



Annual Report April 2019 - March 2020

Programme Highlights



EKONOMI HIJAU
PROGRAM PERTUMBUHAN EKONOMI HIJAU PROVINSI PAPUA & PAPUA BARAT

GEG achievements 2019-2020

- ▶ **18 Lead Firms and 68 producer service providers**
are working with GEG beneficiaries
- ▶ **768 jobs created and 23 products supported in 6 commodity value chains** (Coffee, Cacao, Coconut, Nutmeg, Seaweed, Sago)
- ▶ **92 Papuan entrepreneurs and small-scale enterprises**
are being supported by GEG
- ▶ **At least 11,623 Papuans are benefiting**
from GEG interventions in pilot sites
- ▶ **65% of direct beneficiaries are women**
- ▶ **A total of Rp9,961,860,000 from private sector and government sources** has been leveraged and disbursed

This was achieved despite the restrictions imposed, first through the civil unrest in second half of 2019 and then Covid19 in the first half of 2020.



Introduction

The Green Economic Growth Programme for Papua Provinces (GEG); funded by the United Kingdom (UK) Government's UK Climate Change Unit; is now entering its third full year of implementation. GEG aims to increase the proportion that sustainable, low carbon business contributes to the Papuan economy through increasing the number of viable green enterprises and entrepreneurs and strengthening the supply chains that bind them together. By piloting in selected sites and working with local government to scale the viability of sustainable green businesses that benefit local Papuans, the GEG Programme (GEG) seeks to offer local government an alternative economic low carbon pathway of growth focusing on Papuan communities, farmers and entrepreneurs.

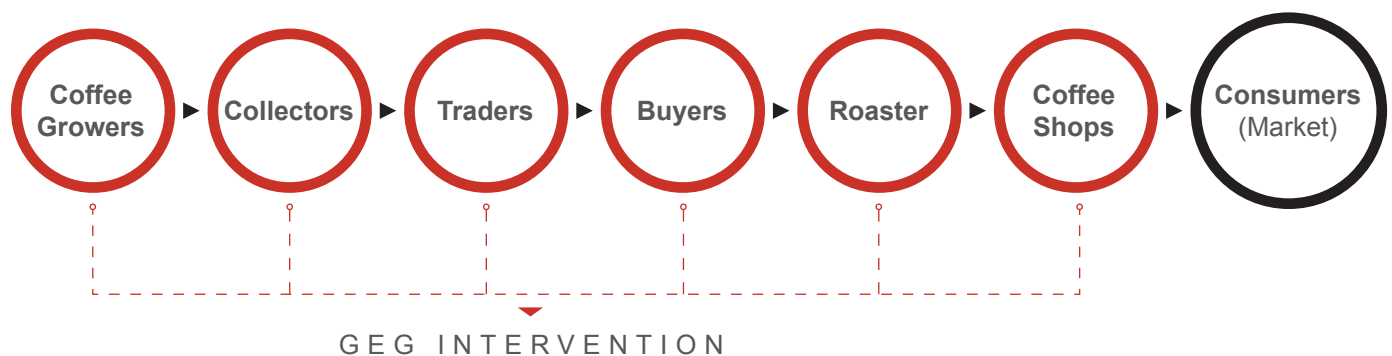
During this year, GEG has focused interventions on 5 commodity value chains and in encouraging young entrepreneurship (a demographic under-represented in Papuan agribusiness value chains at present). There has been great enthusiasm for engagement with GEG and interest in replicating the approach in other communities. We expect replication and extension of GEG to be realised during 2020, COVID-19 lockdown permitting.

A revised approach for our 6th commodity value chain (for Sago) has now been developed, starting at the finished product end and working back. This will be initiated in 2020.

Each of the value chains is unique: each is at a different stage of maturity in terms of commodity production, markets, actors, and value chain intervention priorities. Four value chains are highlighted below: coffee, cacao, VCO and nutmeg.

