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COMMITTEE ON COMMODITY PROBLEMS

INTERGOVERNMENTAL GROUP ON TEA

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PROJECT SUMMARY

FAO/CFC PROJECT ON CAPACITY BUILDING AND REJUVENATION OF TEA SMALLHOLDINGS BY ADOPTING ECO- FRIENDLY MANAGEMENT PRACTICES AND STRENGTHENING MARKETING LINKS FOR ENHANCED INCOME GENERATION OF POOR FARMING COMMUNITIES IN INDONESIA AND BANGLADESH¹

I. PROJECT MANAGEMENT SET UP

- Implementation of the Project is based on agreement between the Indonesia Tea Board as PEA (Project Executing Agency) and FAO IGG on Tea as the Project Supervisory Body, the Common Fund for Commodities (CFC) as the Funding Agency. Project Agreement was signed on the 11 January 2010 with total fund US \$ 1,994,630 for 3 years.
- In Indonesia the project started in January 2011 and in Bangladesh at July 2013, both are extended up to 30th June 2015. Indonesia Tea Board as the PEA has several collaborating agencies among others the Research Institute for Tea & Cinchona, Estate Crops Services of West Java Province, Indonesian Tea Smallholder Farmer Association, PTP Nusantara VIII and P.T. Kabepe Chakra.
- Implementation of the Project in Bangladesh is based on agreement between the Indonesia Tea Board as PEA and the Bangladesh Tea Board as PIA (Project Implementing Agency) on the 1st March 2012 and between Bangladesh Tea Board with Collaborating Agencies on 22nd July 2012. The Bangladesh Tea Board as the PIA has several collaborating agencies among others: Bangladesh Tea Board Regional Office in Bandarban, Bangladesh Tea Board Regional Office in Panchagarh and PMTC Ltd.

II. OBJECTIVE

The project objectives of the FAO–CFC–Indonesia Tea Board are: to strengthen the knowledge-base of tea smallholders and rejuvenate smallholdings for enhanced productivity and quality improvement by producing high quality leaf that is free of extraneous chemical residues, to strengthen the bargaining position of the low income smallholder tea farmers in the value chain for higher remuneration to alleviate poverty and unemployment, bringing about a social improvement in the life style of the poor farmers consequently.

III. GOALS OF THE PROJECT

¹ Submitted by Indonesia.

To rejuvenate the existing tea smallholdings and improve productivity to supply quality leaf that meets with established norms of health standards to command higher prices through well organized marketing links and alleviating poverty. There are three project components:

1. Improve performance of existing tea smallholdings in the selected project areas of Indonesia and Bangladesh.
2. Training of smallholder tea farmers and sharing information with countries that have well developed smallholder sectors.
3. Strengthening the smallholder-processing factory interphase for sustained higher income generation of tea smallholders.

Project parameter in the Logical Frame Work and Appraisal Report are: (1). Production, (2) Tea leaf quality, (3). Tea leaf price, (4).Income of farmers, (5).Employment, (6).Poverty alleviation.

IV. PROJECT PROGRESS IN INDONESIA

4.1. PROJECT BENEFICIARIES

The project beneficiaries are tea smallholders. Smallholders or small growers are producers of tea leaf, a perishable input that has to be processed in a tea factory to become made tea. From the point of view of smallholder, the tea cultivation provides work and income throughout the year in tea growing areas. The definition of smallholder is based on holding size. Smallholders are those who grow tea on land size between 0.5 to 2 hectares and sell the green leaf without processing. The smallholder productivity is very low about less than 1,000 kg made tea/ha/year compare with large state owned and private plantations are able to produce more than 2,300 kg made tea/ha/year.

