



One Country One Priority Product • Case Study Series

Highlights

Indonesia: Farmers reap financial benefits after teaming up with the private sector and government to export locally produced bananas

The banana farmers in Tanggamus regency have struggled to increase their income from banana production due to the low quality and production of their fruit. As part of measures aimed to boost rural livelihoods and export promotion of agricultural produce, the Government has joined hands with the private sector to assist farmers to produce commercial-quality bananas and take advantage of market opportunities overseas. This partnership currently covers an area of 400 hectares in 10 districts and contributes to the increase of banana exports from Indonesia.

Key issues: increasing and stabilizing the quality and production of locally produced bananas

The quality of the bananas produced in Tanggamus regency was not high and the production of the fruit was inconsistent. Being unable to compete with imported products, farmers struggled to increase and stabilize their income from the production of bananas. Adopting modern production techniques is necessary for farmers to increase and stabilize the quality of produce to improve the competitiveness of the locally produced bananas.

Solutions: apply modern production techniques in a public–private partnership

Modern production techniques needed to be applied by banana farmers to cope with the challenges they faced. The Government assumed a facilitation role for arranging a partnership between banana farmers and the private sector under which the latter transfers suitable production techniques and know-how to farmers and provides a reliable market channel as an off-taker.

Background: farmers in Tanggamus regency found opportunities in the production of bananas, but the impact on income growth was insufficient

The economy of Tanggamus, a regency in the southern part of Sumatra, Indonesia, depends on agriculture, particularly coffee production and such crops as coconuts and bananas. Notably, coffee farmers need to wait 12 months to receive their annual earnings, while banana farmers can earn their income from their harvest weekly.

Banana farms in Tanggamus regency tend to be limited in size. They depended on the local market and middlemen to market their produce due to the long chain of commerce and the lack of transparency on price and quality (Sunaryo, 2020). These conditions, in addition to the low quality and production of bananas, adversely affected farmers' income.

Implementation: building a partnership involving farmers, the private sector and the government

In 2016, the DG of Horticulture initiated the development of a banana area for export by collaborating with a local company. For this project, the local government provided 50 hectares of highly productive farmland, of which a hectare in Poktan Hijau Makmur was developed for research and propagation of seedling by using germplasm. The company started working with five farmers in 2017 (Great Giant Foods, 2021). More farmers joined the project and formed the Green Makmur Farmers Cooperative in 2018, with the objective to ensure and expand further cooperation between farmers and the company. The DG supported the development of production facilities and the local government assisted this project by creating synergies among different programmes.

- The Government of Indonesia has identified the banana as a Special Agricultural Product under the FAO corporate initiative One Country One Priority Product (OCOP), launched in 2021. Through OCOP, a country-led and country-owned initiative, Indonesia is strengthening its ongoing banana-related activities. This case study involves using a public–private partnership approach adopted for the banana development.
- Banana farmers in the Tanggamus regency of Lampung province in Indonesia are in a better position to compete with overseas producers of the fruit after adopting modern production techniques and stabilizing the quality of their produce. Previously, they resorted to using conventional cultivation techniques on their limited land and depended on local markets and middlemen to sell their produce.
- The Ministry of Agriculture of the Government of Indonesia, in particular the Directorate General (DG) of Horticulture, partnered with a private company in 2016 in a drive to export bananas. This partnership creates a win-win situation for the participants: farmers gain cultivation benefits, maintain control of their land and attain a guaranteed price for their produce by the company while the partner company gains marketing benefits with a guaranteed supply and availability of commodities to be marketed. Traceability of the produce is made possible through a mobile application, which also facilitates communication and knowledge transfer between farmers and the company.
- This partnership has led to an increase in the land used for the production of bananas to 400 hectares and contributed to the expansion of banana exports from Indonesia. Farmers are increasing their income from growing bananas by improving cultivation techniques and having a reliable market for the produce.

The company supports farmers in the Lampung area, in particular to produce commercial-quality fresh fruit (up to post-harvest) that meets international standards and helps market them. The support extended by the company covers the following three areas:

(1) Agronomy: The company assists farmers with seeds, production inputs and packing houses. As a partner company, it provides technology (technical) assistance from upstream to downstream, including the provision of seeds/seedlings, cultivation support, and harvest and post-harvest support.

(2) Technology: The company developed an Android-based device appli-

cation called e-Grower, which captures such information as farmer profiles, activities in the garden, activities in the packing house, materials used and production results. It also provides useful information to farmers.

(3) Marketing: The company guarantees purchases from the farmers of their bananas at a fixed price according to an agreement. For example, the purchase price of bananas is Indonesian rupiah (IDR) 2 500/kg in the form of bunches (unripe). The company then markets the bananas for domestic and export markets, namely China, Malaysia, Singapore, and the Middle East.

