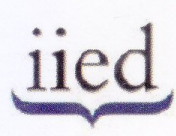


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# Proceeding International Conference on Small-Scale Producer Agency in the Globalised Market

16 February 2012  
Bale Sawala Universitas Padjadjaran



## PROCEEDING

# THE INTERNATIONAL CONFERENCE ON SMALL-SCALE PRODUCER AGENCY IN THE GLOBALIZED MARKET

### Editors:

Maman H Karmana

Tuhpawana P Senjaya

Tarya J Sugarda

Ronnie S Natawidjaja

Lies Sulistyowati

Yosini Deliana

Trisna Insan Noor

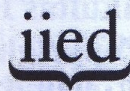
Dika Supyandi

Bill Vorley

Ethel del Posso

Bishwadeep Goose

Diego Munoz



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## FOREWORD

Half a billion farmers, working plots of less than two hectares, produce a significant proportion of the world's food — estimated at more than 90 per cent in sub-Saharan Africa, and 50 per cent in India. Poverty reduction, too, is closely linked to small farms. Three quarters of the world's 1.2 billion poor people live in rural areas, and most are small-scale producers who depend partly or completely on agriculture and natural resources for their livelihoods. Since the food crisis of 2007–2008 and its aftershocks galvanized interest in the future of agriculture, small-scale farmers have risen high on international agendas. Surging commodity prices have underlined the vulnerability of the world's food supply to global change, and lent immediacy to the challenge of feeding a growing population under tightening environmental constraints. On top of these challenges, globalization has opened borders and exposed small-scale farmers directly to the opportunities and risks that come with direct exposure to world markets.

Governments, donors and the development community at large, as well as many in the private sector, have embraced the need to support small-scale farmers in agricultural markets; and recent G8 negotiations and discussions leading up to Rio+20 have all heard the argument that private companies should play a much greater role in sustainable development. Advocates of 'market-based' development argue that, through market inclusion, small-scale producers can survive and even prosper in the face of major shifts in agriculture and food markets ushered in by globalization. In this new agenda, small-scale producers are seen not only as the key to reducing rural poverty, but also as a pillar of global food security, stewards of natural resources and biodiversity, and part of the solution to climate change.

The wide interest in market-based approaches to supporting small-scale producers has driven a wave of public-private partnerships. There has been considerable advance in our understanding of how to adapt business models for inclusion of small-scale farmers. But not all analysts agree that building bridges between smallholders and private business is the best approach. Some assert that the adaptive capacity of the rural poor is being undermined by exposing small-scale producers to highly demanding and volatile markets; many of these advocate alternative rights-based approaches that focus on strengthening democracy and food sovereignty built on human rights. Other camps of analysts debate whether small-scale farmers can be central players in future agricultural markets; they favor large-scale agricultural investments, with small-scale farmers serving as niche producers — or moving out of farming, including as labor on large farms and estates.

Often these arguments have one point in common: they continue a tradition of viewing 'the poor' paternalistically. Small-scale producers are seen as victims of emerging crises, who may be 'developed' as beneficiaries of government, donor and private initiatives. But by treating small-scale farmers as victims or beneficiaries,

these program miss producers' role as economic actors and business partners in their own right. Given the entrepreneurial nature of agriculture, small-scale producers are analyzing their options, managing risks and making their own decisions — even in the face of incomplete information and unfavorable policies.

The Knowledge program of IIED, Hivos and Bolivia-based Mainumby has focused on this capacity of producers to make effective choices in the face of external agendas and powerful actors, and to act on those choices. The program uses an agency perspective to understand the strategies and constraints of small-scale farmers. The Network brings together leaders and practitioners from the worlds of academia, farming and agribusiness, from Asia, Africa and Latin America, bringing added value through the sharing of insights across roles and regions. The intention of the Network is to bring new insights to reshape the debate by producing, integrating and disseminating knowledge.