GEG support for the coffee value chain

GEG works across the coffee value chain, from helping farmers improve coffee production and quality training baristas and mentoring café owners in business skills. The total value of coffee bought and sold as a result of GEG is IDR 2,069,875,000 (GBP 110,689).



GEG has identified strong demand for coffee within, and external to Papua and has established relationships with key actors in the local supply chain. GEG has supported supply chain networks between producers, ISP and coffee shops in urban centres. The demand for coffee from these outlets now absorbs, and indeed exceeds, the supply of green bean coffee from the producer groups in the highlands. GEG has therefore planned to significantly scale up production and improve post-harvest quality during 2020 to address the local coffee supply deficit.

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Martina Edoway

A coffee farmer from Modio

For Mama Martina, coffee farming is helping her rebuild her life. A widow who lost all of her 8 children, she has become self reliant through coffee farming: building a house and saving for the future. The house costs were covered by her coffee sales facilitated by GEG. GEG is training coffee farmers in Modio to improve production, harvesting and bean quality, whilst linking them to buyers in Modio under terms to purchase beans at fair prices.



Heriyadi

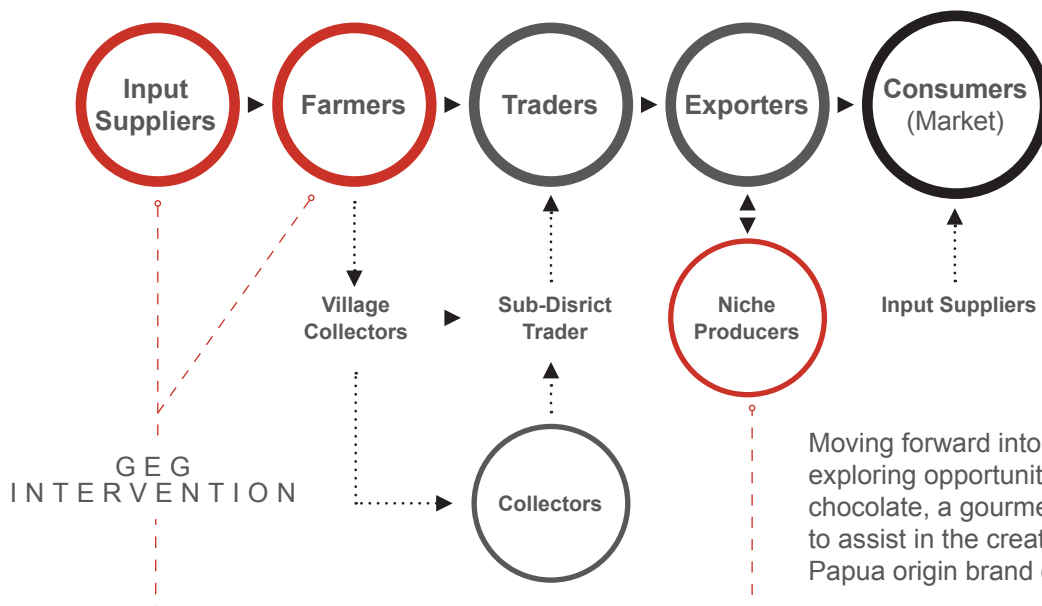
A coffee shop owner from Nabire (GEG ISP)

Heriyadi is the owner of corner27 coffee shop in Nabire. After being connected to farmers by GEG, he now directly sources all his coffee beans from the farmers that GEG is working with in Nabire. Heriyadi attended the GEG training on coffee roasting in November 2019 and since then has procured a coffee roasting machine and invested over 250 million IDR in renovating his shop. He runs the only coffee roastery in Nabire.



