



# INDONESIA DEVELOPMENT FORUM

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Indonesia Development Forum 2017

## **Fighting Inequality for Better Growth**

Jakarta, 9-10 August 2017





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# Coffee in Flores: **A Business Case for Exporters to Work with Smallholders**



# Coffee in Flores

A business case for exporters to work with smallholders

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# Why coffee is important for Indonesia?

Global demand for coffee will surpass by 40.41 million bags in 15 years. Indonesia has the potential to meet the international demand for coffee by increasing the production volume and quality.

## 11.75 million bags

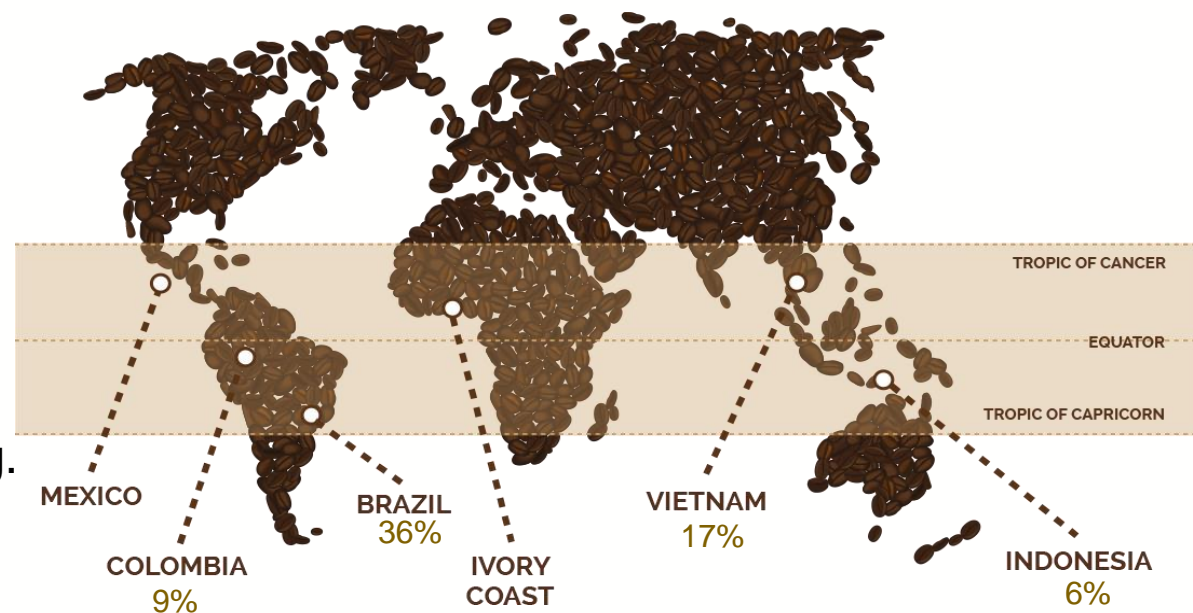
Total production in 2015/2016 – 4<sup>th</sup> largest in the world.  
Domestic consumption is still low 3.09 million bags.

## 520 kg/ha

Productivity is still low compared to competing countries e.g. brazil's productivity 2500 Kg/ha