From inception of the project and results of baseline data survey up to June 2015, the CFC project participants in Indonesia spread out over three districts as follows:

- (1) Bandung District : 303 households; 279.28 ha
- (2) Cianjur District : 370 households; 294.33 ha
- (3) Majalengka District: 331 households; 213.70 ha

Total number : 1,004 households; 787.31 ha

The project was benefiting for tea smallholders:

1. The smallholders are applying a better tea plantation practices for better tea business.
2. The progress of production and productivity are indicated by increasing the yield:
 - Leaf/month: Yield is increased by 52% from average 385,782 kg green leaf/month in 2010 to 584,961 kg/month in 2014, 79% in comparison January-June 2015 to 691,280 kg/month.
 - Made tea/ha/year: Yield of made tea increased by 52% from average 1,235 kg/ha/year in 2010 to 1,872 kg/ha/year in 2014.
3. Tea leaf quality improved referred by increasing 46% of PMS (leaf eligible to be processed in the factory) from average 34 in 2010 to 52 in 2014 and June 2015.
4. Tea leaf marketing links improved through better management of tea leaf marketing through establishing partnership with tea factory.
5. Tea leaf price improved, net price received by farmers is increasing about 71 % from baseline Rp. 1,220/kg in 2010 to Rp. 2,087/kg in June 2015.
6. Generating annual farmer's income from tea is increasing the contribution from 23.8% to 33.0%.

7. Tea farmers poverty alleviations referred by generating farmer income from US \$ 2.36/day in 2010 to US \$ 4.8/day in 2014 is more than US \$ 2/day as the poverty level determined by Indonesian National Planning and Development Board (BAPPENAS) and the World Bank.
8. The project has produced a design of mode of guidance improvement to build smallholding tea agribusiness cluster which is managed by SHG in collaboration with local tea factory as their partner.
9. Revolving fund has successfully to educate the saving habit of SHG member in relation to the group capital improvement through collection Rp. 100/kg derived from green leaf selling.

4.2. LESSONS LEARNED

1. It is obvious the project has a significant impact to raise tea leaf productivity and quality as well as improving the price paid with the best effort on empowering of smallholders with a good connection with market and right pricing structures from processing factories who purchase the tea leaf. This better price paid to farmer is to get better profit for better living.
2. It is concluded that the entire project activities is useful and benefited to the project participants to increase productivity, quality, income and most importantly is to change the farmer's mind set and attitude to be self-supporting, independent and having more business oriented view.
3. In the project there are 40 SHG's are formed with 1,004 farmers are involved to initiate program of intensification to increase tea leaf productivity, quality eligible to be processed in processing factory and organize the members to be connected to tea factories. The establishment of Self Help Group of farmers (SHG) is a distinctive model of Self Help Group in empowerment to build up the source of working capital in form of Revolving Fund for anticipation particularly toward sustainability in the future after the project is terminated.
4. As introduced since the beginning of implementation of the project, Revolving Fund is soul of the project and received good attention from most of SHG. The famers agree to give levy of IDR 100/kg of green leaf that they plucked and collected by SHG as their saving.

Starting from 16 months of project implementation until June 2015 total sum of Revolving

Fund is IDR 528,076,400 (equal US \$ 39,117 with exchange rate IDR/US \$ 13,500) consist of:

- IDR. 222,666,350 in Bandung regency (equal US \$ 16,494)
- IDR. 224,866,000 in Majalengka regency (equal US \$ 16,657)
- IDR. 80,544,050 in Cianjur regency (equal US \$ 5,966)

Revolving Fund is indeed very useful for SHG to continue the activities to motivate the members for continuing small-holding tea improvement after the project closed.

The money collected is IDR 100 /kg green leaf deducted from the tea leaf received in the processing tea factory. From this Revolving Fund, the farmers could borrow without interest for their needs to purchase agro inputs such fertilizer, field equipment etc.

5. Indications of project purposes have been achieved are: the increase production of higher quality leaf by smallholders and the increase in farm gate price of produce. It is shown that project activities have given positive impact for project participant as beneficiaries such as the increase of income. Whereby the gross income from tea per year is as follow: Income in 2010 totally is IDR 5,648,650,298 (US \$ 418,418.54) meanwhile the total cost for maintenance and plucking IDR 2,904,111,551 (US \$ 215,119.37) and the total net income is IDR 2,744,538,747 (US \$ 203,299.17) equal to the net income per ha/year IDR 3,485,970 (US \$ 258.22).

Comparing to the gross income in 2014 is IDR 14,465,848,170 (US \$ 1,071,544.31) with

maintenance and plucking cost of IDR 6,911,157,578 (US \$ 511,937.60) give the net income totally IDR 7,554,690,592 (US \$ 559,606.71) equal to or IDR 10,012,820 (net) equal to the net income per ha/year IDR 9,595,573 (USD 710.78).

The percentage of increase of income from tea/ha/year from 2010 (base line survey) to 2014 is 53 % (gross) and 63 % (net).

