

INDONESIA
THE NATIONAL FOOD AND NUTRITION SITUATIONER
2007 - 2011

Section 1 – National Policies on Food Security and Nutrition

Nature of the Problem

- **Land resources;** Indonesia is country of agriculture, particularly rice field that occupy more than 7.9 million hectares land and the most is concentrated in Java (45%), Sumatera (16%) and Sulawesi (11%). The total area of dry land plantation and shifting cultivation are 10.7 million and 3.8 million hectares, mostly located in Sumatera (38%), Java (21%), Kalimantan (18%), and Sulawesi (15%).

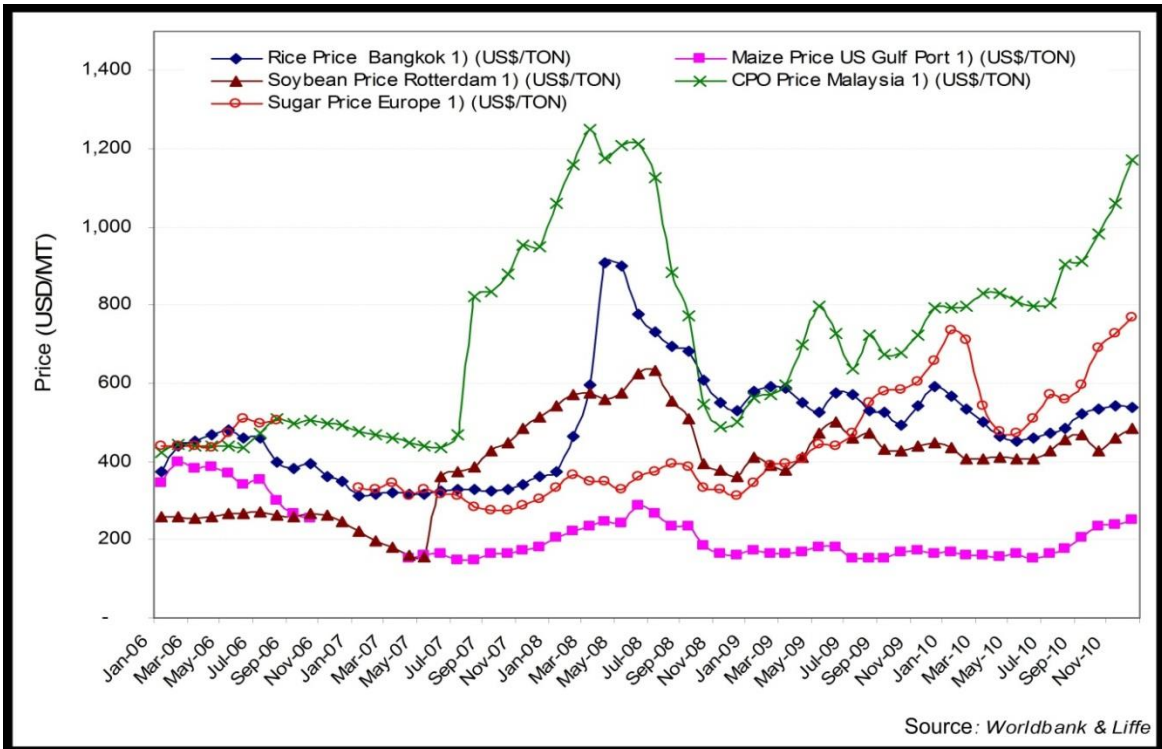
Rainy season is occurred for 5 months which supply 80% of water need and 7 months dry season to supply 20% of water need. This is supported by around 458 watersheds that around 80% of them are not in good condition.

