



**ASEAN EXCHANGE VISIT**  
**Strengthening the Role of Agricultural Cooperatives in the Coconut Value Chain Management and Job Creations in Rural Areas**

Yogyakarta and Purworejo, 24 - 25 October 2018



**ASEAN EXCHANGE VISIT**  
**Strengthening the Role of Agricultural**  
**Cooperatives in the Coconut Value Chain**  
**Management and Job Creations**  
**in Rural Areas**

Yogyakarta and Purworejo, 24 - 25 October 2018

**Organized by:**

ASEAN Centre for the Development of Agricultural Cooperative (ACEDAC)  
ASEAN Farmers' Organizations Support Programme (AFOSP)

**Co-organized by:**

Asian Farmer Association (AFA)  
La Via Campesina (LVC)  
ASEAN Foundation (AF)

**Donors:**

European Union (EU)  
International Fund for Agricultural Development (IFAD)

## TABLE OF CONTENTS

Executive Summary.....	6
Event Background .....	8
Welcoming Speech.....	8
PANEL SESSION 1: “Coconut Value Chain” .....	11
Visit and Discussion to ‘Srikandi’ Women Cooperative .....	18
Welcoming Remarks on Dinner.....	21
Welcoming Speech: Enabling Environment to Support Agricultural Cooperatives in Indonesia .....	22
PANEL SESSION 2 : “How Agricultural Cooperatives/SME, Companies, and Financial Institutions Can Invest for the Future Agricultural Value Chain” .....	27
PANEL SESSION 3: “Securing Coconut and Non-Coconut Products from Upstream to Downstream” .....	31
PANEL SESSION 4: “Linking Coconut Production to Rural Empowerment” .....	37
Action Planning and Recommendations.....	40
Summary and Recommendations from Experts.....	41
Concept Note.....	43
Program Schedule.....	47
List of Participants and Organizers.....	50

In supporting the finalisation of concept note: acknowledgement to IFPRI-ATMI

**Publish and Copyright by**  
**ASEAN Foundation - ASEAN Farmers Organisation Support Programme (AFOSP)**  
 Jalan Sam Ratulangi no. 2, Menteng  
 Jakarta 10350, Indonesia  
 Telp. +62 21 3192 4833 ext. 113  
 URL: <http://www.aseanfoundation.org>

**Circulated by:**  
**ASEAN Foundation, January 2019**



## EXECUTIVE SUMMARY

Coconut as one of the critical commodities for ASEAN plays an important role in the advancement of social and economic development of the region. As the leading producers of coconuts, the combined production of Indonesia and the Philippines made up 41% of the total world's production; if contributions from rest of the ASEAN countries were included, ASEAN's production represented 46% of the world's total coconut production. Not only was coconut commonly found in the region, it had great potential to be processed into high value products.

But although globally, demand for coconut was also growing, its production in ASEAN was declining. Many challenges such as fluctuating prices, lack of incentive for farmers, aging skilled force in the agriculture sector, issues in product development, gaps in knowledge and technology, and slow to adopt certification to meet international standards were cited.

With the aim of encouraging farmer empowerment through cross-sectoral collaboration among farmers, governments, private entities, researchers and financial institutions and addressing these challenges, the ASEAN Exchange Visit to Yogyakarta and Purworejo was convened on 24-25 October 2018. The event was organised by ASEAN Foundation through ASEAN Farmers' Organisations Support Programme, in conjunction with the Republic of Indonesia and ASEAN Centre for the Development of Agricultural Cooperatives. Recommendations gathered from the event were to be submitted to the 26th ACEDAC Meeting in Myanmar.

It was an enriching and vibrant discussion of ideas and experiences from 98 representatives of diverse backgrounds. Cambodia, Indonesia, Malaysia, Myanmar, The Philippines, Thailand, Lao PDR were represented, alongside Pacific countries Tonga, Fiji, Samoa, Solomon Islands, Papua, Australia and Timor Leste. Besides a field visit to award-winning Srikandi Women's Cooperative in Purworejo, presentations and sharing by experts and speakers were filled with best practices and learning. Over the two days, a total of 11 sessions, covering a comprehensive range of topics from upstream to

downstream activities, cross sectoral collaborations, frameworks and initiatives by governments and ASEAN, and private sector engagement.

The importance of farmer empowerment and involvement of the local peoples in rural areas in the value chain could not be overstated. Regular consultations among the stakeholders were necessary. Related to that, cooperatives and how they could play a bigger role was a constant theme. Speakers suggested more than once conducting an analysis of the value chain and a study of market behaviours would help to map out more accurately the actors, the problems and opportunities. Much time was spent on learning about innovative coconut-based product development ranging from different types of coconut oils to health and beauty products. Innovation also included equipment such as the solar dryer dome and technology for network of distribution of products and goods, in this case Tokopedia. Attracting younger generation to the agricultural sector, understanding their characteristics and working with them was discussed. From the governments and private sector, functions and initiatives pertinent to agriculture such as financial support and skills training were introduced. At the same time, they shared case studies on how these developments had helped farmers improve their livelihoods.

The ensuing recommendations for "Strategic Alliance on Coconut" were as follow:

1. Create an online knowledge-sharing platform.
2. Organise a separate discussion with coconut farmers in the region with the aim of formulating common plans. As part of learning, the next Exchange Visit to consider including a visit to Fiji.
3. Initiate a project on agro-tourism in ASEAN.
4. Create an ASEAN-Pacific Alliance of coconut farmers supported by ASEAN Foundation.
5. Conduct market study to identify strengths, weaknesses, and opportunities for coconut farming including identifying possible partnerships and prioritizing type of value-added products.
6. Consult with farmers, producers and cooperatives about concerns with prices and capacity of production. Related to that, promotion of organic

coconut product was suggested to help improve prices.

7. Look into training in various aspects such as developing product development, good farming practices and management including risk assessment; use of technology and understanding of how financing works.
8. The government should play the bridge-builder role between farmers and cooperatives.
9. Foster better relationships among farmers, communities, cooperatives, governments, and the private sector.
10. Maintain social involvement through specific and responsible actions and involvement in the communities.

In addition to the above recommendations, participants were also forthcoming in sharing their feedback about the event. Their passion and commitment to the process of collective inquiry and working together could be observed from the feedback. For example, on top of the presentations, more time for sharing and discussion among the delegates were requested, so that more perspectives and voices from the ground could be heard. They also asked for more break times so that they could remain better focused. They wished that the workshop was longer than just two days. Finally they would like to see more insightful information and deeper knowledge being shared.

## INTRODUCTION

The ASEAN Exchange Visit is part of the EU-IFAD funded ASEAN Farmers' Organisation Support Programme (AFOSP) that serve to improve the livelihood and food security situation of smallholder farmers and rural producers in ASEAN countries. These exchange visits in Yogyakarta and Purworejo showcase practices from experts and practitioners in coconut value chain and rural development. The leaders and personnel from the participating cooperatives learn to design their own transition paths for the introduction of innovative coconut value chain interventions that are socially, economically and ecologically balanced. The ensuing recommendations for Strategic Alliance on Coconut were to be submitted to the 26th ACEDAC Meeting in Myanmar.

The objectives of this event are to:

1. Help all delegates understand the ASEAN future challenges of coconut production and its value chain;
2. Promote open discussions of key issues and challenges in coconut value chain in tackling the uneven pace of economic development across ASEAN;
3. Support the implementation of ASEAN Roadmap on Agricultural Cooperatives on Capacity Building

## WELCOMING SPEECH

DAY 1: 24 OCTOBER 2018

PURWOREJO



**Ir. Victoria br. Simanungkalit, M.M.**  
**ASWGAC, Deputy Secretary of Production and Marketing of the Ministry of Cooperatives and SMEs of the Republic of Indonesia**

In her welcome remarks, Mrs. Victoria Simanungkalit emphasised the importance of ASEAN Cooperation on the development of agricultural cooperatives in ASEAN as an economic pillar to strengthen the AEC and achieve the AEC 2025 Blueprint. It was thus crucial to advance the role and functions of farmer's associations as a role model for cooperatives in ASEAN in job creation, productivity as well as production of the value-added commodities.

Mrs. Victoria held up Women Cooperatives, Srikandi of Purworejo as an example of successful cooperatives in rural area that have penetrated export market globally.