6. The regulation on pricing of green leaf need to be re-formulated and the distortion in the market due to the perishable nature of their produce in the form of green tea leaf, the presence of intermediaries and limited number of buying factories should be eliminated.

Therefore, SHG should have strong, contributing and respectable leaders. Whereby, SHG empowerment is process of changing of mindset and to grow farmer awareness to improve lives using their potential. The system used in the process is partnership management, which is based on the management philosophy of good partnerships between individuals, groups or between farmer institution and companies.

7. Capacity building has been given to the project participants to understand general business management, marketing, input sourcing, materials management and sourcing of finance. In the past, most of efforts directed to the smallholders have been on agricultural practices. The poor knowledge of business practices and trading causes the smallholders to become vulnerable to leaf agents and to factories buying leaf. Extension in the field is carried out by applying method of counseling packaged in form of conduct and visit system. It means the extension workers are doing training and visits to farmers of the project participants.
8. The diligent and continuous empowerment of farmer's institution initiated by establishment of SHG towards the Smallholder's owned Company is the prerequisite to the success of improvement of smallholder farm as a major component of the Rescue Movement of Tea National Agribusiness.
9. At present condition, one of exit strategy and sustainability program after the project is terminated the smallholders are hoping to have their own tea factory and going to develop value added products assisted by professional management.

The SHG's has already established the cooperative organization with intention to move towards the shifting of paradigm of smallholder group to establish a Smallholder owned Company of small tea growers.

10. This multi years of project implementation are perceived suitable to conduct training on year to year basis and could monitor the changes of attitude of farmers to improve the way of they are doing of good tea business with continuous guidance and assistance.
11. Self Help Group as farmer's organization is going toward a fully tea agribusiness institution with support from the members to be more competitive in tea business. Whereby, in order to develop the SHG towards business institution with legal status such as cooperative require business partners who can push each condition that tied up with equal partnership agreement in production and implementation of Good Agricultural Practices.
12. Key success to improve the smallholding tea agribusiness is not only determined by how much is the assistance, but the most importantly is the presence and contribution of extension officers to escort the farmers to do the business.
12. To generate more income for smallholders from tea agribusiness, step should be taken among other to organize the farmers into a cluster of farmers of 350 to 500 ha of tea farm and supported by their own tea processing factory. As an exit strategy the SHG union is going to develop value added products and manage its own tea factory and to have strong, contributing and respectable leaders.

Project results of field activities related to Component-1:

Improvement to repair tea plantation and improved green leaf quality is by good plucking. Improvement of quality of tea leaf can be seen from progress of growth rate of production and price of smallholder's tea leaf shown at project sites as follow:

- 1) Bandung district (279.28 ha): At end of the year 2014 the yield recorded around 2,402 kg/ha/year in comparison with baseline data 2010 of 1,765 kg/ha/year referring to the increase yield about 36% with PMS (leaf quality) 58. It means increase 21% comparing to the baseline-data which PMS just 48. Meanwhile the tea leaf prices is increasing around 67% derived from the initial price Rp. 1,282/kg leaf in 2010 to Rp. 2,136/kg leaf at the end of 2014.
- 2) Cianjur district (294.33 ha): By the end of the year 2014 the yield recorded around 1,619 kg/ha/year comparing to the baseline data 2010 of 871 kg/ha/year referring to the increase yield about 85.8% with PMS (leaf quality) 46. It means increase 54% comparing to the baseline-data which PMS just 30. Meanwhile the tea leaf prices is increasing around 78% derived from initial price Rp. 1,178/kg leaf in 2010 to Rp. 2,092/kg at the end of 2014.
- 3) Majalengka district (213.7 ha): By end of the year 2014 the yield recorded around 1,529 kg/ha/year comparing to the baseline data 2010 of 1,043 kg/ha/year referring to the increase yield about 47% with PMS (leaf quality) 44. It means increase 83% comparing to the baseline-data with PMS just 24. Meanwhile the tea leaf prices is increasing around 55% derived from the initial price Rp. 1,200/kg in 2010 to be Rp. 1,862/kg at the end of 2014.

