner entities, relevant civil society organizations (CSOs) and international organizations. It was opened by H.E. Mr. Rezlan Ishar Jenie, Director General for Multilateral Affairs, Ministry of Foreign Affairs of Indonesia, and His Excellency, Mr. F.D.C. Nhema, Minister of Environment and Tourism, Government of Zimbabwe and CSD-16 Bureau Chairman.

The four thematic reports discussed in the meeting are: land and agriculture, rural development, drought, and desertification. A multi-stakeholder panel and plenary discussion on land and agriculture, and rural development, highlighted the important aspects that could complement and strengthen the reports. They included:

- accomplishment of the initiative to empower the communities through addressing the needs of small farmers;
- demand for biofuel and its implications;
- intervention in achieving synergies between energy use, economic opportunity, environmental protection and social capital building;
- a need for a balance of rural-urban development and investment;
- a need for benefit and risk assessment of GMOs;
- an increase in agricultural resource competition;
- financial mobilization by considering arrangements for the appropriate public-private partnership and the increase in public research investment.

In a panel and plenary discussion dealing with the mitigation of desertification, land degradation and

drought risks, the RIM remarked on progress in the following areas:

- renewal of the commitments to implement the UNCCD priority programme which is serving as the nexus between poverty reduction and ecosystem protection;
- co-ordination and harmonization of the sectors that are responsible for desertification.

In the discussions on both panels, the following core issues which cut across the thematic cluster of issues were presented. There is a need to:

- implement energy transition in both urban and rural sectors;
- redouble investment in research to bridge the growing gap between current and future knowledge;
- improve water resources management that is a unifying issue in the context of climate change;
- improve the information dissemination system and extension service to assist farmers as they are at the core of this thematic cluster of issues;
- optimize the land use and increasing access to land as it is a more valuable resource and a basis for sustainable livelihood;
- adapt to climate change by considering water resource management, climate variability and early warning, environmental knowledge and funding.

Economic Integration and its Impact on Agriculture and Rural Poor Households (ECOIN)

There is a growing concern over organic farming as a promising instrument for sustainable development and poverty alleviation in developing regions. Regional economic integration may provide a business opportunity for organic farmers in the regions due to the increasing demand for organic products in industrialized countries. To prove these hypotheses, the organic vegetable farmers in Bogor Regency, West Java Province, Indonesia, were surveyed. Information was collected from each farmer concerning their operational farm land, input use, production, commodity price, motivation to start organic farming, and future planned activities.

Since 2006, the monitoring survey has been continued in the study village in Majalengka Regency, West Java Province, Indonesia. In total the census survey covers all the 378 households in two hamlets in the village. The survey results will be analysed by comparing the data collected in 1990 in the same village, to determine the dynamics of rural household

economy during these periods. A detailed survey was also carried out for the selected 174 farm households to collect information on how small-scale farmers endeavour to increase their household incomes.

Workshop on “Pro-Poor Policy Formulation Dialogue and Implementation at the Country Level”

A workshop was jointly organized by the FAO, Regional Office for Asia and the Pacific and the Indonesian Center for Agricultural Socio-Economic and Policy Studies (ICASEPS), on 6 December 2007 at the ICASEPS office, Bogor, Indonesia. It was attended by representatives from the relevant institutions within the Ministries of Agriculture and Home Affairs, the Coordinating Ministry of People's Welfare, the National Development Planning Board, Bogor Agricultural University (IPB), FAO, ICASEPS, and relevant community and international organizations.

The main discussions included a general overview of agriculture pro-poor policy, basic principles for formulating policy issues, and priority thematic areas and issues.

The three basic principles for formulating policy issues, derived from the report of the World Bank (2006), “Making the New Indonesia Work for the Poor”, were:

1. There should be a focus on the policy area of making economic growth work for the poor, particularly for those engaged in the agricultural sector.
2. The key dimension of poverty is reducing vulnerability to income poverty through agricultural revitalization.
3. Higher agricultural productivity is a key pathway out of poverty.

The following key approaches relating to these principles, were identified:

- revitalizing agriculture through investment in infrastructure, R&D, and extension;
- promoting partnerships between traders, processors and producers;
- accelerating land titling and reallocating degraded and reforested land to productive use;
- promoting diversification into high value commodities (horticulture and livestock) through improvement of technical assistance to small farmers.

A discussion on the above principles, issues and approaches led the establishment of 15 priority thematic areas. In addition, the final discussion resulted in a shortlist of priority issues for the selected leading institutions and the workplan for 2008–2009. These will be confirmed by the Advisory Committee for the project. The selected issues are: (i) agricultural support service policy (extension, marketing, credit, irrigation,

training, etc.); (ii) promoting access to land for the landless and marginal farmers; (iii) indigenous community empowerment policy; and (iv) agricultural insurance policy. CAPSA was nominated to be a leading institution in the implementation of a study on “Land Policy for Poverty Reduction: Promoting Accessibility of Land for the Landless and Marginal Farmer”. The project will be implemented in 2008–2009 and is divided into three stages of activities: (i) Phase I: policy analysis (January to September 2008); (ii) Phase II: policy formulation (October 2008 to February 2009); and Phase III: policy implementation (March to December 2009).