- **Population;** in 2010 it was 237.6 million people with 1.2% growth per annum, in 2011 the population estimated at 242.3 million. Poverty rate was 37.17% in 2007, decreasing to 30.02% in 2011.
- **Food insecurity;** in 2011 it was estimated on 27.05% peoples in food insecurity condition (approximately 65.5 million peoples) and most of them live in rural areas (Rural poverty was estimated at 17.35%). This is due to the low access of education, lack of job opportunity and lack of transportation infrastructures. Among them are the chronic foods insecure, i.e. those consume less than 70% of recommended dietary intake, was around 10.5% (approx. 23.5 million people).
- **Agricultural sharing to national economy;** in 2009 Agriculture (farming produce) contributed 13.6% to the national GDP (at constant price, Rp2,178.9 Trillion), while in 2011 it was 12.7% of national GDP (at constant price, Rp2,463.2 Trillion). Indonesian percapita income in 2011 was USD 3,441.9.

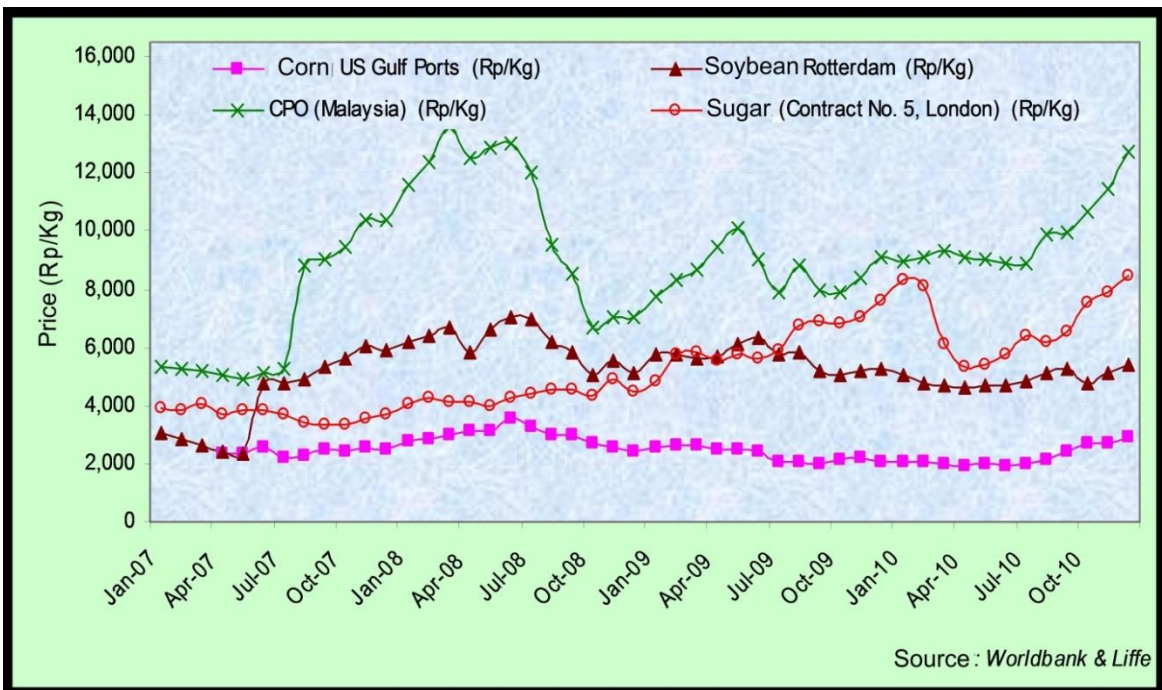
Agriculture sector grew at 3% in 2011 which contributed 0.4% - 6.5% to national economic growth. However with that income share, agriculture accommodates around 69% of total workforce that was estimated at 109.7 million in 2011. This has made percapita income in agriculture sector the lowest compared with other economic sectors.

- **Food price volatility;** as Indonesia was blessed with good rice harvest in 2007/2008, domestic food price fluctuation was not as bad as that in the international price (see chart). Food price increase, especially rice November 2007 – November 2008 was 13.7% and Nov'08-Nov'09 was 3%. However in Nov 2010 it increased by 22%. Beside international price influence, this is due to harvest failure in some location caused by pest problems.