This partnership currently covers an

area of 400 hectares in 10 districts and 120 villages, consisting of 367 hectares for the Mas Kirana variety, 18 hectares for Cavendish bananas, 9 hectares for Barangan bananas and 6 hectares for Raja Bulu bananas.

Impact

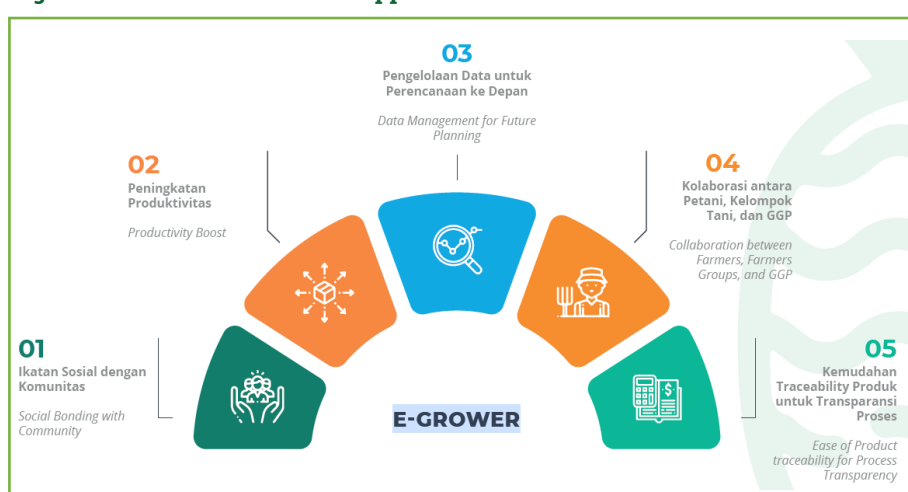
The partnership in Tanggamus has contributed to an increase in banana exports from Indonesia. It has borne fruit since 2017; the export value of bananas has increased and surpassed that of plantains and cooking bananas.

Banana farmers are reaping benefits from the partnership. They can earn from their harvest weekly an average of IDR 1.8 million (USD 125)/hectare and their production costs have declined due to subsidized inputs and the absence of transportation costs (Gratia and Fawzi, 2021).

Key resources

- Gratia, N. S. & Fawzi, I. L. 2021. The impact of empowering Pisang Mas banana farmers through partnership with PT. Great Giant Pineapple. *Jurnal Pendidikan dan Pemberdayaan Masyarakat*, 8(2): 2021, 118–130. <https://doi.org/10.21831/jppm.v8i2.38635>
- Great Giant Foods. 2021. A banana mas GGP partnership was visited by two ministries of the Republic of Indonesia. 1 March 2021. Jakarta. Cited 7 December 2022. <https://www.greatgiantfoods.com/a-banana-mas-ggp-partnership-was-visited-by-two-ministries-of-the-republic-of-indonesia/>
- Sunaryo, A. 2020. E-Grower PT GGP raih Penghargaan Industri Hijau dari Kemenperin [PT GGP's E-Grower Receives Green Industry Award from Ministry of Industry]. *Lampost.co*, 6 January 2020. Lampung, Indonesia. <https://m.lampost.co/berita-e-grower-pt-ggp-raih-penghargaan-industri-hijau-dari-kemenperin.html>

Figure 1. Features of e-Grower application



Box 1. A story of a banana farmer in Tanggamus regency

Suroto is getting excited to be a farmer. Becoming one of the Pisang Mas partnership farmers participating in a partnership with a private company has strengthened his determination to continue to grow and develop Pisang Mas banana plants.

“I should have retired, but I am excited to join the Pisang Mas partnership with the company. The more you work, the more you will get results,” said Suroto.

Suroto began partnering with the company to plant Pisang Mas bananas stems in 2017 and joined the Arjuna Farmer Group, which manages a packing house in Sumber Rejo district, Tanggamus regency. Currently, on his land, he is caring for 1 300 Pisang Mas stems. He also helps foster the care of 5 000 banana stems belonging to other farmers.

Suroto admits that he had carried out various farming activities, starting with coffee, cocoa, rice and vegetable crops, but has always lost income when harvesting because of price uncertainty. He even explained that he had to destroy some of his crops because the selling price was very low.

“Joining this partnership feels comfortable. The harvest is purchased according to the contract price, if you want to get a lot, you just need to increase the number of plants. That’s why I’m interested to know how many tons of harvest will still be bought, so farmers can pursue as many targets as possible,” said Suroto.

Seeds, work tools and extension workers are given by the company so that farmers can take care of their plants optimally. Seedlings are given from a tissue culture so that they can be counted for target purposes and good growth power. From the plants, the growth is not uniform and the harvest cannot be done simultaneously. Suroto hopes to get the opportunity to have his own packing house to develop this partnership further by inviting more farmers to participate.



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For more information:

Regional Knowledge Platform on One Country One Priority Product (OCOP) in Asia and the Pacific

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