Project results of activity of Components-2:

Training of smallholder tea farmers and sharing information with countries have developed tea smallholder sectors in the form of dissemination through training activities and workshop and local exchange (field studies). The training activity is carried out in cooperation with the Research Institute for Tea and Cinchona in Gambung and local-training (onsite training) in SHG.

The training activity is covering:

1. Training of Trainer (TOT) in 2011 followed by 15 farmers and 6 extension officers.
2. Technical Training is in March 2013 attended by 21 participants.
3. Onsite training is implemented at each location of SHG. The training package covered 36 times followed by 562 participants.
4. Training for scaling up of SHG through empowering their ability to make a ready self-supporting guidance after CFC Project closing date.

Workshop activities in the form of a field activity in each SHG totally was 34 times followed by 1.146 participants consisting of farmers by involving key-notes speakers from several institutions of several elements of stakeholders: Estate Crops Service of West Java Province, Research Institute for Tea and Cinchona, PEA, Government owned Tea Company (PTPN VIII), Private Tea Estate Company, Indonesia Tea Smallholder Association (APTEHINDO) and other elements including local government institution in district and local village.

Local exchange activity is conducted through:

1. The visit to tea plantation of Government owned Company of PTPN VIII at Pasir Malang plantation for field studies on the use of tea plucking machine to anticipate a shortage of tea pickers and
2. The visit to smallholder's farm who has successfully implementing a recovery system to produce 5,500 kg made tea/ha/year at the sub district Pangalengan at Bandung regency.
3. Comparative study to tea smallholder's of non CFC Project participant at Cooperative Organization of Tani Mekar at Garut regency who own of newly established factory in April 2014 and operate pan fired green tea factory and successfully establishing partnership with tea company PT Sariwangi.
4. The visit to Private Estate Megawati Plantation at Garut Regency sponsored by PT. Kabepe Chakra for field study on how to anticipate to maintenance tea plantation on dry season both of immature and mature tea plants.

Not all planned activities can be implemented among other is the visit to Sri Lanka and South India due to some considerable reasons during submitting a budget revision proposal which is approved at end of year 2013.

Project results of activities of Component 3:

The following activity is related the strengthening smallholder-processing factory interphase for sustained higher income generation of smallholder.

This activity is related to institutional strengthening tea farmers groups (SHG) begins with the formation of tea farmer supporting group called as Self Help Groups (SHG) with total of 40 SHG consists of 13 SHG in Bandung, 14 SHG in Cianjur and 13 SHG in Majalengka, followed by the formation of one SHG-Union in each district. SHG union has successfully to develop to get legal status as Cooperative Body as "Koperasi KaryaMandiri" at Bandung site, "Koperasi Buana Mekar" at Majalengka Site and "Koperasi Mitra Harapan" at Cianjur site. Further activity is to improve marketing efforts to build partnerships between tea smallholders and the tea business community and particularly towards the establishment of the Farmer-Owned Enterprises.

The farmers having their captive market for their product with proper green leaf price to get proper income. The average price is increased from IDR. 1,220./kg in 2010 to be IDR 2,087/kg of net cash on hand of farmers at June 2015.

Generally on the recent marketing partnership is just sale and purchase of tea leaf and is limited to subscribe not yet bound by the formal sale and purchase agreement. Some of the established partnership are with PT. GAL, CV. Wijaya Tea, KUD in Bandung; PT. GunungKencana in Cianjur, and CulamegaCakra (CMC) factory in Majalengkaand mostly there is not in written sale agreement.

Component to support the field activity through SHG:

1. Procurement of fertilizer: To support the improvement of smallholder tea plantation it is the provision of assistance of fertilizer to farmer project participants. Up to the end of year 2013 has been granted a total of 787,310 kg through four times distribution with 196.827.5 kg respectively. The first distribution is in November - December 2011, the second in May - June 2012, the third in January 2013 and the fourth on October 2013.

The total amount of granted fertilizer is 787,310 kg equivalent with US \$ 181,195.78 (IDR 1.767.792.250) through four times distribution 196,827.5 kg respectively, whereby the distribution were carried out in :

- First in October-December 2011 (196,827.50 kg equal US \$ 51,560.66 or IDR 452.703.250)
- Second in May-June 2012 (196,827.50 kg equal US \$ 43,494.5443.398, or IDR 409.682.500)
- Third in March 2013 (196,827.50 kg equal US \$ 43,070.29or IDR 452.703.250)
- Fourth in October 2013 (196,827.50 kg equal US \$ 43,070.29 or IDR 452.703.250).