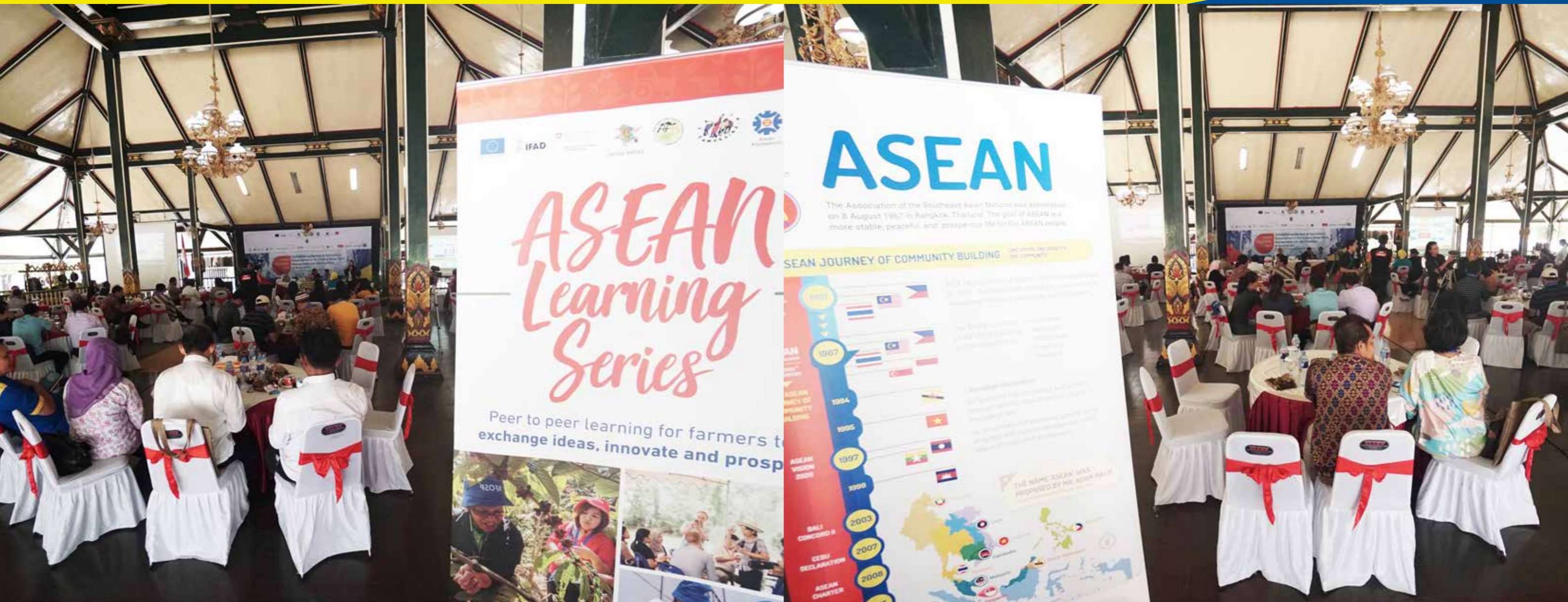


**Yuli Hastuti, S.H.**  
**Vice Regent of Purworejo**

Speaking on behalf of the Regent of Purworejo, Mrs. Yuli Hastuti proudly introduced Srikandi, the women cooperatives as Purworejo's critical economic asset. In the midst of competition with capital and intensive-based developments, Srikandi stood out from the rest by their inclusivity of collective economic cooperatives. The increase of active cooperatives accounted for 230 out of 256 listed cooperatives in Purworejo, becoming the backbone of rural economy.

She elaborated on the success of Srikandi to involve the rural society in the process of producing sustainable variety of value-added coconut products such as coconut sugar and virgin coconut oil (VCO) which succeeded in penetrating export markets of Australia and Sri Lanka. Mrs. Yuli added that the outstanding achievement of Srikandi women cooperatives came as a result of a comprehensive production and management process from certification, training and assistance to providing equipment, and marketing. Consequently, the cooperatives have been able to improve welfare and reduce poverty in Purworejo.

# PANEL SESSION 1: "Coconut Value Chain" 24 OCTOBER 2018



Moderator, Mrs. Yacinta Esti as the AFOSP Project Manager underlined the opportunities for collaboration and collective action in producing and marketing coconut from the experiences of Fiji, Thailand, and the Philippines. The key point was to learn from the diverse experiences and cooperate for the future engagement rather than compete against one another.

**Mrs. Kumaitotoya Lavinia, PIFON Programme Manager**



The first speaker to open Panel Session 1 was Mrs. Kumaitotoya Lavinia of PIFON. She discussed the cooperation between Pacific countries and European Union on the coconut industry development programme, currently supported by the Secretariat of PIFON.

Mrs. Lavinia described the PIFON as a formal farmer organisation based in Fiji with 79,000 farmers as members. The PIFON represented 22 Pacific Islands countries, of which most of the coconut farmers are smallholders or family-based farmers. She explained the difference in the farmers' method in harvesting a coconut was to wait for the mature coconut to drop, versus harvesting it by climbing the tree as commonly practiced in most Southeast Asian countries.

Mrs. Lavinia stated that the current trend in the coconut market and value-chain in Pacific countries was marked by an increasing demand for coconut, however production was decreasing. To overcome this issue, PIFON has carried out various measures ranging from market and value-chain study as well as implementing a business intelligence to understand how the Philippines and Sri Lanka became champions in the coconut industry.

According to Mrs. Lavinia, there were six steps to analyze agricultural value-chain from PIFON's experience. They were as follows:

1. Drawing the value-chain map;
2. Putting facts and figures into the map;
3. Identifying what each actor contributes to the final product and the returns they receive;
4. Assessing the market;
5. Assessing strengths and weaknesses along the chain and identifying actions required;
6. Developing a plan to improve the value chain.

PIFON also implemented a principle of developing gender-balanced community in Pacific Islands countries coconut industry.

Mrs. Lavinia concluded her presentation with lessons the ASEAN countries can learn from PIFON's experience. She highlighted that producing high-quality value-added products of coconut such as high-grade quality of VCO or Copra Oil could help to lift up the value of coconut industry. Not only would it concretely contribute to the yield of farmers' production, it would lead to expansion of new markets.

**Mr. Jack Chottu, Solomon Islands  
Chottu's Coconut Products**



The second speaker was Mr. Jack Chottu of PIFON. Coming from Solomon Island, Mr. Chottu talked about his experience as the owner of Chottu's Coconut Products which has produced high-quality coconut oil, copra oil, coconut virgin soap, and pure coconut soap.

Mr. Chottu shared that the current production of his factory has reached 60 litres of VCO per day. He described processes of his factory production for coconut oil and soap, beginning with receiving raw materials from farmers from different communities before processing it, packaging, and distributing the products to wholesalers and retailers. He noted that during his production process, there were many opportunities to empower local farmers to improve their income, for example, through massive replanting programme and awareness training to add value for coconut and copra's commodities. Despite these opportunities, there were constraints including limited farmers' knowledge and awareness, poor management in plantations, and low percentage in replanting.

In his final remarks, Mr. Chottu put forth the following three recommendations for the panel:

1. To support local farmers to achieve organic certification;
2. To connect farmers with foreign trade partners for an export-oriented coconut industry;
3. To develop knowledge-based economy on agriculture, livestock, and bio-security.

At this point, based on the experience of Pacific farmers, Mrs. Yacinta Esti reiterated the importance of having certification for farming practices and food safety for expanding their markets to the wider cross border trade opportunities.

**Mrs. Jedsadaporn Sathapatyanon  
Cooperative Promotion Department, Thailand**



The third speaker, Mrs. Jedsadaporn Sathapatyanon from CPD of Thailand talked about "Thailand Coconut Cooperatives, Challenges and Opportunities in Thailand's Coconut Value Chain". She gave an overview of the general trend of world's coconut production in 2016 – Indonesia, the Philippines, and India dominated the top three world's production compared to Thailand ranked ninth in the world.

Mrs. Sathapatyanon shared an interesting fact about Thailand coconut industry. 176,700 ha of coconut land can produce 0.842 million tonnes of coconuts. These productions were concentrated in the areas of Chumporn, Suratthani, Thammarat, and Prajublikirakan.

In Thailand, 54% of 8,194 cooperatives were agricultural cooperatives. The percentage of members in agricultural cooperatives was almost 55% of the total cooperative membership of 11,574,211. However, out of 203,641, only 1,544 coconut farmers were members of cooperatives. They contributed a

small 2.98% or 24,658 tonnes of the total coconut production.

Mrs. Sathapatyanon argued that the low farmer membership in coconut cooperatives has been one of the factors for social-economic problems for Thailand's coconut production. The low prices of coconut have triggered farmers protest in Thailand, with farmers demanded cooperatives to intervene market prices. She reiterated that cooperatives could emerge as a solution to solve market pricing issues.

Related to the above, she explained that Thailand cooperatives have tried to address the issues by implementing commodities substitutions or exchanges with other commodities from cooperatives in different parts of Thailand.

Mrs. Sathapatyanon highlighted challenges on Thailand's coconut industry on the value-chain issue. Firstly, she was concerned with the continuing decrease of coconut production in Thailand. Secondly, coconut has been seen as low-value commodity that should be replaced by rubber, palm oil, and fruits. Thirdly, the land productivity was lower in comparison to other ASEAN countries, on the other hand the production cost was higher on average. Lastly, the variable of climate change has affected the cycle of coconut production where drought and heavy raining were unpredictable.

To sum up her presentation on Thailand's coconut cooperatives experience, she provided policy actions that the Thai government has proposed. She stated that the key to resolving coconut value chain problem was to improve the quality of coconut production. By mentoring farmers and cooperatives to produce value-added commodities, at the same time innovate and upgrade the business linkage to international market.

Mrs. Yacinta reiterated that here were two main important points from the speakers on this panel. Firstly, identify new actors for cooperation in the value chain. Secondly, acknowledge the role of private sector that has become a cornerstone to improve coconut as value-added product.

**Mr. Salvador V. Valeroso, Cooperative Development Authority, Republic of the Philippines**  
**The Philippines Coconut Cooperatives: Opportunities and Challenges**



Mr. Salvador Valeroso from the Cooperative Development Authority of the Philippines presented the challenges and opportunities in coconut value chain from the Philippines' experience. Currently, the Philippines was the world's second largest coconut producer with annual total production reaching 15.353.000 tonnes, comparatively lower than that of Indonesia, the world's biggest coconut producer at 18.300.000 tonnes. He highlighted that combined Indonesia, the Philippines, and Malaysia's coconut production, ASEAN's coconut production represented 75% of world's export on this commodity.