The International Conference on Small-Scale Producer Agency in the Globalized Market conducted in Feb 16, 2012 was part of the third and final Global Network Meeting in Bandung from Feb 13-17, 2012. In the final global meeting the network members summarized the key messages and develop the influencing strategy toward new approach in putting small-producers in the right saddle facing the more globalised market. About 200 participants attended the conference, including 30 participants from the network members and sponsors, 50 invited persons representing various government institutions, private sectors, and research institutions, and around 120 from academic institutions and campuses including graduates students. There were 4 invited papers presented in the main plenary sessions and 30 supporting papers presented in the parallel sessions during the conference. However, only 22 supporting papers managed through the final editing and included in this proceeding.

On behalf of the Padjadjaran University and all party involved in organizing the conference, we would like to thank the IIED-Hivos for funding the conference. Special appreciation to the team of editors including Bill Vorley, Ethel del Poso, Bishwadeep Goose, and Diego Munoz for great amount of time in assisting the organizers, and editing the proceeding draft. Thanks are extended to all the participants of the conference for their valuable discussions and active participation that ensured a successful outcome.

Center for Agrifood Policy and Agribusiness Studies  
Padjadjaran University



Ronnie S. Natawidjaja, Ph.D.  
Director

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**PARTNERSHIP DEVELOPMENT OF COFFEE FARMERS GROUP IN  
FACING THE GLOBAL MARKET  
(Case Study on the Coffee Farmers Group “RahayuTani”, Bandung West Java)**

**Lies Sulistyowati**

Agricultural Development Laboratory, Socio-Economic Department,  
Faculty of Agriculture, Padjadjaran University  
Email : [liesindra@yahoo.com](mailto:liesindra@yahoo.com)

**ABSTRACT**

Economic globalization and trade liberalization led to an increasingly competition and integration of commodity markets, so that adjustment on agricultural production and institutional businesses are required. One of the coffee's producers is the farmers in the Coffee Farmers Group (CFG) RahayuTani – CFG-RT, mostly consists of small farmers with small size farm area, lack of capital, traditional technology, and poor access to market information. In spite of those condition, CFG-RT was able to improve some efforts, to achieve better prices, as well as withstand the market and operate under uncertainty.

The results of this study indicated that in order to improve the competitiveness of coffee in globalization era, CFG-RT diversified their products, not only producing the regular coffee (Arabica Specialty Coffee) but also the *luwak* coffee (Original Arabica Civet Coffee). *Luwak* coffee has a special taste of the exotic, exclusive, and highly demanded – while the production was still limited – because it was processed through the stomach of civets (*Paradoxorus-hermaphroditus*), which make the price was much more expensive than the regular coffees (niche market). Partnership conducted by CFG=RT was a multi-partite model, with its partners are: Perum Perhutani for the provision of the land, PT NugaRamitra as a mediator of coffee farmers and the markets, *Koperasi Awak Garuda Indonesia* (KOPAGI) as the *luwak* coffee exporter to Asia, and also PUM Netherlands Expert Coffee (in progress) for international certification as a prerequisite that must be fulfilled for exporting coffee to Europe. Several factors that encourage coffee farmers to join the CFG-RT are: small size cultivated area, lack of capital, low level of technology in cultivation, poor access to markets, and coffee farmers operate under uncertainty. CFG-RT partnership with her partner companies has an impact on the increasing income of coffee farmers and value-added. In facts, there were still unexpected indication due to low bargaining position of coffee farmers in determining coffee price, unfair distribution of its profit, lack of risk sharing arrangement, and coffee production constraints related to quantity, quality and continuity due to climate change.

**Keywords: Coffee Farmers Group, Income, Multi-partite Model, Value-added.**

**Research Background**

Coffee is one of the perennial crops products with its respected market opportunities both domestically and abroad. In domestic market, Indonesian coffee consumption level per capita is very low, i.e. 0.45 kg per capita/a year, compared to



**CAPAS**

**Center for Agrifood Policy and Agribusiness Studies  
Padjajaran University  
Jl. Sekeloa Selatan I  
Bandung 40132, INDONESIA  
Phone/Fax: +62-22-2532899**