2. Procurement of Nursery Plants

The total procurement of nursery plants for infilling are 1,409,520 plants, which processed by three ways of procurement as follow:

(a). Procurement held through the provision of nursery package (nursery kit) with total amount US \$ 65,234.87 is a self-managed activity nursery tea leaf cuttings by the farmers participant in the project, coordinated by the SHG spread across 3 districts as follows :

- Bandung sites : 275,000 cuttings in polybag for 213,000 ready for planting
- Cianjur sites : 290,000 cuttings in polybag for 225,000 ready for planting
- Majalengka site: 210,000 cuttings in polybagfor 162,000 ready for planting

Total : 775,000 cuttings in polybag for 600.000 ready for planting, thatwas distributed to the farmer in January-February 2014.

(b). Young tea plants procurement through purchasing by process of Local Competitive Bidding for 580,950 plants with total amount US \$ 87.055.46, that was distributed to the farmers in January-February 2014.

c). Young Tea plants derive from In-kind procurement for 228,570plant from PEA, which was completed gradually in planting season in 2014.

5. Other provision of facilities and infrastructure grant has been distributed of following items:

- 4-wheel vehicles pick up 3 units given to each SHG-Union that get 1 unit in each district.
- Small tools such as means for pruning, plucking, pest and disease control are allocated to the SHG with the total of:

- 40 units of hand sprayers	- 40 units of pruning knife
- 40 units of plucking scissors	- 40 units of pruning sows
- 40 unit leaf weight balance	- 40 units weir basket for leafs
- 40 pcs plastic shade	- 120 pcs plastic body coverer
- 3 units of Ph. meters	
- Training Equipment, filing document have been completed in each SHG-Union as follow:

- 3 pieces filing cabinet	- 3 pieces of the whiteboard
- 3 pieces fold-board	- 3 units of sound system
- 3 pieces small camera	

4.3. REVOLVING FUND

Revolving Fund is asserted since at the beginning of the core development activity in an effort is to strengthen the group's capital and the development of farmer institution of the CFC project participants. As a whole have not obtained the expected results, but there is an increasing awareness of developments farmers participating in the project to set aside proceeds from the sale of tea leaf as levy around IDR 100/ kg. These levy collected by SHG as farmer's saving as revolving fund to continue their activity after the project closed.

Based on the reports of the Chairman of SHG in each district until June 30, 2015 recorded growth Revolving Fund as follows:

Recently at end of project the total sum of Revolving fund recorded IDR 528,076,400 (equal US \$ 39,117 with local exchange rate IDR/US \$ 13,500) consist of :

- IDR. 222,666,350 in Bandung (equal US \$ 16,494)
- IDR. 224,866,000 inMajalengka (equal US \$ 16,657)
- IDR. 80,544,050 inCianjur (equal US \$ 5,966)

Collection of the revolving fund is carried out by the SHG manager which is appointed as the treasurer and the SHG marketing section who's collect and selling the tea leaf to tea processing factory particularly to the green tea processing factory. The collected fund is registered in the saving book of each farmer the member of SHG, and further is saved at the saving bank account at the nearest bank in the village namely Bank Unit Desa of BRI (Bank Rakyat Indonesia) under the name of two persons the treasurer and chairman of the SHG. The utility of the fund as:

- Individual saving of each member of the SHG.
- The SHG member could borrow the money to purchase fertilizers and other agro-inputs.
- The fund could be used to develop the greater agri-business project or activities.

4.4. BUDGET FROM CFC

Total transfer of the CFC budget for PMU Indonesia is US \$783,329 equal with 70% from the budget (US \$ 1,125,307) and from which has been spent IDR 7,877,688,941 (= US \$757,148) equal with 97% of the total transferred and equal with 67% of the total budget.

The low funds absorption occurs due to the long time lag for approval and transferring the replenishment from CFC which could influence the rapidly of process and expenditure, beside some activities were cancelled.

The project has been audited by Public Accountant "AF. RACHMAN & SUTJIPTO WS" at address Jl. Pasirluyu No. 36 Bandung, West Java, Indonesia.