According to Mr. Valeroso, coconut production has been one of the most important agricultural products and significant economic commodity for the Philippines' economy. Recent statistics showed some 26% of total agricultural land utilised for coconut areas, spread out in 68 out of 81 provinces in the Philippines. Of these provinces, the top three provincial coconut producers, such as Mindanao, Luzon, and Visayas contributed 62.01%, 24.35%, and 13.63% of the total production respectively.

He added that these numbers corresponded with the increase of productivity up to 3.9% in 2018

from the previous year. The increase was mainly due to the effective measures of salt fertiliser and sufficient rainfall during the nut production and fruit development stage.

He highlighted that the Philippines variety of coconut products as well as its derivatives, for example, crude coconut oil, desiccated coconut, copra cake, activated carbon, VCO, soap, and coconut milk were all exported to mainly US, the Netherlands, Indonesia, China, and Japan. Despite the demand for the range of coconut products for export, Mr. Valeroso described both export and domestic markets of the coconut products as uncertain and

always fluctuating. In the context of the Philippines' coconut cooperatives, he shared that there were 98 coconut cooperatives. 40 of them were linked with enterprises to process coconut as value-added products such as VCO, timber, coco sugar, and twine.

In his conclusion, Mr. Valeroso identified six challenges alongside six problem solving opportunities gleaned from lessons learnt in the Philippines' coconut cooperatives and industry.

Diagram: Challenges and Opportunities faced by The Philippines' coconut cooperatives and industry

CHALLENGES	OPPORTUNITIES
Sourcing of high yielding seedlings	Availability of nurseries and accredited seed nuts and seedlings suppliers and producers
Price controlling	Price Watch Initiatives
Poor farm to market roads and high cost of transportation	Government initiatives to improve infrastructure
Pests and diseases	Government and other enablers' initiatives to minimise damage and prevention
High cost of packaging materials	New technologies on packaging and improvement of design for higher quality
Decreasing agricultural lands	Various cropping systems, research and development for higher yield



## Questions and Answers

Prior to opening up the floor, Mrs. Yacinta highlighted three most important points from all presentations from PIFON, Thailand, and the Philippines. First, she urged the delegates and guests to consider mapping the actors along the value-chain production as seen in Pacific countries case study. Second, lessons learnt in Thailand indicated the importance of involving private sector in the coconut value chain production. Third, she reminded all participants of the critical involvement of agriculture cooperative to develop rural areas for sustainable livelihoods.

### Q1. Mr. Frank Roy Ribo, Secretary General of KAMPIL of the Philippines:

**1. What can farmers and government do to address the decline of world's price on coconut in order to generate higher income for farmers?**

**A1.** Mrs. Kumaitotoya Lavinia of PIFON responded that the key to overcome the pricing problem was to conduct a thorough market study. She reiterated that the prices of coconut and copra commodities in the Pacific countries are lower than any Southeast Asian countries. She offered that the problem were their relatively smaller market and failure to diversify the coconut products to a value-added commodity.

Mrs. Jedsadaporn Sathapatyanon of Thailand's Cooperative Promotion Department suggested that ultimately, government intervention to re-balance market prices and consultation among respective stakeholders in the coconut industry would ensure a fair market price. She also recommended importing coconuts from other countries to balance the supply and demand transaction of the coconut commodity.

Mr. Salvador Valeroso from the Coconut Department Authority of the Philippines reminded all stakeholders to bear in mind the realistic outlook of global coconut prices. However, he suggested a necessary deep consultation among the traders, companies, and farmers to avoid monopoly of the prices. He recommended that cooperatives play a bigger role for intervening the market prices.

Mrs. Yacinta wrapped up the discussion with a message that 'there will be a way if there is a willingness'. She explained that the related challenges of coconut industry can be resolved by scrutinising market behaviours, expanding consultation with various stakeholders on prices and standards, and improving the quality of coconut products as value-added commodities.

**Mrs. Ani Setyopratiwi**  
**VCO Expert from the Faculty of Chemistry of University of Gadjah Mada Yogyakarta**



As VCO expert, Mrs. Ani Setyopratiwi shared her insights on determining factors to produce high-quality coconut oil. She firstly categorised three different types of coconut oil into cooking oil, VCO, and extra VCO. She further expounded on the strengths and weaknesses of each of those types of coconut oils.

#### Cooking Oil

For coconut oil as cooking oil, the cooking oil was made from coconut processed from heating inside the oven, fumigation, or sun dried, before the finalisation process which included refining, bleaching and deodorising.

Differences on the heating processes could affect the quality of the coconut cooking oil. For

example, sun drying method could result in the vividness of oil colour becoming dark yellow with high component of free fatty acid and rancid smell. Whereas, heating process of coconut cooking oil from fumigation could result in shorter period of expiration of product notwithstanding its faster processing time. Lastly, a heating process by oven could more quickly produce coconut cooking oil with huge amount of labor and cost. However, the heating process with the oven still produced darker colour, rancid smell, and short period expiration.

According to Mrs. Setyopratiwi, coconut cooking oil produced by a heating process is ineffective due to its high free fatty acid component, lack of anti-oxidant and short period of expiration, in spite of the fact that this process could be done using various methods. She proposed to the participants to utilise refining, bleaching, and deodorising processes to improve the quality of coconut cooking oil.

#### VCO

Mrs. Setyopratiwi described the production process of VCO which comprised emulsion process with fermentation, adding yeast and enzyme and coagulation process. She emphasised that the main difference of VCO with other types of coconut oil was that there was no heating involved in producing VCO.

However, she noted that variety of processes to produce VCO still contained many weaknesses, including the increase of free fatty acid and water composition as well as rancid smell.

#### Extra-VCO

Extra-VCO, the third variety of coconut oil, was processed by emulsion of coconut milk. Extra-VCO was categorised as the best quality of coconut oil product due to its durability, high vitamin E in the product, less rancid smell, cost-effectiveness, and clear oil colour. Based on her research, Mrs. Setyopratiwi also claimed that benefits of extra-VCO were extraordinary, including countering bacterial diseases; as an effective purifier of blood vessels; increasing anti-oxidant; rich with collagen for skin-care; and as a HIV remedy.

In closing, she reiterated that the quality of coconut oil depended on the emulsion method of the coconut milk, which was indicated by the smell, lighter colour, and chemical components of coconut oil.

## Visit and Discussion to 'Srikandi' Women Cooperative

24 October 2018

### Accessing Market Opportunities and Key Success for Organizing Women Cooperative

**Mrs. Sri Susilowati**  
Head of Srikandi Women Cooperative



Mrs. Sri Susilowati from Srikandi women cooperative started by extending a warm welcome to all participants coming from various parts of the world. She introduced Srikandi as a women-led organisation founded in 2006 with the support of the Ministry of Cooperatives and SMEs of the Republic of Indonesia. As of 2018, Srikandi cooperative members total ed 208 farmers. Another 2.750 farmers were partners of the cooperative in coconut sugar production; 14 farmers were in VCO production; and 50 field officers supported productions for all sectoral farmers.

Mrs. Susilowati explained that the main commodity produced by Srikandi cooperative were crystal coconut sugar; 150 tonnes produced monthly for export to Australia and Sri Lanka. Two tonnes of VCO were produced monthly for export to Japan and domestic retail market such as Korean Giant's PT. Lotte Mart, Rita Pasaraya, Mirota Yogyakarta, and Jodo Plaza. She added that Srikandi cooperative had recently explored expanding their production of coconut cooking oil reaching 15 tonnes monthly.

She mentioned the key success of Srikandi cooperatives to penetrate global market was embracing the organisation's value to empower local communities. Initially, locals in Purwerejo treated leftover coconut as waste, thus, an empowerment programme was initiated to process coconuts as value-added products that can be used to improve the local economy. Besides the value that Srikandi cooperative adopted, Mrs. Susilowati cited their ability to achieve international organic certification of the coconut product, such as for coconut sugar and VCO as one of the successes of the organisation. In addition, training programmes for farmers as well as routine coordination and consultations were key to running the cooperative smoothly.

She concluded her introduction of Srikandi women cooperative by sharing the award of Satya Lencana Wira Karya by President of Indonesia Joko Widodo and ASEAN Leadership Award on Rural Development which brought them national and international attention.

### Questions & Answers of Visit and Discussion to Srikandi Women Cooperative

#### Q1. Mr. Misrudin, Indonesian Farmers Association:

1. What were Srikandi women cooperatives strategies to penetrate domestic and international market?
2. How to build trust among Srikandi women cooperative's farmers and members?
3. Could Srikandi women cooperative tell us more about the issue of organic certification?

**A1.** Mrs. Susilowati responded to the first question by emphasizing that a sound marketing strategy was needed to penetrate both domestic and international markets. She explained that through a market study and observing trends of other commodities, such as when Srikandi found out that coconut cooking oil were feasible to be commercialized both in domestic

and international markets. As a rural-based cooperative, she mentioned that the cooperative specifically recruited the younger generation, to work with them and encouraged their skill development to expand our market. Aside from a effective marketing strategy, the other key factor of Srikandi's success was that the ability to standardize their products with global demand, which included understanding the regulations for export, tax, and ministerial regulations. (In the Srikandi cooperative's case, the information was derived from Ministry of Cooperatives and SMEs of the Republic of Indonesia.)

**A2.** Following Mr. Misrudin's question on building trust among cooperative's members, Mrs. Susilowati explained that organising Srikandi women cooperative with professionalism was paramount to building trust among management staff, members, and farmers. She stated that regular consultation to discuss various issues such as market prices and income was not only important to sustaining the business development of Srikandi women cooperative, it also brought all related stakeholders on the same page.