## 1.2 Million Farmers

96% are smallholders



# Why Flores coffee?

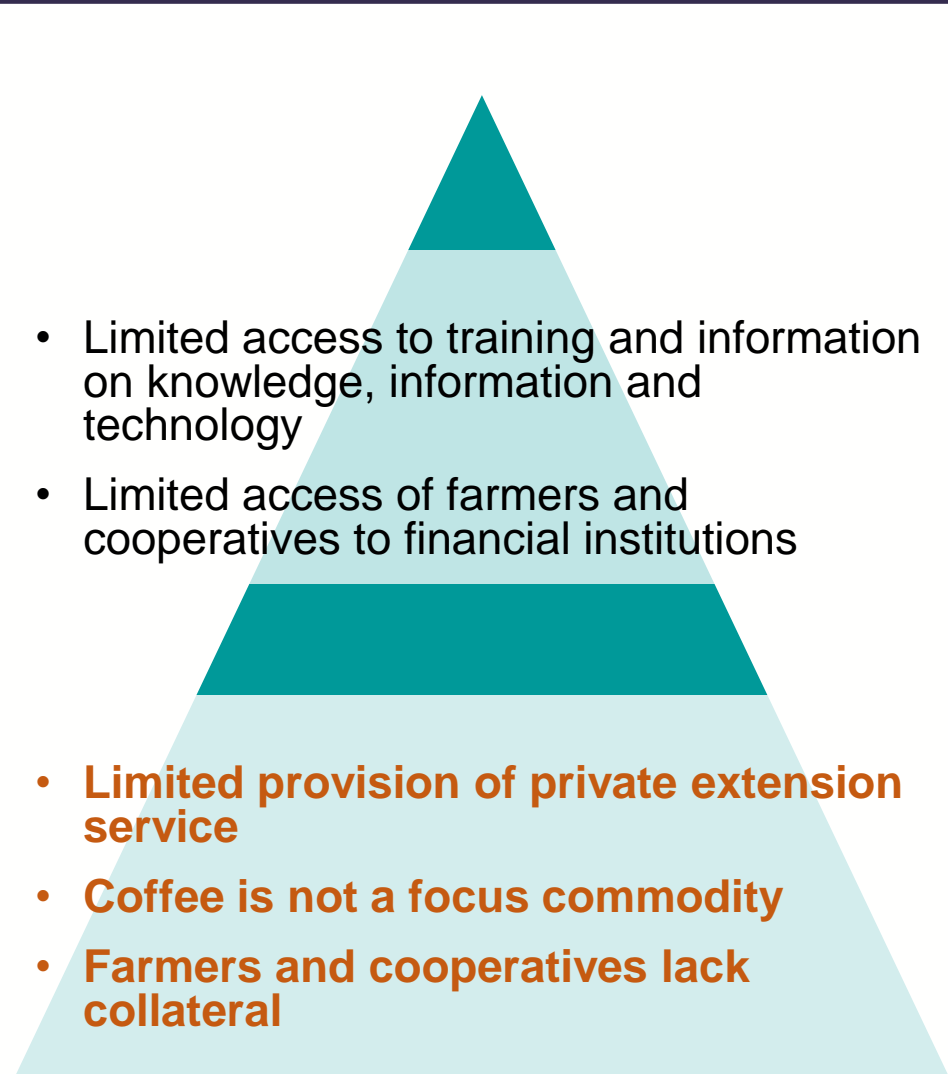
Internationally reputed Flores Coffee can improve livelihoods of more than 80,000 HHs

- Primary source of income of around 77,000 HHs
- Average productivity of about 310 GBE/Ha
  - *Robusta* – 29,500 Ha, 50,000 HHs, 8200 MT production
  - *Arabica* – 19,200 Ha, 27,000 HHs, 6,900 MT production
- Flores contributes 50% to the total coffee production of NTT