4.5. EXIT STRATEGY AFTER THE PROJECT CLOSED

- Empowering the SHG to become a self-support smallholder's agribusiness institution with cluster oriented of tea farm area around 300 to 500 ha to produce the daily leaf to meet the economic scale of raw material in green tea processing factory.
- To lift up the status of farmer's institution from farmers group to a cooperative organization, farmer's owned enterprise or even limited company.
- Strengthening the partnership between SHG with tea processor and tea business community bound with written agreement to regulate the right and obligation as well sanction among the involved parties.
- To support the SHG to produce products diversification to get value addition rather than only selling tea leaf.
- To motivate the SHG to have their owned tea processing factory and managed by the SHG supported by either international or domestic funding sources.
- Encourage the SHG's which are widespread out at all over places to be united in an enterprise called as Badan Usaha Milik Petani (BUMP) or Farmer's Owned Enterprise.

V. PROJECT PROGRESS IN BANGLADESH

Although there is two years delay of project implementation in Bangladesh and mainly due to long time of waiting for approval from the authorities involved, but based on verification, clarification and

discussion on the management of situation and problems have been encountered until extension up to June 2015. It was found there are positive results and facts of the progress of CFC project have been found and achieved in the ground. The PIA has given a guarantee for the success of the implementation of CFC Project up to extension period. It was found the project implementation is a well ordered from preparation and execution including the project organization, working plan and budget plan up to June 2015.

5.1. PROJECT BENEFICIARIES

Beneficiaries are small growers or smallholders of the project are 505 in number covering total area of 620 hectare of land under tea plantation till June 2015 in Panchagarh and Bandarban districts. In Bangladesh the project is operating in two regions, with the total 9 SHGs, 8 SHGs in

Panchagarh and 1 SHG in Bandarban. The conditions in establishing the SHG is adjusted and related with local situation. The establishment has a code of conduct by laws / rules and regulations for effective administration and management of the group.

Considerable progress has been achieved are:

Yield is increased by 26.16% in Panchagarh and 12.99% in Bandarban in 2014. It is noted that tea production in Bangladesh is calculated according to calendar year. Accordingly tea production from January 2015 to April 2014 has been estimated. Crop appears to rise marginally in 2015.

5.2. LESSONS LEARNED

SELF HELP GROUPS TOWARDA MICRO ECONOMIC INSTITUTION IN THE VILLAGE

Self Help is a Trust, Belief, and Conviction that the Community, no matter how backward, has resources that can be mobilized for meeting individual's local needs and that of the community for making local improvements and bringing about social change and the basis of SHG are:

1. Self- Help is based on and built upon self-respect and self determination
2. Self- help is not only economic independence, but also has a strong
3. Social aspect for bringing about social transformation.

A Self Help Group (SHG) or a group of smallholder farmers is considered as a tool to approach and to convey the messages in extension services by extension officers specially to apply the new innovation. This is very important when considering the number or the ratio between smallholder farmers and extension officers is big enough.

It is expected that SHG will be a micro economic institution in the village. Therefore SHG is not only a teaching and learning institution, but as an economic institution. Each SHG is built as an economic institution and consist of 50-60 farmers who a self determination to establish a SHG.

5.3. SHG SHOULD FUNCTION

1. The group functions democratically with 2-3 office bearers elected by a consensus of the group. Two office bearer viz. the president and secretary are essential, while a third office bearer is a treasurer. Office bearers should rotate at least once in two years. Ideal rotation would be once every year, depending on availability of educated members as secretary.
2. Group meets periodically at fixed intervals for the following purpose: a) to discuss, reflect on and find solutions to socio-economic issues / problems of members, the group and of the community b) to transact business.

3. Decisions are taken at meetings by a consensus of the group and not by the president and secretary alone. The president and secretary manage the administration of group as per the bye laws and group consensus.
4. The following business is transacted at meetings among others: a) Collecting savings, fines, interest on loans, installment of refund of loans. b) Decision on loan applications, and the amount to be sanctioned. c) Decision to take up any social or common activity in the village. d) Decision to take up a common economic activity to build up the group's corpus. e) Decision to participate in SHG program organized by the government or by any project.
5. All savings, interest, any group profit from a common activity and fines and refunds of loans are deposited in the group's Bank Account, preferably by the 10th of every month.