In addition, the value of respect was the foundation of relationships in Srikandi cooperatives – in the form of Srikandi's agreement to buy all the farmers' crops.

**A3.** Mrs. Susilowati briefly explained that the issue of certification was a matter of providing sufficient annual budget to take care of the certifications, approximately US\$30.000 or 500 million rupiah.

#### Q2. Mr. Ildio Mendonca, ANAPROFIKO - PIFON (Timor Leste)

How did the Srikandi women cooperative distribute profits among its members?

**A2.** Mrs. Susilowati responded by explaining that all the cooperative's profit was distributed to its members, all of whom were women. On the other hand, the farmers were compensated differently from the cooperative members. Instead, the farmers had the cooperative's guarantee to buy all of their production.

#### Q3. Mrs. Kumaitotoya Lavinia, PIFON.

1. How could Srikandi women cooperative provide the capital for building factory and facilities?
2. Does the Srikandi women cooperative require farmers' contributions?

**A3.** Mrs. Susilowati explained that all of Srikandi women cooperative's factories and facilities were possible as a result of their cooperation with the bank and without government support. She stressed that Srikandi women cooperative has never required farmers to pay contributions. Conversely, the cooperative encouraged farmers to sell their products to the market if the found that the market could offer better prices than the cooperative.

#### Q4. Mr. Frank Roy Ribo, KAMMPIL the Philippines

Did Srikandi women cooperative receive raw material or semi-processed coconut?

**A4.** Mrs. Susilowati explained that the cooperative always asked farmers for raw produce of coconut. AFter which the process of value-adding the product was conducted by Srikandi women cooperative through neutralising, bleaching, and filtering.

#### Q5. Mr. Hassani, Indonesian Farmers Alliance

1. Which coconut products were the most beneficial to Srikandi women cooperative?
2. What was the price of coconut that the Srikandi women cooperative offered to farmers?
3. How did Srikandi women cooperative manage uncertainty and fluctuating coconut prices?

**A1.** Mrs. Susilowati reiterated that crystal coconut sugar which produced 150 tonnes monthly was the most beneficial to the cooperative, while coconut oil and VCO was currently in the process of penetrating the domestic market.

**A2.** Mrs. Susilowati explained that the agreement on coconut prices was arrived through collective consultation and by taking into consideration the market prices and production component, distribution cost, and general market outlook.

**A3.** According to Mrs. Susilowati, the cooperative provided minimum safety nets for its members and farmers in the form of financing and credits. However, she clarified that the financing access depended on the size of loan. The cooperative might link up members or farmers directly with the bank.

### Viewing Inside the Factory

A short tour was given by Srikandi Women Cooperative to all ASEAN Exchange Visits participants to understand the routine and daily operation of cooperative from management to production of coconut products, such as coconut sugar, VCO, and coconut cooking oil. The participants were also exposed to Srikandi Women Cooperative's standards certified as international organic coconut products.

### Showcase: Coconut-based Products at Omah Kecebong Restaurant

**Mr. Syaukani Bowo Leksono**  
Director PT. Krambil Idjo



Prior to the dinner at Omah Kecebong, Mr. Syaukani Leksono as the Director of Krambil Ijo presented his company's products derived mainly from raw material of coconuts. He described the process to produce soap and coconut oil, and shared that his company's major exporting countries were Sri Lanka, Japan, India, and Malaysia. The ultimate value of his company was centered on the farmers empowerment.

## Welcoming Remarks on Dinner



**Mr. Trisaktiyana**  
National Art Council of Yogyakarta

Mr. Trisaktiyana warmly welcomed all ASEAN Exchange Visit participants to the Province of Yogyakarta. In his speech, Mr. Trisaktiyana encouraged all participants to experience the rich culture of Yogyakarta Province. He pointed out the influential role of Yogyakarta Sultanate on the development of rural and urban areas as well as in empowering local people and equipping them with knowledge rooted in local culture. He hoped that the visit would help to improve their understanding of Indonesia and Yogyakarta in particular, and also to enrich their network with fellow participants.

**Mr. Hubert Boirard**  
IFAD Task Manager for MTCP2

Mr. Hubert Boirard of IFAD welcomed all cooperatives leaders and participants, at the same time conveyed his gratitude to the government of Indonesia. As a representative of the international organization working to eradicate rural poverty in developing countries through agricultural sector, he expressed his wish for all participants to expand their knowledge from the ASEAN Exchange Visit program.

## Day Two: 25 October 2018 Nglanggeran - Yogyakarta

On arrival in Nglanggeran from Yogyakarta city, all participants were warmly welcomed by Javanese traditional music and dance unique to Nglanggeran's local culture. Afterwards, Mrs. Yacinta opened the first session of the day by introducing Nglanggeran Village, in particular the part where most of the young generation in this village had successfully transformed the its socio-economy after the earthquake in 2006. In fact recently, as a sustainable eco-tourism region, Nglanggeran was awarded ASEAN's Best Sustainable Tourism Award.

Prior to Panel Session 2, Mrs. Yacinta raised several important questions to prompt participants to examine how Nglanggeran succeeded in encouraging youths to contribute, develop, and get involved in improving their local economy.



## Welcoming Speech: Enabling Environment to Support Agricultural Cooperatives in Indonesia

**Ir. Victoria br. Simanungkalit, M.M.**

**Act. Secretary to the Deputy Minister for Production and Marketing**

**Ministry of Cooperatives and SMEs of the Republic of Indonesia**



Mrs. Victoria Simanungkalit focused her sharing on government and public-private engagement to improve agricultural cooperative development in Indonesia. She posed an interesting question about the means and ways to improve agricultural cooperatives. A brief introduction about Indonesia's cooperatives followed. From a total of 210,200 cooperatives in Indonesia, only 2,340 were active and certified agricultural cooperatives with 840,916 members and total assets reaching US\$4.6 billion. She added that across the Indonesia archipelago, the East Java province had the highest number of agricultural cooperatives. In spite of that, only 300,000 of the cooperative members were women.

Mrs. Victoria continued on the role of Ministry of Cooperatives and SMEs in promoting Indonesia's agricultural cooperatives. She mentioned that there were six main functions of the Ministry, namely:

1. Entrepreneurship Building: providing coaching and vocational training, and developing

center for integrated services of SMEs and Cooperatives;

2. Institutional Strengthening: mentoring the cooperative establishment and counseling the cooperative and SMEs business;
3. Product Quality Improvement: standardization, certification of product, and business technology incubation;
4. Marketing: establishing outlets in Ministry's office and supporting the exhibitions at domestic and international level;
5. Financial Support: providing credit for micro, small enterprises, and start-up;
6. Development of agricultural cooperatives

She shared the idea of 'Farmers Corporation' which was centered on the notion of encouraging farmers to form cooperatives, to change their mindset on modern management and processing, and to equip them with knowledge to produce value-added products. She explained that the programme aimed to increase their income and invited farmers to the idea of industrialising agriculture. Mrs. Victoria highlighted challenges such as low demand for agricultural products from the market, lack of funding and investment, and lack of potential human resources from younger generation as obstacles to implement the program.

**Mrs. Susiati Dewi**

**FinTech Division Head, Payment System Policy Department of Bank Indonesia**



Mrs. Susiati Dewi of Bank Indonesia started by stating that Bank Indonesia has prioritised the development of SMEs in Indonesia. One of such example was to establish a FinTech office to support the development of FinTech businesses which were dominated by millennials. The aim of the initiative was to provide stability and innovation for Indonesia's monetary and financial system, consumer protection, as well as to innovate economic growth and the overall financial sector.

In the context of rural development, another example was Bank Indonesia's Digital Village Initiatives, a pilot project to optimise combination between financial services and technology to increase rural welfare. The initiative offered Sharias financing, tourism, start-up, community development, food security, and digital financial services at the village level.

She said that the idea of digital farming revolution arose from Bank Indonesia's understanding that the growth in global population by 2050 had to be addressed by an agricultural system based on digital technology. One such product was the 'Agricultural Production Apps' that could provide real-time data about the condition of farming land; time recommendation to plant seeds; fertiliser and its dose; and an online platform connecting experts and farmers. This initiative will make use of the use of internet technology, for example, in land sensor, weather analysis, satellite and drone imaging. She argued that the use of technology could help to create effective distribution chain and reduce prices

### Questions and Answers

**Q1. Mrs. Kumaitotoya Lavinia, PIFON**

1. Was there any soft loan mechanism and interest rates on the financing scheme offered by the Ministry of Cooperatives and SMEs?
2. How has the performing loan of the cooperative in Indonesia?

**A1.** Mrs. Dewi responded by explaining that the Bank of Indonesia's interest rates was up to 12%-13% annually. From a total Rp. 18.7 trillion (21% of total loan) of agricultural loan, only 0.05% was considered non-performing loan.

**A.1** Mrs. Victoria replied that her ministry only offered 5% annual interest rates under government subsidy schemes.

**Q2. Mr. Ildio Mendonca, ANAPROFIKO Timor Leste**

1. How could the young generation be encouraged to get involved in the agricultural development in rural area?

**A.2** Mrs. Victoria suggested that as the millennials were partial to IT and dominant in character, the nature of work in agricultural sectors should also be contextualised and made attractive to millennials. To this end, the Ministry of Cooperatives and SMEs had helped to facilitate their involvement.

**Q3. Mr. Frank Roy Ribo, KAMMPIL the Philippines**

1. What kind of contribution could be made by the Indonesian government to influence ASEAN countries' policy-making process?