Food Price Trend in the International Market



Food Price Trend in the Domestic Market



Shift in the Government Development Goals and Strategy

- In order to help stabilize domestic food price, import tax of some produce (rice, corn, and sugar) was temporarily abolished (become 0%) in the end of 2007. By the end of second quarter 2008, the tax was re-enacted before rice peak harvest. The tax re-enactment was decided to help the poor consumer (half

of them are small and landless farmers) from high price and to protect the farmers from price drop at harvest time.

- The government price support program for rice that has been implemented since 1968 is being continued to protect both consumer and producer. The government bought farmers' rice at a fixed price level (to prevent price drop) during harvest season, and trade off the rice to cease high price increase during low season.
- To help the poor coping with food price increase, the social welfare program was intensified includes: (i) Subsidized rice for the poor; (ii) health insurance for the poor; (iii) food supplement for children under two; (iv) subsidy for school operational expenses; (v) national empowerment program, i.e. capacity building and working capital support for establishing/ developing small business farmers/ traders/ industries; (vi) subsidized credits for small/ medium enterprises.
- In order to improve agriculture growth productivity in time of food crisis, the public expenditure for agriculture increased by 57.5% from Rp34.03 trillion in 2007 to Rp53.61 trillion in 2008. Most of the increase was for input subsidies from 39% to 55% (Rp.13.4 – 29.4 trillion). Spending for agriculture programs decreased from 41% to 30% although in nominal it increased from Rp13.8 to 16.0 trillion; likewise for irrigation decreased from 20% to 15% while nominal wise increased from Rp6.8 to 8.2 trillion¹.
- Private investment in agriculture, indicated by credit (working capital) released by state owned banks decreased from 9.01% in 2005 to 8.5% in 2011, while from the private banks increased from 1.9% to 11.2% at the same period. Agriculture is the lowest credit receiver as compared to other sectors, the largest credit receiver are manufactures, trade and services industries.
- Indonesia comply with the international agreements (World Food summit, International Conference on Nutrition, MDGs, and the Voluntary Guidelines on the Right to Food). All development programs have been referred to the commitment to those agreements. Regular reports are submitted to the meetings of those agreements.

Section 2 – Agricultural Programs for Food Security and Nutrition in the country

Government Programs

- Food security programs include: (i) increasing food production to fulfill domestic demand; (ii) managing food stock/reserves to guarantee stable food supply at all times; (iii) addressing food insecurity problems with early warning and response system; (iv) facilitating food distribution system efficiently; (v) improving people access to food; (vi) improving the consumption patterns of balanced nutrition for the people.
- The targets are among others: (i) continuing food supply to fulfill 2,200 Kcal/capita/day for all people; (ii) fulfilling minimum people consumption by 2,000 Kcal/cap/day; (iii) decreasing chronic food insecurity by 0.5% per annum; (iv) fulfilling self sufficiency of rice, corn, and meats by 2014; (v) improving the consumption patterns of balanced nutrition for the people by ideal pattern score of 93 in 2014.
- Program areas include: (i) farmers capacity building on sustainable food production, i.e. improving technology, subsidized seed and fertilizer, access to working capital, and extension services; (ii) community food reserve development for stabilizing food supply and price at local areas; (iii) community capacity building for early warning and response in anticipating food emergencies; (iv) subsidized rice for the poor; (v) food price stabilization; (vi) support community in establishing food supplement program for school children; (vii) support community in establishing small food processing

¹ World Bank Policy Research Paper no.5977, 2012

industries especially for food diversification; (viii) support small producer in develop marketing link with food processors and traders.