Particular progress of smallholders are as per geographical locations as under:

- It is seen that production in Panchagarh and Bandarban has been increasing gradually.
- The prices of green leaf are also increasing.
- To enhance quantity and quality of green leaf, the application of Good Agricultural Practices (GAP) are being followed by the small growers /smallholders.
- During year 1 of the implementation period office equipments, training equipments, office furniture, training furniture, inputs of nursery like soil, cow dung, infrastructures, etc. have been procured.
- During year 2nd year 4 (four) lac tea plants had been raised in Panchagarh and 1 (one) lac Tea Plants had been raised in Bandarban.
- 2nd phase of nursery shed had been completed.
- 2(two) Training in Panchagarh and Bandarban had been completed.

5.4. BENEFIT OF THE PROJECT FOR SMALLHOLDER FARMERS

- The small holder farmers attended the training. The training has been conducted in 30th March to 1st April 2014 with support from the Consultant of the PMTC.
- The small holder farmers are actively borrow the leave transport vehicle to take the leave from farm to bought leaf processing factory. The availability of leave transport vehicle are attractive to the small holder farmers and they provided the fuel before using the vehicle and this activity is assisted and accompanied by project staff.
- Extension service is periodically conducted by extension officer with the support of the Bangladesh Tea Board.
- It is a good evidence, whereby in some places in the cluster area near Tetulia region the average productivity of smallholder tea farm has reached 4,000 kg made tea/ha/year with the leave price of 20 Taka/kg fresh tea leaf (one US \$ = 78 Taka).

5.5. SET UP OF FARM INPUT, SEED GARDEN AND DISTRIBUTION OF SEEDLINGS

More progress has been achieved at the project sites and the field evidences are:

- The hard ware for the project have been purchased among others the leave carrying transport vehicles have been very useful and used by the smallholder farmers as the beneficiaries.
- The office equipment and equipment for training is also purchased and the training for small holder farmers had been conducted in Bandarban and Panchagarh.
- Infrastructures of nursery have been constructed and 150,000 tea clones was dibbled 0.4 Million (400,000). Tea plants have been distributed to the SHG in Panchagarh and 120,000 tea plants have been distributed to the SHG in Bandarban.

The tea nursery has been prepared in Bandarban and in Panchagarh and the material was planted in November 2014 soon after the replenishment approved and transfer from CFC.

The age of ready rooted young tea plant to be planted in the farm is between 15 to 18 months with a certain height, more leaves and stronger.

- The transferred fund has been the guarantee of the project implementation for planting in tea nursery, to conduct training, procurement of fertilizers and marketing guidance to strengthen the smallholder-processing factory interphase for higher income generation.

Facilities and infrastructure grant has been distributed of following items:

1. Two (2) doublecabin pick up has been procured.
2. Three (3) leaf transport vehicle has been procured.
3. Three (3) motorcycles have been procured with budget from Bangladesh Tea Board.
4. Procurement of one (1) set training equipment, one (1) set of office equipment and one (1) set of office furniture has already been completed.
5. Two sites, one in Bandarban and the other in Panchagarh have been selected for raising one million of tea plants. Arrangement for raising one million plants has been successful and the young tea plant has been distributed.
6. Eight (8) in number of Self Help Groups (SHG) in Panchagarh and one (1) of SHG in Bandarban have been formed.

5.6. BUDGET FROM CFC

For Bangladesh part approved budget is US \$ 552,723 for 3 years project period.

First installment released for Bangladesh part: US \$ 100,000 which is received by BTB on 27th December 2012 via Indonesia Tea Board (PEA). 2nd installment released for Bangladesh part: US \$ 96,123.59 which is received by BTB on 22nd October 2014 via Indonesia Tea Board (PEA).

VI. RECOMMENDATION

- The current project of FAO-CFC-Indonesia Tea Board-Bangladesh Tea Board already gave benefit and positive impact to the project participants to increase tea productivity, quality, income, changing of farmer's mindset and attitude to be self-supporting in their newly formed organization called as Self Help Group (SHG), to be independent and having more business oriented view. The model of the project is recommended to be adopted and repeated in any other tea smallholding areas.
- The diligent and continuous empowerment of farmer's institution initiated by establishment of SHG towards the Smallholders Owned Company is the prerequisite to the success of improvement of smallholder farm as a major component of the Rescue Movement of National Tea Agribusiness in Indonesia and also in Bangladesh.