**A.3.** Mrs. Victoria responded by recommending ASEAN to produce common 'ASEAN Product' labelling. Each ASEAN country could get involved in the regional value-chain to produce value-added products.

To conclude the session, Mrs. Yacinta recommended the participant to start thinking about producing an "ASEAN Product". She then invited the speakers of Panel Session 2 to join the floor and discuss the proposed topic.

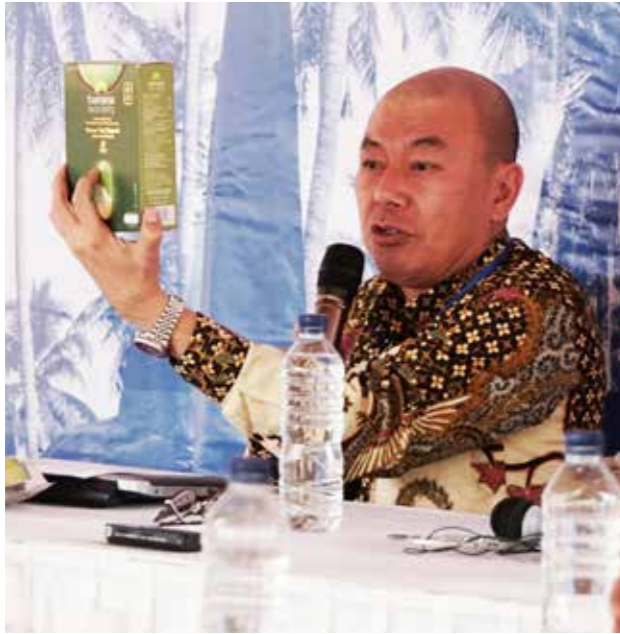


**PANEL SESSION 2:  
“How Agricultural  
Cooperatives/SME, Companies,  
and Financial Institutions  
Can Invest for the Future  
Agricultural Value Chain”**

25 October 2018



**Mr. Sugiarto Romeli**  
**Impack-Pratama Industry Tbk**



Mr. Sugiarto Romeli of IMPACK Pratama Industry was the first speaker on the panel. He shared that the ultimate aim of the company was focused on helping farmers during their post-harvest period by producing polycarbonate-based product for drying.

His company has been expanding its business not only across Indonesia but also overseas in Europe, Africa, and other parts of Asia. He stressed on the 'inclusive business' model adopted by Impack-Pratama as part of the company's effort to distribute and sell product to people in need in low income market, alleviate poverty, and create partnership with local communities.

Mr. Romeli continued his talk by describing the background of his product called as 'Solar Dryer Dome', first invented by Prof. Serm Janjai from Thailand. He explained the process of Solar Dryer Dome that utilised solar energy radiation as green and sustainable energy for drying process.

The use of Solar Dryer Dome, according to Mr. Romeli, was to increase productivity and efficiency so that farmers could generate more earnings within shorter period of time, at minimal cost, and better quality of product evident from the colour of product, taste, structure, and contour.

He highlighted that there were 600 installations in Thailand, three in Vietnam and Myanmar, five in Cambodia, and 36 in the Philippines.

**Mrs. Lynley Mannel**  
**Team Leader at SAFIRA**



The next speaker was Mrs. Lynley Mannel of SAFIRA on value-chain financing in Indonesia. She briefly described SAFIRA as an institution working with Ministry of National Development Plan of Indonesia and Department of Foreign Affairs and Trade of Australia. She emphasized that SAFIRA's focus was not on the technical issue of agriculture, but on financing of smallholders' assets and the creation of network to provide appropriate forms of credit.

Mrs. Mannel pointed out that the concept of Value-Chain Finance (VCF) was based on the premise that traditional forms of finance and small scale agricultural lending were mismatched. She described the concept of VCF as the use of relationship to replace the traditional forms of lending to allow for access points where financing could be most impactful for farmers. She argued that focusing on the VCF could improve the quality of products and generate better income for farmers.

She also highlighted successful VCF programs in Indonesia using SAFIRA's methodology, such as

assessment of value-chain prior to providing loan to farmers, using technology to reduce transaction costs and increasing productivity and repayment rates.

In her final remarks, she underlined an important fact that despite similar barriers encountered by men and women in accessing financing, the repayment rates were higher and faster among women than man. She also noted the advantage of involving various actors to diversify farming products and advance knowledge sharing.

### Questions and Answers

#### **Q1. Mr. Jack Chottu, Chottu's Coconut Products**

Did the Solar Dryer Dome produce best drying result for Copra or VCO? and, how much is the installation of Solar Dryer Dome?

**A1.** Mr. Romeli explained that the use of Solar Dryer Panel for Copra and VCO could delivered the best results from Impack-Pratama's experience. Responding on the prices, he mentioned that the installations could be as high as US\$6.000 not including labor cost and transportation of the equipment.

#### **Q2. Ildio Mendonca, ANAPROFIKO Timor Leste**

Does SAFIRA have an office in Timor Leste?

**A2.** Mrs. Mannel explained that although SAFIRA did not have an office in Timor Leste, they had cooperation with a sister-program organization .

#### **Q3. Mrs. Jedsadaporn Sathapatyanon, Cooperative Promotion Department Thailand**

Did SAFIRA mention about limited financing opportunity for women? Why was the opportunity only available for women?

**A3.** Mrs. Mannel clarified that not only women were entitled to financing in Indonesia. Rather, SAFIRA received better repayment rates from women than man when providing loans in Indonesia.

# PANEL SESSION 3: “Securing Coconut and Non-Coconut Products from Upstream to Downstream”

25 October 2018





**Mr. Muhammad Fadhlán Rifki**  
Senior Public Policy, Government Specialist Tokopedia



Mr. Muhammad Fadhlán Rifki of Tokopedia presented lessons learnt in contributing to the advancement of digital economic equality and democratization of e-commerce in Indonesia. He explained that Tokopedia was founded on a building digital ecosystem where people were involved in the buying and selling activities. Every month, Tokopedia received 70 million visitors with four million active merchants.

Mr. Rifki shared that Tokopedia has been encouraging people to 'Buy, Pay, Book, Apply, Sell' products and services through their online platform. Currently, there were 26 million new jobs created as Tokopedia continued to expand their market across Indonesia. He mentioned that cooperation and partnership with the government and small and medium enterprises was crucial to the success of Tokopedia in becoming the first unicorn start-up company in Indonesia.

**Mr. Paul Kalu**  
PRISMA



The second speaker, Mr. Paul Kalu of Prisma talk about the importance of coconut as a commodity in Indonesia. It holds the highest production record in the world while global demand of coconut was increasing by up to 10% annually. Against this background, he asserted that the involvement of PRISMA was aimed at improving farmers' income and providing opportunities for investors in the coconut market. PRISMA has been involved in the process of business development, risk sharing management, mediation between market players, and improvement of market efficiency.

In particular, he highlighted the important role of PRISMA operation in the eastern part of Indonesia where more farmers were being exploited than in Java. PRISMA had targeted to raise 30% of 300.000 farmers' income through their help to increase productivity and access for farming tools and innovation, and improve the agribusiness environment in rural market.

Mr. Kalu also shed light on the list of problems that had been challenging PRISMA implementation programmes, such as weak agricultural practices; low quality of coconuts; and inability of younger generation who possess less knowledge than previous generation on the coconut business to

adapt to the new environment of coconut agriculture. He also mentioned risks faced by PRISMA, including limited production capacity, constraints on providing imported seeds, and inconsistent business practices of unreliable traders.

According to Mr. Kalu, PRISMA has carried out market intervention to support coconut farmers, resulting in the increase of coconut prices in the last five years, as well as the improvement of market linkage that gave farmers better access to the market.

In closing, Mr. Kalu offered several important points regarding the livelihood of coconut farmers and market, summarised as follow:

1. Tree replanting was not only critical but the most important to change farmers' mindset to treat coconut tree as first crops;
2. Farmers needed to be trained in business calculation;
3. Application of fertiliser could improve farmers' productivity;
4. Government participation was critical in providing regulatory role;
5. The role of private sector was important in sustaining the market and educating farmers regarding future investment;
6. Price forecasting and tracking could help farmers in decision-making;
7. Organic certification was expensive, thus there might be a need to review the organic certification rules and process;
8. Farmers needed support in business calculations and cost-benefit analysis to convince them to take up necessary investment.

**Mrs. Nuning S. Barwah**  
Adviser on Agricultural Specialist at Martha Tilaar Group



Mrs. Nuning Barwah from Martha Tilaar Group spoke about 'Community Development and Women Empowerment Inclusive Business Model'. She gave a thorough introduction of Martha Tilaar Group since its existence five decades ago to provide jobs for young women and local farmers to sustain their business activities. The Martha Tilaar Group was awarded UN Sustainable Development Goals predicate for for being an example of sustainable business in 2018.

She explained that the sustainability component in the business was a key factor for their success. The company has blended business, social, and ecology principles. These components were actually strategies of Martha Tilaar group for innovation, income generation, market competitiveness and contribution to improve people's lives. The other values surrounding the beauty and herbal company were empowerment of women and farmers, and partnership with the government. She added that the Martha Tilaar Group was the first cosmetic company in the industry in Indonesia to receive organic certification.

Furthermore, on empowering women, Mrs. Nuning shared about the Corporate Social Responsibility (CSR) of the Group. Their contribution to society was an integrated programme of empowering women, green environment, green education, and green culture. These CSR programmes were implemented with consideration on characteristics such as beauty education, beauty green, beauty culture, and women empowerment. The goals of the CSR programmes were to provide a fair trade and increase cooperation with farmers, increase good quality raw materials from certified organic farming, and initiate unique economic creativity for communities.