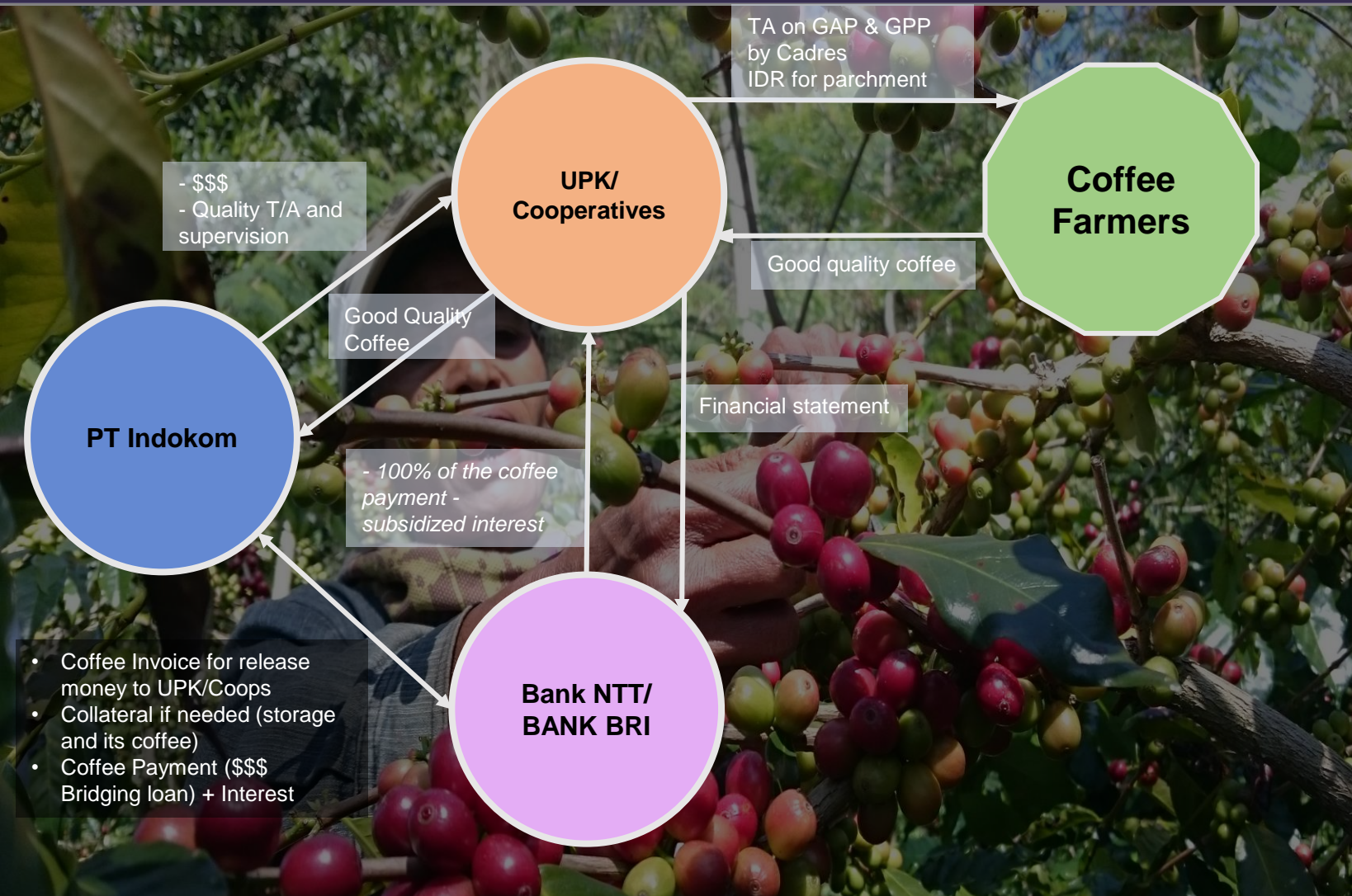
# What impeded smallholder coffee farmers to grow?



Farmers' inability to achieve high productivity and premium quality of specialty green coffee due to low proficiency in coffee farming knowledge, technology and post-harvest handling



# Which Business Model works with smallholder farmers?



- PT. Indokom helps coffee cooperatives and processors to develop coffee cadres, who provides GAP and GPP to farmers
- PT. Indokom provides guarantee/collateral to Bank NTT for bridging loans

# Impact (as of December 2016) and take away

Around 6800 HHs have 47% income increase from improved quality of coffee

## 13,000 HHs

Received information, training and market access

## 26%

Productivity has increased by 26%

## IDR 3 Billion

PT. Indokom will invest in Flores for warehouse



Flores coffee has high potential for international market as specialty coffee

The business case of PT Indokom shows potential for exporters

The model could be contextualized and implemented in other locations with similar challenges



# Thank you

Mohasin Kabir

09 August 2017

Jakarta