Regional Meeting, “Towards a Joint Regional Agenda for the Alleviation of Poverty through Agriculture and Secondary Crop Development”

High-level officials from UNESCAP member countries across the Asia-Pacific region attended CAPSA's regional meeting in Bangkok on 21 and 22 November 2007, to discuss key issues and approaches to tackling poverty reduction in rural areas.

The meeting, “Towards a Joint Regional Agenda for the Alleviation of Poverty through Agriculture and Secondary Crop Development”, involved a series of country presentations and general discussions, and was attended by participants representing 15 countries. Presentations were also made by various international organizations.

The country presentations included information about general poverty alleviation programmes and projects relating to agriculture, food security and the development of secondary crops, plus an overview of in-country poverty and policy contexts. These presentations provided a framework of issues for the subsequent general discussion. The general discussion addressed issues, problems, observations and prospects, relating to rural agriculture, secondary crops and poverty alleviation.

The key points of discussion included:

- the problems of up-scaling agriculture-focused projects, and the need to share information about approaches to and implementation of successful practice;
- the need to analyse and identify mutually enhancing combinations of inter-sectoral interventions, for example, agricultural research and development together with infrastructure and education projects;
- the need for a closer examination of the characteristics of long-term poverty and the problems faced by poor people in specific contexts leading to more successful and cost-effective projects;
- the ways to better connect poor farmers with markets;

- helping poor farmers cope with and adjust to the impacts of globalization;
- approaches for facilitating development in isolated and marginalized areas, in which poverty is more strongly entrenched;
- developing means of empowering poverty-affected people to be participants in and to develop sustainable community involvement in interventions.

The meeting concluded that these key issues should form the basis of future research endeavours, and participants confirmed their commitment to co-operative and collaborative programmes and projects.

Another important outcome of the meeting was agreement that all the participants, and others, should be active members of a collaborative communication network for ongoing discussion and information sharing. It was recommended that such a network could be facilitated via CAPSA's website.

More information about the regional meeting including the meeting's proceedings will be available on CAPSA's website.



Forthcoming CAPSA Publications

The following publications are on CAPSA's publications list for early 2008. (Note: the following are preliminary titles.)

1. "The Impact of Support for Imports on Food Security in Indonesia"
By I.W. Rusastra, T. Napitupulu and R. Bourgeois.
This working paper relates to a study which analysed the national impact of export support measures on food security with particular attention to the impact of import support on Indonesian producers and consumers of the three selected commodities: milk, soybean and sugarcane.
2. "Sustainable, Diversified Vegetable-based Farming Systems in Highland Regions of West Java"
By T. Sugino *et al.*
CAPSA's 100th working paper, this is another publication emanating from the "Identification of Pulling Factors for Enhancing the Sustainable Development of Diverse Agriculture in Selected Asian Countries" (AGRIDIV) Project.
3. "Performances and Prospects of Food Security and Poverty Reduction in the Era of Decentralization"
Edited by I.W. Rusastra *et al.*
This working paper is a collection of three research papers focusing on key elements of food security and poverty reduction in Indonesia. With regard to livelihoods of the rural community, it examines the performance and prospects of existing poverty alleviation programmes, food security, and the empowerment of households facing food insecurity.
4. "Towards a Joint Regional Agenda for the Alleviation of Poverty through Agriculture and Secondary Crops Development"
This document is the proceedings of CAPSA's Regional Meeting that was held in Bangkok, Thailand, on 21–22 November 2007.



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CAPSA

The Centre for Alleviation of Poverty through Secondary Crops' Development in Asia and the Pacific (CAPSA) is a subsidiary body of UNESCAP. It was established as the Regional Co-ordination Centre for Research and Development of Coarse Grains, Pulses, Roots and Tuber Crops in the Humid Tropics of Asia and the Pacific (CGPRT Centre) in 1981 and was renamed CAPSA in 2004.

Objective

CAPSA promotes a more supportive policy environment in member countries to enhance the living conditions of rural poor populations in disadvantaged areas, particularly those who rely on secondary crop agriculture for their livelihood, and to promote research and development related to agriculture to alleviate poverty in the Asian and Pacific region.

Functions

1. Co-ordination of socio-economic and policy research on secondary crops.
2. Networking and partnership with other international organizations and key stakeholders.
3. Research and analysis of trends and opportunities with regard to improving the economic status of rural populations.
4. Production, packaging and dissemination of information and successful practices on poverty reduction.
5. Dissemination of information and good practices on poverty reduction measures.
6. Training of national personnel, particularly national scientists and policy analysts.
7. Advisory services.

Palawija News

Contributors are invited to submit summaries that cover recent socio-economic or policy aspects related to research or development of secondary crops and rural poverty alleviation in Asia and the Pacific. Submitted summaries should be sent by e-mail to library@uncapsa.org or by regular mail. Articles must be in English.

Submitted summaries should not exceed eight pages, including graphs, tables, references and author information.

Palawija News is distributed free of charge to interested individuals and institutions. Please send address corrections and additions to: Publications Section, UNESCAP-CAPSA, Jl. Merdeka 145, Bogor 16111, Indonesia.