Mrs. Nuning closed her presentation by elaborating on women empowerment and community development programmes. For example, the Group has established international beauty school called as 'Puspita Martha' and a training center for spa therapists. These two centers were developed to tackle the issue of women trafficking. Other various activities spread out across Indonesia served to preserve local culture and values through such community development programmes like the establishment of 'Kampung Jamu', 'Martha Tilaar Museum', and development of community enterprises in Central Sulawesi.

## Questions and Answers

### Q1. Mr. Frank Roy Ribo, KAMMPIL the Philippines

What could farmers do better to get fair and stable prices for coconut oil or VCO?

A1. Mr. Kalu responded that from the case study of Indonesia, the varying coconut prices were due to the supply-demand needs. The only way was to be familiar with the supply-demand or market mechanisms.

## Lunch Presentations

### Slow Food Movement: Coconut Gastronomy

Mrs. Amelia from Slow Food Movement in Jakarta introduced the Slow Food Movement to all participants. She explained the three critical values of the movement, namely 'Good, Clean, and Fair'. By 'Good' the Slow Food Movement intended to send a message that food was not only delicious but also highly nutritious for health. Secondly, by 'Clean' the Movement meant to communicate cleanliness not only to humankind but also to all living creatures, such as animals' welfare. The last principle, 'Fair' meant that the food should be treated fairly by both the consumer and the producer. She stated that the Slow Food Movement could help to address climate change problems through a simple action of changing our mindset in the way we treat our food.



# PANEL SESSION 4: “Linking Coconut Production to Rural Empowerment”

25 October 2018



**Mr. Shahmizan Bin Sharuddin**  
ASWGAC Malaysia



Mr. Shahmizan Sharuddin of ASWGAC Malaysia, the first speaker of Panel Session 3, discussed the link of coconut production to rural empowerment. He started off by stating that Malaysia has been trying to increase their coconut production through improved productivity and intensive production. The Malaysian government has conducted planting and replanting of coconut trees as well as transforming coconut to a high-end industry to support their goals.

He informed participants that in recent years, Malaysia's farmers organisation authority grew alongside with the growth of coconut farming industry. In the case study of Mataq Rehabilitation Project in Malaysia, the government invested US\$2.9 million to implement the project in various stages, from clearing the area, constructing drainage, planting the coconuts, maintaining the coconuts to marketing of the coconuts, and development of downstream industry to encourage industry and entrepreneurs. The project was conceptualised to increase participants' income, institute a new training course to advance innovation in coconut products, and explore diversifying activities such as cash crop.

Mr. Sharuddin also shared about the impact of the Malaysian government's efforts to increase

production to rural empowerment through partnership and investment. He claimed that the productivity of Malaysian coconuts have increased three-fold from 6.561 nuts/ha to 17.347 nuts/ha.

The success did not come without challenges. According to Mr. Sharuddin, Malaysia was facing problems such as the aging generation of labor in the industry reaching as high as 70% of total labor, decreasing prices of coconut to up to 50% in spite of high demand, lack of government funding and technological tools on maintenance of coconut land area, resulting in the increase of production cost.

**Mr. Uron N. Salum**  
Executive Director, International Coconut Community



Lastly, Mr. Uron Salum gave a presentation on the processing and marketing of coconut products. He opened the discussion by noting the importance of coconut with the utility of its various derivative products ranging from coconut sap, copra, to coconut meat. He said that global production has shown a stable pattern in the last ten years, with Indonesia as the world's biggest producer followed by the Philippines and India.

He touched on value-chain related issues of coconut production which he considered as beneficial for farmers. Moreover, the access to market and sell coconuts were widely opened, especially

if the government contributed to an enabling environment to support coconut production. In his opinion, the last 15 years were inconsistent despite the gradual increase in the prices of coconut. He mentioned that derivatives such as VCO was the most promising coconut products in terms of substantial value growth in the market.

He reiterated many of previous speakers' concerns related to the decreasing production although globally there was an increase demand for coconut. Mr. Salun suggested that replanting using early bearing, high yielding, and disease resistant varieties could help to increase production and act as incentive to the farmers. He recommended that ASEAN Foundation conduct capacity building training for coconut development officers whereby knowledge could be disseminated to farmers in each ASEAN country.

### Questions and Answers

**Q1. Frank Roy Ribo, KAMMPIL the philippines**

What should farmers do to tackle this problem low production of coconut which was in turn caused by lack of incentive on the part of the farmers?

**A1.** Mr. Salum replied that ensuring government subsidies to stabilise the price and encouraging incentives are the most essential interventions in face of uncertain market prices

**Q2. Komarul Bahrin Haron, ASTRO Malaysia**

What kind of incentives could be provided by technological development, and which of these technologies could be used to attract younger generations to work in the agricultural sector?

**A2.** Mr. Sharuddin suggested that the use of internet and handphone could be a possibility to attract younger generation to agricultural sectors.

## Action Planning and Recommendations

**Ms. Aniq Fadhillah, Policy Facilitator IFPRI**



Ms. Aniq Fadhillah from IFPRI moderated the discussion, stimulating participants' feedback, ideas, and recommendations for the future of coconut value-chain productions in ASEAN.

Key recommendations were outlined below:

1. Some of the participants raised concerns about the consolidation of coconut farmers to produce collective crops in ASEAN, an idea pointed out in Panel Session 1 to think ahead for 'ASEAN Product';
2. Other participants shared the idea of conducting mapping on coconut value-chain in ASEAN, in addition to identifying firstly, partners whom they should approach and secondly, type of commodities or coconut derivatives;
3. There was a need to conduct value-chain training programmes for farmers and institutionalise it at the community level;
4. Participants also suggested building an online knowledge-sharing platform with their network;
5. The promotion of organic coconut product to improve prices;
6. Creating an ASEAN-Pacific Alliance of coconut farmers supported by ASEAN Foundation;
7. Initiating project plan on agro-tourism in ASEAN;

8. Visiting Fiji as part of ASEAN Exchange Visit; and
9. Separate session with coconuts farmers in the region to consult and make common plans.

During the discussions, participants also conveyed their hopes and fears regarding the coconut market. Participants wished to have ASEAN Coffee, common regional standards, more younger generation to working in agriculture, and more ASEAN involvement in coconut research. On the latter, participants expressed their fears regarding vested interest between governments and farmers that could be disadvantageous to farmers, increasing tax on agricultural crops, and issues of certification.

Participants recommended that the next ASEAN Exchange Visit should:

- provide more opportunities for them to talk and share rather than listen to presentations so that more insights on practical level could be heard from the participants;
- deepen programme on coco-value chain;
- offer more insightful knowledge and information;
- consider more programmes on downstream processing on coconut product;
- encourage more farmers organisations' participation in the workshop;
- extend workshop time (to 5 days); and
- include youth farmers.

Finally, participants shared their reflections on the ASEAN Exchange Visit programmes. .

"I personally learned many things during the event. I suggested that the organizer invite more people at the ministerial level." (Mr. Kyaw Moe Tint, Deputy Director Cooperative Department Myanmar).

"The case studies from different countries were a mind-blowing experience. I learned that we were not here to compete but to work together." (Mrs. Kunyarat Thepluen, Suratthani Agricultural Cooperative).

"I am grateful to ASEAN Foundation because we learned many things and knowledge related to coconut products." (Mrs. Bounyouang Oudomphone, LFN Lao PDR)

"As a coconut farmer myself, I learned not just on the topic we discussed, but also learned that Indonesia is beautiful country with warm hospitality." (Mr. Frank Roy Ribo, KAMMPIL the Philippines).

"I am frankly happy with all the ideas generated at this event." (Mr. Jack Chottu, Chottu's Coconut Product Solomon Islands).

"I thank ASEAN Foundation. I think most of the Cambodian farmers still lack awareness to develop coconut as a value-added product. This experience would definitely help us." (Mr. Sem Bunly, Cambodia).

## Summary and Recommendations from Experts

At the end of the workshop, the expert team consisting of Ms. Aniq Fadhillah of IFPRI, Dr. Anung Pranyoto of Gadjah Mada University, Dr. Cungki Kusdarjito of Janabadra University, and Dr. Ernoiz of Sebelas Maret University presented a summary including argumentation of agricultural economics and recommendation gathered from the past two days.

After the opening by Ms. Aniq, Dr. Pranyoto made his case that the main problem to the coconut production both in the ASEAN region and Pacific countries was the lack of incentives for coconut farming. It also led to the unwillingness of younger generation to work as farmers. He suggested that the use of technology could help resolve some of these problems.

The recommendations from all the sessions were summarised as follow:

1. ASEAN countries should conduct market study to identify strengths, weaknesses, and opportunities of coconut farming;
2. ASEAN farmers should learn good farming management, which includes women and rural empowerment. In this context, the improvement of human resources should be equipped with entrepreneurial skills;
3. Concerns related to prices and capacity of production should be brought up and discussed between farmers, producers and cooperatives;
4. Training on innovative coconut products should be given to produce value-added products;
5. The use of technology and understanding of financing scheme through cooperative can

- balance and sustain farming productions;
- 6. The government should play the role of bridge-builder between farmers and cooperatives;
- 7. Certification should encompass the idea of creating sustainable farming which was connected to global practices and norms of sustainable development goals.

Barriers would be encountered along the way, including:

1. Differing customs and cultural factors at the village level;
2. Farming orientation to produce only for the short-term instead of investing for the longer-term;
3. Low quality of coconut products.