- Those programs are implemented through projects, among others: (i) Village Food Resilience which covers production, income, balanced nutrition consumption; (ii) Village Integrated Development which covers infrastructure, income generating activities; (iii) Village Agribusiness Development for multi crops; (iv) Village Infrastructure Development; (v) Village seed and technology development supported by Centers for applied agriculture development; (vi) Organic fertilizer production; (vii) Zero waste integrated crop and livestock development. All projects are mostly targeted to small and landless farmers, and poor villagers using capacity building, field schools and participatory approaches.
- Challenges; (i) Agricultural prime lands have becoming less and less due to population pressure and non-agriculture economic activities. Agriculture land expansion program is at a slower pace than the land conversion rate. (ii) Due to deforestation around 13% of watersheds are in severe condition, 27% in bad condition and 38% in quite bad condition, and only 22% is considered in good condition. This situation leads to floods during rainy season and drought during dry season. (iii) Some potential lands are still neglected by the company owners. (iv) Most of marine resources especially in the eastern Indonesia has not optimally utilized due to limited infrastructures and capital. (v) Scattered settlement and limited infrastructure in many places result in higher cost that delaying development of human resource and economic empowerment; (vi) New technologies needed for coping with the increasingly occurrence of extreme climate condition are slowly delivered to the people. More adaptive research is needed.

International Initiative to Support Community Program

- Participatory Integrated Development in Rain fed Areas (PIDRA) supported by IFAD in 2001-2008). This project emphasized on empowering rural poor communities to develop self-help group to raise economic activities. The groups are guided to rise own capital through savings, identify needs and priorities, take initiatives to develop themselves based on rational decision. Significant support were given for facilitating the groups development, guiding participatory and rational decision making process, program implementation, and providing matching grant (for working capital). Most of the community groups are well developed, improving community infrastructure (clean water, village roads), productive small farms and backyards and develop local trading. The project was located in 17 districts (237 villages) in 3 provinces (East Java, West Nusa Tenggara and East Nusa Tenggara) covered around 2,370 groups.
- Special Program for Food Security (SPFS) supported by Japan Government through FAO, started in 2002 until 2007 and extended to 2008. This is intended as pilot project to improve capacity of regional government in developing *participatory integrated rural development* for the people. The project is located in 5 provinces (Riau, West Java, South Kalimantan, South Sulawesi and Central Lombok) and adopting the PIDRA approach. By the end of the project, three of local governments have replicated the model into other villages financed by local budget.
- Smallholder Livelihood Development Project in Eastern Indonesia (SOLID) 2011-2019 also supported by IFAD. The project is located in 2 provinces (Maluku and North Maluku) covering 11 districts, 330 villages and targeting around 3,300 groups. This project replicates PIDRA principles and strategies.
- These models have also been replicated into the Government financed projects namely Village Food Resilience Projects that are spread almost in 400 villages.