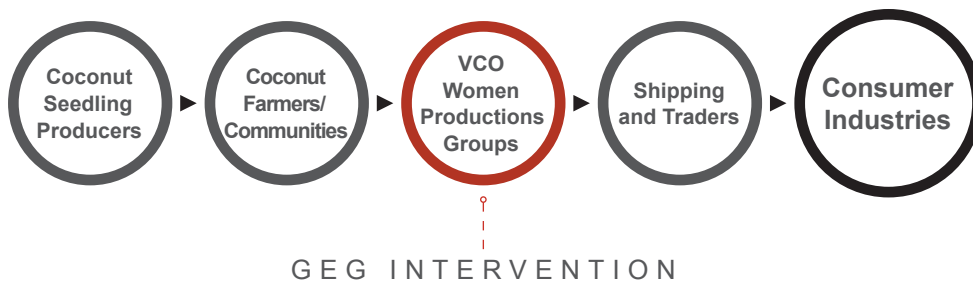
GEG support for the cacao value chain

In the cacao value chain, GEG is supporting rehabilitation of the cacao farm stock following decimation from disease in previous years (2012-2015). Building small nursery businesses has provided interim income for some farmers and a kicked off a longer term farmer-to-farmer rehabilitation programme. Looking ahead, GEG has started negotiations with chocolate producers to buy the cacao once the trees start fruiting. GEG's assistance to the farmers attracted the attention the Packard Foundation who subsequently agreed to provide GEG with a two-year USD 200,000 grant to support cacao farmers in Jayapura Regency and Nutmeg farmers in Fakfak Regency.



GEG support for the virgin coconut oil (VCO) value chain

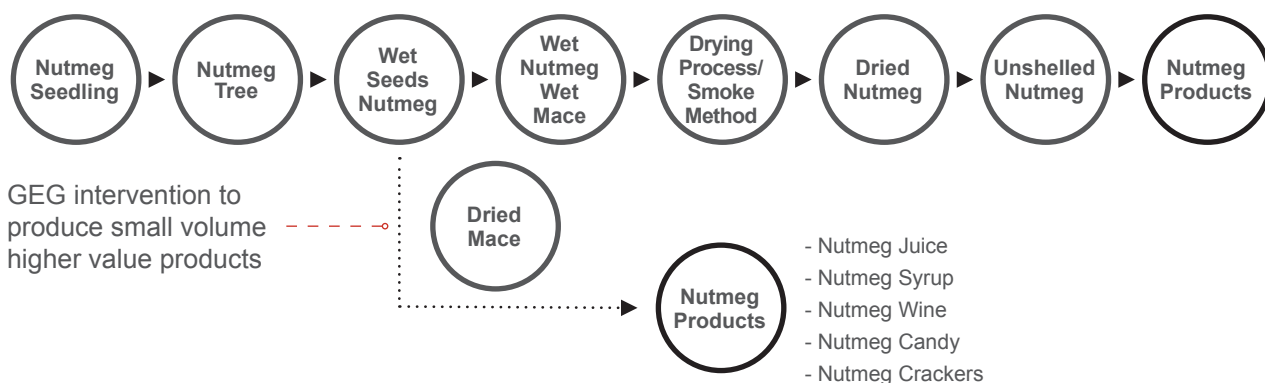
VCO has traditionally been a highly decentralized and piecemeal nature value chain of production constraining consistent batch quality and commercially viable quantities. In the last year, GEG has focused on the primary processors of VCO and building business capacity of the women's groups that produce this. GEG has worked with two high potential groups to become high-quality production, storage and distribution hubs for the other smaller groups (that still fiercely defend their independence as micro producers). These groups have now been successful in securing Dana Desa village funds of 60-80 million IDR to improve VCO production and will be supported by GEG to build this new production capacity. This will allow the groups to meet the volume