Dr. Kusdarjito further explained that there was a strong co-relation between coconut production and job creation system which had been evolved from the old days. He described the old system as a system fraught with lack of maintenance, non-compliance with organic certification, low prices for coconut products, lack of capacity, and influence of social network in the value-chain.

Further recommendations to improve coconut production and job creation in ASEAN countries were presented:

1. Involving professional management to connect stakeholders in the value-chain production;
2. Improving relationships among farmers, communities, cooperatives, governments, and private sectors;

3. Maintaining social involvement through specific and responsible roles in value-chain;
4. Following private sector standards to meet with the market requirements, especially on health and quality standards;
5. Involving better and more innovative technologies;
6. Encouraging the adoption of 'Penta-helix' cooperation which comprised governments, private sectors, universities, and communities.

## CONCEPT NOTE

# Strengthening the Role of Agricultural Cooperatives in the Coconut Value Chain Management and job creations in rural areas

## BACKGROUND AND INFORMATION

The 25<sup>th</sup> Meeting of ASEAN Centre for The Development of Agricultural Cooperatives (ACEDEC) Board was held on 2018 in Malaysia agreed that Indonesia will be the host of the Exchange Visit of ASEAN Cooperatives Personnel and Leaders on October, 2018.

With the strong commitment, the Ministry of Cooperative and SMEs of Indonesia in cooperation with ASEAN Farmers' Organisations Support Programme (AFOSP) implemented by ASEAN Foundation will organise the Exchange Visit on 24 – 25 October 2018 in Yogyakarta, Indonesia. The theme of this Exchange Visit is "Strengthening the Role of Agricultural Cooperatives in the Coconut Value Chain Management and job creations in rural areas".

Under this Exchange Visit, Cooperatives personnel and leader may share knowledge on best practices in particular to improve quality and learn other countries' potential for future business network. It is expected that the visit will enable cooperative personnel and leaders in making their owned, independent decisions with regards to services for members in particular coconut productions and its product processing, creating market opportunities as well as improving women participation along the chain.

The Coconut Exchange Visit is designed to showcase experiences, case studies and best practices on innovative coconut products development and rural job creations as well as to promote coordination and collaboration with multilevel stakeholders in ASEAN for the implementation stage both at the national and regional level.

The Exchange Visit is also combination of learning and dialogue, it shall facilitate the discussion among cooperatives – governments – private sector – financial institutions – academia in our collective efforts to balance sustainable production practices and market demands aiming to create opportunities for rural employment.

## WHY COCONUT VALUE CHAIN AND JOB CREATION IN RURAL AREAS

### a. Coconut as a Potential Commodities in ASEAN

Coconut is well known for its copra oil, Virgin Coconut Oil (VCO), coco sugar, coconut water (UHT bottled or packaged), cream and milk products, coco peat, and coco timber.

Coconut remains as the important industrial crops. Philippines dominates the world coconut economy (about 40% world copra production and 60% export of coconut oil)<sup>1</sup>. Below is the area harvested and production from eight ASEAN Member States. From the statistics, Indonesia and the Philippines are the leading countries in term of production.

	Area harvested in Ha	Yield (kg/ha)	Production (tonnes)
Cambodia	13.190	52.754	69.585
Indonesia	3.105.259	57.072	17.722.429
Lao PDR	900	n/a	n/a
Malaysia	84.609	59.659	504.773
Myanmar	48.502	109.631	531.730
Philippines	3.565.059	38.779	13.825.080
Thailand	177.063	46.052	815.406
Vietnam	146.835	100.109	1.469.960

#### Resource:

Most of coconut value chain problems are:

- Production. Farmers are in hesitant to replant their old coconut trees. It has the affect on productivity. On the other hand, the pest attacks and extreme climate change (drought or typhoons) will have result in the declining of coconut production.
- Processing technology. Access to finance are needed for investment in developing new technologies to value-add the coconut-based products such as for VCO, coconut water, cream,

<sup>1</sup> Mc Gregor. 2017. An Overview of the Market for Pacific Island Coconut Products and the Ability of Industries to Respond. Pacific Community.

## OVERALL AND SPECIFIC OBJECTIVES

The overall objectives of this Learning Exchange are to:

1. Understand the ASEAN future challenges of coconut production and its value chain;
2. Promote open discussions of key issues and challenges in coconut value chain in tackling the uneven pace of economic development across ASEAN.
3. Support the implementation of ASEAN Roadmap on Agricultural Cooperatives on Capacity Building.

The specific objectives of this Learning Exchange are to strengthen the knowledge and skills of professionals in the agricultural sector to:

1. Showcase practices from experts and practitioners in coconut value chain and rural development, with the aim of generating recommendations for Regional Partnership on Coconut to be submitted to the 26<sup>th</sup> ACEDAC Meeting in Myanmar;
2. Design own transition paths for the introduction of innovative coconut value chain interventions that are socially, economically and ecologically balanced.

soap, and many others. It restricts farmers to only producing raw material which only provides a low income.

- Market access. Due to the short self-life of coconut product (e.g. palm sugar) and the need for instant money, farmers neglect the quality assurance in delivering products to the markets.

### b. Rural employment and Exchange Visit

Coconut is part of rural people everyday life. From tender coconut to shell charcoal, from coconut oil to desiccated coconut, from coconut water to coconut timber, coconut is one fruit and tree that made farmers earn income from growing coconut or make a living by participating in the value-added coconut - based products. Similarly, the landscape and cultural values in the coconut production areas can be exploited for the tourist attraction such as in Ben Tre, Vietnam.

It is expected that the functioning of agricultural cooperatives in the coconut industry may help smallholder farmers and tenants to be more self-independent from middleperson and able to enter the rigid supply chain with market strategies approaches. The exchange visit may help farmers to develop an entrepreneurial mindset which sees economic opportunities in the coconut farming, processing activities, and beyond (e.g. inclusive business and agro-tourism).

## LEARNING EXCHANGE EXPECTED OUTPUTS METHODOLOGY

The Exchange Visit is an experience-based with high interaction among participants and speakers. It provides participants with the opportunity to learn from a wealth of ASEAN experience available among themselves, and the resources persons.

The Learning Exchange will use a mix of lectures, plenary discussions, group work, field visit and personal and/or group assignments. Resource persons will offer background and theoretical aspects; field visit enables comparison of own experiences with practices in Yogyakarta (Indonesia) and gives practical examples on coconut systems and rural job creations; group work and discussions facilitate exchange of knowledge and experiences between participants.

**The Learning Exchange is made flexible to accommodate participants' individual learning needs.**

## POTENTIAL SPEAKERS

- ACEDAC Focal Points
- Bank Indonesia
- International Coconut Community
- Private Sector (Tokopedia, Impack Pratama, MarthaTilaar)
- SAFIRA and PRISMA
- Researcher and academia (IFPRI, UGM, UNS, Janabadra)
- VCO expert, Krambil Idjo, Slow Food Yogyakarta

## EXPECTED OUTPUTS

- 50 participants (including speakers) of which 40% are women from 8 ASEAN member states increased knowledge and deepen appreciation of the role of Agricultural Cooperatives in ASEAN Economic Community Building.
- A final proceeding and a recommendation report to be submitted to ASEAN Secretariat/ACEDAC.

## EXPECTED OUTCOMES (BASELINE =0)

- Business matchmaking and networking with private sector.
- Increased number of regional partnership in coconut

## Program Schedule

<b>Tuesday, 23 October 2018</b>	All Day Arrivals of participants to Adisucipto International Airport, Yogyakarta  All Day Registration and Check-in for all participants at Hotel Grand INNA Malioboro, Yogyakarta
<b>Wednesday, 24 October 2018</b>	06.00 - 07.00 <b>Breakfast</b>  07.00 - 09.00 <b>From Hotel Grand INNA Malioboro to Srikandi Cooperative, Purworejo</b>  09.00 - 09.30 <b>Welcoming Speech by:</b> Ir. Victoria br. Simanungkalit, M.M., Acting Secretary Deputy of Production and Marketing  Yuli Hastuti, SH. Vice-Regent of Purworejo  09.30 - 10.00 <b>Interaction of ASEAN Delegates and Host</b>  10.00 - 11.30 <b>PANEL SESSION 1: Coconut Value Chain</b>  <b>Coconut Value Chain by PIFON</b> Thai Coconut Cooperative: Challenges and Opportunities in Coconut Value Chain on the Perspective of National Achievement and Support Towards ASEAN Vision on Food, Agriculture, and Forestry 2016-2025: Diversification Products for Access to Market  The Philippines Coconut Cooperative: Challenges and Opportunities in Coconut Value Chain on the Perspective of National Achievement and Support Towards ASEAN Vision on Food, Agriculture, and Forestry 2016-2025: Success Stories and Lessons Learned  11.30 - 12.00 <b>Expert Evaluation, Testing, VCO (VCO Quality Chart)</b>  12.00 - 13.00 <b>Lunch and Photo Group (Start to Srikandi)</b> 13.30 - 14.30 <b>Assessing Market Opportunities and Key Success for Organizing Women Cooperative</b>  14.30 - 15.15 <b>Coconut Value Chain and How It Can Bring Benefit to Rural Employment by ASEAN Foundation, Asia Farmers Association, La Via Campesina, Academia</b>  15.30 - 18.30 <b>Purworejo to Yogyakarta</b>  18.30 - 20.00 <b>Dinner at Omah Kecebong, &amp; Showcase Coconut Product Based by Krambil Idjo</b>  20.00 - <b>Omah Kecebong to Hotel Grand INNA Malioboro</b>