International initiatives for food security

- IFAD approved program on food security in Indonesia that outlined in Country Strategic Opportunities Programme (COSOP) for the period 2009 – 2013. The goal of IFAD’s interventions in the country is to empower poor rural women and men to enhance their food security, increase their incomes and reduce poverty. The assistance focuses on developing smallholder agriculture and local agribusinesses, thereby opening up new markets and stimulating the growth of rural economies. For the implementation of the program, IFAD was developing strategic partnerships with community-based organizations, government agencies, external development agencies, farmers’ organizations, NGOs, the private sector and civil society organizations. The project gives greater emphasis to raising farm and non-farm productivity. Empowering the poor did not be treated as an end in itself, but as a means to help reduce the incidence of rural poverty. Also, institution-building is an important prerequisite for the sustainability of community groups and organizations².
- The main aim of FAO program in Indonesia is to assist governments to develop policies, programmes and projects to reduce hunger and malnutrition; to help develop the agricultural, fisheries and forestry sectors and to use their environmental and natural resources in a sustainable way. FAO is present in the country with different type of Activities, which is, (i) technical and policy assistance and advice, (ii) emergencies, relief rehabilitation response. The field program in Indonesia that is implementation of medium and long term development projects and programmes for sustainable agriculture and food security was funded by FAO, other donors and Indonesia national budget³.
- WFP supports the Government’s commitment to achieving food and nutrition security program in Indonesia. Their objectives are to enhance Indonesia’s capacities in (i) monitoring, analyzing, mapping and addressing food insecurity, (ii) disaster preparedness and response in line with the Hyogo Framework for Action, (iii) reducing under-nutrition to below critical levels. Under the Protracted Relief and Rehabilitation Operation (PRRO), which ends in December 2011, WFP addresses micronutrient deficiencies through fortified food intervention targeting children aged 12-59 months, pregnant and breast-feeding women and primary school children. School activities include hand-washing campaigns, dietary diversity awareness, school gardens and deworming. The operation is focused on rural and suburban areas of NTT, NTB, East Java and Greater Jakarta⁴.
- One out of 5 cores engagement of World Bank in Indonesia that intersects with food security issue is community development and social protection. World Bank has engaged to the Government’s community-driven development and poverty reduction programs. One of the programs is the National Community Empowerment Program (PNPM-Mandiri). Support to addressing gender issues is mainstreamed across various key financing and analytic/policy advice programs. These include support via the PNPM, a study on remittances offering recommendations for making formal transfers work for women and undocumented migrants, a labor market assessment that will among others, include an examination of the impact of labor market policy on job opportunities for women, the use of trust funds to support programs to empower female household heads to develop group-based revolving funds and improve livelihoods, and the support of women’s cooperatives to enhance their access to markets⁵.
- Other World Bank’s project in agricultural issue is Farmer Empowerment through Agricultural Technology and Information (FEATI) for the project period 2007 to 2012. The main objective of the project is to improve productivity, income and welfare of farmers and to develop capacities and roles of

² IFAD. Dec 2008. Country Strategic Opportunities Programme: Republic of Indonesia

³ <http://coin.fao.org/cms/world/indonesia/en/Home.html>. Accessed on Oct 12, 2012

⁴ <http://www.wfp.org/countries/indonesia/operations>. Accessed on Oct 12, 2012

⁵ World Bank. Investing in Indonesia’s Institutions. Report No. 44845- IND

farmers' organizations. Beneficiaries of the program are farmers' organization at 3230 villages (71 Districts within 18 provinces)⁶.

NGO/ Community programs

Several NGO/ CSO initiatives related to food security issue are an elaboration the goal of food sovereignty for women and men small farmers and peasant. The initiative varies from cultivation system, community based food management and improving technology.

- **Cultivation system;** implementation of sustainable agriculture derived from tradition of farming family that respect, ensure and protect the sustainability of nature to bring back the farm as a living culture. This is to distinguish from the concept of agribusiness based organic farming. NGO/ CSO initiative also promote the implementation of both lower external input and local resources based input for their farm which is to reduce dependency on external inputs and to utilize natural resources available to be converted into fertilizer and pesticides for their farming land. NGO/ CSO also develop quality assurance system that provides an opportunity for farmers to be able to assure the quality and quantity of their own product.
- **Food Management;** in the position as a basic right for everyone, food becomes a tool by the capitalists to hegemony village, leaving all matters of food to market decisions. To prevent it, some rural communities with assistance of NGOs are trying to revive the culture of community-owned barn. Barn is a food institution that has long been existed and proved to be a mainstay of farmers and other villagers in fulfilling the food need⁷. It began to fade-out in the attack of liberalization of food and the spirit to turn it back on is an effort to resistance against weakening process of rural community. In particular, there are still some forms of local food system that manifested in the form of barn, ranging from production input barn and food barn. Reviving the barn means also strengthening unique role of women in crop cultivating, from production activities ranging from seed preparation, planting and weeding. And when entering post-harvest stage, women are involved in processing activities and are decisive in regulating food storage and managing food consumption patterns of family⁸.
- **Technology;** research based NGO/ CSO initiate participatory research initiative involving organized farmers in supporting farming process. The approach used by NGO/ CSO initiatives is to make farmers as a key player in action research and field studies assuming that farmers are the most understand side in farming issues and they still keep local knowledge in farming. This approach forms the character of farmers that responds to environmental changes and supports farmers' critical awareness. The developed programs are managing genetic resources by farmers, breeding local varieties crops (farmers' seed banks), developing farming field school with integrated pest management (SLPHT) that bases on the ecosystem balance, and developing SRI cropping methods (System of Rice Intensification) by changing the management of plants, soil, water and nutrients to increasing the productivity of irrigated rice.