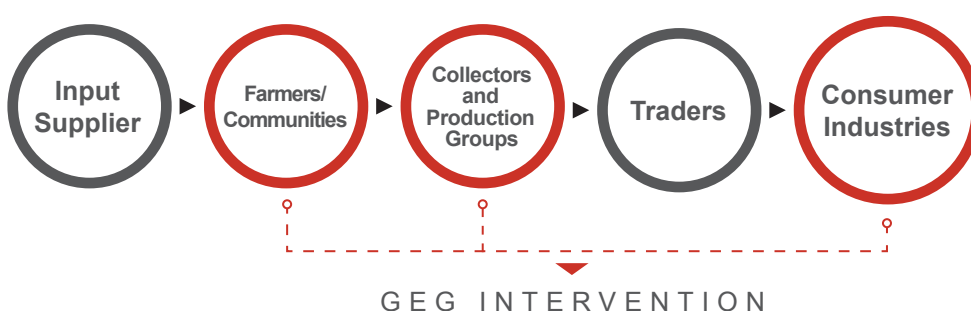
GEG support for the Nutmeg Value Chain

Originally there were high expectations for the GEG influence on the Nutmeg production potential, but through stakeholder interactions and market analysis it was clear that the nutmeg value chain for nutmeg nuts is strictly controlled through an existing oligarchy. With local producer groups, GEG identified potential for high value low volume nutmeg products, including butter, juice, syrup, wine, candy and crackers. The local government in Fakfak, particularly BAPPEDA and Dinas Perkebunan, have been very supportive of GEG efforts to develop and promote locally produced derivative products from nutmeg.

Diversifying derivative products from Nutmeg



GEG has bought in research and marketing expertise to test processing and packaging options for local sales. Trials for on site processing of nutmeg butter with appropriate technology will resume after covid 19 restrictions are lifted.





Learning by doing: lessons from GEG's fieldwork

GEG has produced some useful learning in the past year that is relevant for others working in the Papuan provinces. Three highlights are provided below:

1. Adapting business planning approaches to low financial literacy and capacity levels

GEG has been using a simplified business planning tool called the business canvas for the last 6 months. This tool is the initial step in helping an individual or group think through the key elements of a business plan and the relationships between them. This helps farmers see all the aspects of a business plan that are critical on one sheet and it becomes an easy one-page reference that can be displayed in a group facility or easily copied so members have references. This is not necessarily a replacement for a more detailed business plan but it has proven to be valuable for initial capacity building on how to plan a small simple business and test commitment to more sophisticated planning.

2. Establishing and building village enterprise (BUMKAM) capacity

BUMKAMs or registered village enterprises have the potential to fill a vital niche role for producer communities to try and develop production centres and small business models. They are also a major focus of government programmes that receive government funding. As yet there are no exemplary BUMKAM models in Papua or West Papua that can be a learning model for others. Indeed although several BUMKAMs have been established on paper few are functional or have been formed in response to a specific business opportunity or value chain. Farmers are reluctant to sell to the BUMKAM, partly due to trust around fair pricing but a more significant issue is debt. Many of the farmers are trapped in debt where they have exchanged a promise of future harvest for cash up front.

GEG aims to focus on building quality BUMKAM institutions and test models that can work in the context of Papua. Starting with a pilot of 2-3 BUMKAMs in Fakfak, supporting application of a best practices operations manual and a proactive approach to sharing lessons with other implementing agencies will be applied during the coming year.

3. Engaging with Lead Firms and Intermediate Service Providers (ISPs)

The GEG Programme was designed with the assumption that the private sector would help drive the various value chains with interventions from GEG. This has proved challenging due to the small pool of intermediate service providers who form the 'bridges' connecting the value chain together.

Significant energy has been used by GEG to encourage and mentor potential local Papuan ISPs into the target commodity value chains. This has been done by identifying promising entrepreneurs and providing mentoring and resources. A significant amount of mentoring is still required even for existing ISPs. Simultaneously, trust building between ISPs and rural agri-producers who do not easily trust outsiders has to be done carefully. The GEG approach has been to use a bottom-up 'listening model' to understand risks and tackle them jointly between the producer communities and the buyers/trader ISPs.

Coping with Covid 19

A final word is saved for the current Covid-19 pandemic. With the Papuan provinces under lock down, field work at a critical (harvest) time has not been possible in 2020. Whilst virtual mentorship with farmers and ISPs has been provided by the GEG team through phone, the ultimate effect remains unknown. GEG will review the situation at the mid-year (Sept '20) point. However, the GEG team have engaged with the Ministry of Villages about maintaining support to at-risk value chains in Papua and supporting the effective use of village (danadesa) funding released to support post-covid recovery.