<b>Thursday, 25 October 2018</b>	06.00-06.30 <b>Breakfast</b>
	06.30 - 08.30 <b>Hotel Grand INNA Garuda Malioboro to Nglanggeran, The Best ASEAN Sustainable Tourism Award 2018</b>
	08.30 - 09.00 <b>Arrival at Nglanggeran</b>
	09.00 - 10.00 <b>Welcoming Speech: Enabling Environment to Support Agricultural Cooperatives in Indonesia</b>
	Government and Public Private Engagement to Improve Agricultural Cooperative Development in Indonesia by Ministry of Cooperative and SMEs of the Republic of Indonesia
	Digital Solutions for Agricultural Cooperatives in Indonesia to Increase Productivity and Efficiency by Bank Indonesia
	10.00 - 11.00 <b>PANEL SESSION 2: How Agricultural Cooperative/SME, Companies and Financial Institutions Can Invest for the Future Agricultural Value Chain</b>
	Investing Beyond Production: Most of the Soft Loans/ Investments Today Are Given to Farmers at the Early Stage Farming. How Do We Stretch the Investment to Post Harvest, Reducing Food Losses, and Increasing Product Value by Impact-Pratama Tbk
	Case Study 'Value Chain Financing' (VCF) in Indonesia by SAFIRA
	11.00 - 12.30 <b>PANEL SESSION 3: Securing Coconut or Non-Coconut Products from Upstream to Downstream</b>
Engagement with SMEs and Partnership with Government Institutions by Tokopedia	
Case Study 'Making Markets Work for the Poor' on Coconut by PRISMA	
Community Development and Women Empowerment: Inclusive Business Model by Martha Tilaar	
12.30 - 13.30 <b>Lunch</b>	
<b>Slow Food Movement Presentation: Coconut Gastronomy</b>	
13.30 - 14.30 <b>PANEL SESSION 4: Linking Coconut Production to Rural Empowerment</b>	
Rural Empowerment: Challenges and Opportunities in Coconut and Non-Coconut Value Chain on the Perspective of National Achievement and Support Towards ASEAN Vision on Food, Agriculture, and Forestry 2016-2025 by ASWGAC Malaysia	

	Coconut Production, Processing, and Marketing: World Market Trend and Potential Collaboration by International Coconut Community
	14.30 - 15.30 <b>Action Planning and Recommendation</b>
	15.30 - 16.00 <b>Summary and Recommendation Based on Field Visit Observations for Coconut Value Chain</b>
	16.00-16.15 <b>Closing Speech and Photo Group</b>
	16.15 - 17.15 <b>Visit Embung Nglanggeran and Griya Chocolate</b>
	17.30-19.30 <b>Nglanggeran to Hotel Grand INNA Garuda</b>
19.30 - 21.00 <b>Dinner at Hotel Grand INNA Garuda</b>	
<b>Friday, 26 October 2018</b>	06.00 - 07.00 <b>Breakfast</b>
	<b>Hotel Check-out</b>
	<b>Travel to Adisucipto International Airport</b>

## List of Participants and Organizers

### Participants

#### Government Representatives

##### Cambodia

Phirum Khiev  
Department of Agricultural

Nov Sochyvak  
Agricultural Cooperative

Kep Ngeth  
Department of Agricultural

##### Indonesia

Victoria Simanungkalit  
Ministry of Cooperatives/SMEs

Farah Dibah  
Ministry of Agriculture

Rosa Permata Nurani  
Ministry of Village

Dewi  
Ministry of Village

##### Malaysia

Tuan Mohd. Ali Bin Tuan Yusof  
Farmers Organization Authority

Shamizan Bin Sharuddin  
Farmers Organization Authority

##### Myanmar

Kyaw Moe Tint  
Ministry of Agriculture

##### Philippines

Alberto A. Sabarias  
Cooperative Development  
Authority

Salvador V. Valeoroso  
Cooperative Development  
Authority

Djoana Eve M. Riviera  
Philippines Coconut Authority

##### Thailand

Jedsadaporn Sathapatyanon  
Ministry of Agriculture and  
Cooperative

Kunyarat Thepluen  
Muang-Surratani Agricultural  
Cooperative

#### International Farmers Organization

##### Cambodia

Him Noeun  
Farmer and Nature Net

Nel Sophap  
Federation of Cambodian  
Farmers Organization of  
Development

##### Fiji

Alan Petersen  
Tei Tei Taveuni - PIFON

Kumaitotoya Lavinia  
PIFON

##### Indonesia

Hassani  
Indonesian Farmers Alliance

Misrudin  
Indonesian Farmers Association

Ratih Kusuma  
La Via Campesina

##### Lao PDR

Bouyouang Oudomphone  
LFN

Phonevilay Selaphet  
Jhai Coffee Cooperative

##### The Philippines

Frank Roy Ribo  
KAMMPIL

Chita Albus  
FECOFWA

Alma Penaverde  
AMMMA KATIPUNAN

Alimoddin C Abdul Manan  
PAKSIAMA

##### Papua Nu Guinea

Maria Linibi  
PNG Women in Agricultural

##### Samoa

Lasa Aiono  
Samoa Farmers Association -  
PIFON

##### Solomon Islands

Jack Chottu  
Chottu's Coconut Product -  
PIFON

Taiwan:  
Peter  
William  
Douglas

##### Tonga

Tuitahi Sinitakala  
Growers Federation of Tongga

##### Timor Leste

Ilidio-Mau-Teca Mendonca  
ANAPROFIKO

#### Consortium

##### The Philippines

Lany Rebagay  
AFA

Bernie Galang  
AFA

Irish Dominado  
AFA

Maya Bausa  
AFA

Jose  
AFA

#### Speakers

##### Australia

Paul Kalu  
PRISMA

Lynley Mannell  
SAFIRA

##### Indonesia

M. Fadhlan Rifki Weno  
Tokopedia

Uron N. Salum  
International Coconut  
Community

Alit Pirmansah  
International Coconut  
Community

Nuning S. Barwah  
Martha Tilaar Group

Sugiarto Romeli  
Impack-Pratama Tbk

Susiati Dewi  
Bank of Indonesia

Miftah  
Bank of Indonesia

#### Media

Kamarul Bahrin Haron

ASTRO

Khairulazman Mohammad  
ASTRO

Yuni  
The Jakarta Post

#### Staff

Cungki Kusdarjito  
University Janabadra

Anung Pranyoto  
University of Gadjah Mada

Ernoiz Antriyandarti  
University of Sebelas Maret

Ani Setyopratiwi  
University of Gadjah Mada

Aniq Fadhillah  
International Food Policy  
Research Institute (IFPRI)

Destry Anna Sari  
ACEDAC

Fiter Silaen  
ACEDAC

Ima Rahmania  
ACEDAC

Hilman MF  
ACEDAC

Annisa NF  
ACEDAC

Eko Hadi P  
ACEDAC

Ratna Puspita  
ACEDAC

Taufik  
ACEDAC

Lena  
ACEDAC  
Yacinta Esti  
ASEAN Foundation

Hana Hetty Manuela  
ASEAN Foundation

Vera Hadinata  
ASEAN Foundation

Dewantoro  
Interpreter

Steven Polhaupesy  
Rapporteur

Yudi Kristianto  
Event Runner

Nia Widayastuti  
Event Runner

Bonfilio Rendra Sulistiawan  
Event Runner

Agus Purwanto  
Videographer

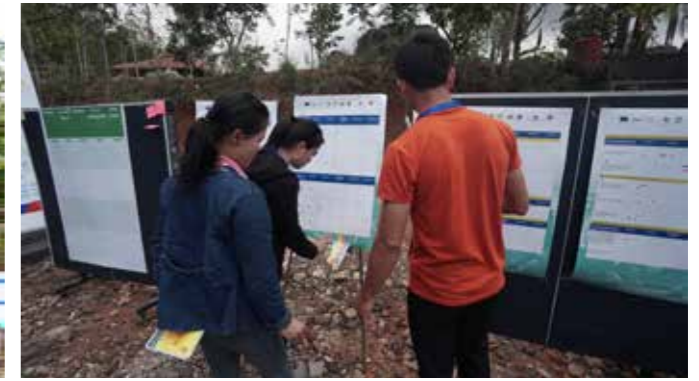
Hendriati Trianita  
Videographer

Okie Kristyawan  
Videographer

Yopi Kurniawan  
Videographer

Nuktoh Kafrawi Kurdi  
Photographer







This report on ASEAN Learning Exchange on Quality Management along Agri-Value-Chains was prepared by ASEAN Foundation, with the support of the European Union (EU) and the International Fund for Agricultural Development (IFAD). All reasonable precautions have been taken by ASEAN Foundation to verify the reliability of the material featured in this report. ASEAN Foundation does not provide any warranty, including as to the accuracy, completeness, or fitness for a particular purpose or use of this report, and they accept no responsibility or liability with regard to the use of this publication and the material featured therein.

The content outlined within this report is the sole responsibility of ASEAN Foundation and does not necessarily reflect the policy or position of the EU, IFAD, or any other agency, organisation or company.

Donors & Organizer:



Knowledge Partner:



Media Partner:



**ASEAN Foundation for  
ASEAN Farmers' Organisations Support Programme (AFOSP)**

Jalan Sam Ratulangi No.2, Menteng  
Jakarta 10350, Indonesia  
Telp +62 21 3192 4833 ext. 113  
[www.aseanfoundation.org](http://www.aseanfoundation.org)

Circulated by ASEAN Foundation, 2018