Problems arising from government and inter-governmental policies and action that affect smallholders

- Rice self-sufficiency program started in 1968 has forced farmers to consolidate their paddy land to become large paddy fields that uniformly planted with new high yielding varieties, using chemical

⁶ Ministry of Finance Republic Indonesia. Farmer Empowerment through Agricultural Technology and Information (FEATI) On-site Visit Monitoring Report. IBRD 7427-IND and IDA 4260-IND

⁷ Ruth. Food Barn as an Alternative Choice for Peasant Movement (Chapter 2). <http://kedaulatanpangan.net>. Accessed on Oct 9, 2012

⁸ idem

fertilizer and pesticides. This has made significant increase in paddy production, but eliminated many of local varieties owning special characteristics (fragrant, shapes, flexibility and resistance towards pests and diseases). Sustainable local farming practices has been defeated by chemical based practices, that adding the cost of production and damaging the soil fertility. More and more chemicals added to obtain the expected yield impose higher cost that is not affordable to the small farmers.

- The palm oil boom has pushed a rapid conversion of farmers' crop lands into palm estate lands owned by large companies. Government that is supposed to protect the vast acquisitions has not been performing their role.
- Conversions of cropland into housing and shopping centers have not been appropriately controlled by local governments. This is further pushed the small subsistence farmers to give up their lands, and they become labor in the newly set-up properties.
- The new law on *sustainable agriculture lands* has not been equipped with the necessary practical regulation and the enforcement system.
- Research and extension programs have been improved continuously to meet the orientation of farmers for improved technologies. However, management in the field has not produced an effective service to farmers. Service capacity was also smaller than the needs of farmers, both in terms of volume and intensive interaction.
- Access to loans and grants for providing working capital facilities have been increasingly available through informal channels (government to farmers' groups) as well as through banking/ cooperative systems. In order to access these facilities, small farmers need to be assisted in terms of administration/ institutional procedures. The lack of assistance has an impact on the slow processes required for the provision of loans.
- In order to protect the small farmers from unfair competition with large companies (imported food), the government has used the *special safety guards* by imposing tariffs on rice, corn, soybeans and sugar.
- Lack on supervision over the illegal ports affects the entry of illegally imported products easily, especially agricultural products. The rational strategy is to promote the quality of domestic products and implement production efficiency to create competitive domestic products.

Section 3 – Mechanisms and Institutions

The Mechanism of Government-led Program and Activities

- The Broad Development Goals are set nationally by the government (the Presidential Office/ Cabinet and the House of Representatives). It is documented both Long term and Medium Term National Development Plan. Beside from the government, the document also accommodates inputs from various groups Business Associations, Professionals, Academicians, NGOs, and CSOs.
- The Broad Development Goals are then translated into both sectorial and regional development goals, policies, programs and projects. These are carried out through a series of planning meeting and dialogues, starting from sub-district, district, provincial and national level. These series of planning form are intended to allow bottom-up and top-down decision making process that accommodate the people, regional and national interests.
- The approved policies, programs and projects are then going through budget allocation process by the line Ministries, Ministry of Finance and the House of Representatives.
- Once the budget approved, the projects are implemented by the institution concerned in the central, provincial and district level. The district governments receive around 65% of total development budget.

With this arrangement, the successes of development projects are determined by the capacity and the integrity of district officials.

- The series of planning dialogues are intended to socialize the selected programs, its benefits, intended impacts as well as for accommodating various people's interests.
- For community development projects (as mentioned in section-2), implementation always started with group development and group strengthening to encourage self-reliance attitude and develop initiatives for improving their livelihood.
- As the groups develop, they are able to communicate aspirations and needs to the government. They are able to talk and work together with the government authorities and other institutions related to their economic activities.

The Mechanism of NGO/ CSO initiated Program and Activities

- NGO/ CSO have a framework as an effort to realize food security. It is comprehensive approaches that are the focus attention of each organization. In food and nutrition security, highlighted issue is agrarian (agrarian reform, land conversion), food (local food, food policy), agriculture (agricultural policy, sustainable agriculture), environment (global climate change), health (malnutrition, etc.) and its relation to the sovereignty of the rural peoples, gender equality, and the development of the collective economy.
- Sources of fund for the program implementation accessed from various sources, that is Government's budget (State Budget and foreign debt), CSR funds, external funding agency, and independent funding sources.
- Objective for the initiatives is the realization of basic rights of the people (especially in rural areas) for sufficient and decent food by prioritizing local food sources and reducing the dependency on external agriculture inputs and food, so this process can lead to the establishment of rural peoples' sovereignty.
- In the implementation, NGOs and CSOs did not act as a substitute for the absence of government's role but as a supporter of critical awareness process to the public in order to improve their bargaining position in food policy making. NGOs and CSOs also have role in promoting peoples' experiences in the process of program implementation that puts people as a subject, i.e. in the planning, implementation and evaluation process.
- NGOs and CSOs establish network among organizations and with other parties (government, private) as a mechanism to strengthen the process of establishing the impact of a program. Some networks that involves NGOs and CSOs (and some also involving government and private) in the food and agriculture issues, i.e. People's Coalition on Food Sovereignty (KRKP), Coalition for the Right to Food, Food Security Working Group, Organic Agriculture Network (Jaker PO), Indonesia Organic Alliance (AOI), Organic Farming Community (MPPO), Organic Farming Forum(FKPPO).

Section 4 – Recommendations on the possible role of the Alliance (national and regional level)

In light of the key findings from Sections 1 – 3,

1. What is the possible role and value-added of the national alliance in the country? What should be the focus interventions of the AAHM National alliance for the next two years on the following areas:
 - o Policy advocacy for enhancing food and nutrition security especially in small-scale crop producer households

- Three themes policy issues are (i) urgent implementation of the Law on Sustainable Agriculture Lands; (ii) protection of farmers right to utilize any technology and seed created by themselves; (iii) consolidated small scale farmers for strengthening their capacity to optimally utilized limited resources in producing diversified food products

- Capacity building for NGOs and Rural poor organizations for policy advocacy and field projects

The government should include NGOs and Rural Poor Organization representatives in the Food Policy Committee in both national and regional levels. This is to ensure their problems and interest to be understood and to be given appropriate resources by the policy and program makers.

- Researches/ Studies needed

There are need to conduct Research on developing sustainable and small farmers' friendly system to produce sufficient food or other products that needed to maintain their food security. Also need to study institutional development arrangement that strengthen the access of small farmers to the market. Small farmers are often difficult to market their product and get a fair price in the private-led market.

2. What should be done by the alliance at the Regional level in the next two years?

- Policy advocacy/ formulation for regional trade agreement (pro small farmers). Trade policies that allow *special safety guard* for protecting small farmers (import taxes, limitation to enter some locations, small farmers subsidies, price support, support market)
- Exchange of good practices in (i) small farmers empowerment, (ii) small resources optimization enabling farmers fulfill their food and nutrition security

Section 5 – Sources/ References

- General Policy for Food Security Development 2010-2014, the Food Security Council
- Central Bureau of Statistics: Socio Economic Statistics, 2011
- World Bank study report on “Indonesia Agriculture Public Expenditure Review”, 2012
- Project review on PIDRA, SPFS, SOLID; The Agency for Food Security