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“Helping Indonesia to Grow”

PAPUA AGRICULTURE DEVELOPMENT ALLIANCE (PADA)

Quarterly Report of Project Activities and Achievements Quarter One 2011, October-December 2010

Introduction

The AMARTA-Papua Agriculture Development Alliance (PADA) program is pleased to submit this quarterly report which reviews activities implemented from October-December, 2010. A number of successes were achieved this quarter, including the introduction of new and higher value horticultural cash crops such as bananas in Faka Fuku and chilies in Agimuga. The Baliem Arabica Cooperative also exported the second shipment of coffee from Wamena to Paragon Trading Co. in the United States.

Project Management

Monitoring and Evaluation

The following progress was made this quarter against the approved USAID indicators:

1a. Number of additional hectares under improved technologies or management practices as a result of USG assistance

PADA added six ha under improved technologies, including 2 ha of chili in Amungun and Kiliarma Villages and 4 ha of banana plantations in Faka Fuku.

1b. Number of additional units of animals, fish, and other aquaculture products under improved technologies or management practices

Maria Bintang Laut Cooperative purchased an additional **11,621 kilograms** of Barramundi and mixed fish (aquaculture) this quarter.

4. Number of individuals who have received USG supported short term agriculture sector productivity training

This quarter, PADA provided training for an additional 90 individuals, 78 men and 12 women.

5. Percent change in value of international exports of targeted commodities as a result of USG assistance

In this quarter the Baliem Arabica Cooperative exported 24.5 tons of coffee to Paragon Coffee Trading Co. USA. The shipment will generate income of \$85,464 for the Cooperative that received an 11% price increase per kg – from \$3.37 to \$3.75

6. Percent change in value of purchases from smallholders of targeted commodities as a result of USG assistance

- Bananas purchased from farmers in Faka Fuku Village, Agimuga District totaled Rp. 46 million, a 100% increase.
- Coffee purchased from farmers in Wamena totaled \$78,765 an increase of 100%.
- Coffee was purchased from farmers in Bomomani for the first time and totaled \$2,499.

- Fish purchased by Maria Bintang Laut totaled 11,373 kg for the quarter, a reduction of 44% from last year. The total value of purchases from January 2008 through December 2010 is \$205,301.

Papua Agriculture Development Alliance (PADA)

Kokonao Fishery Program

Beginning in July 2010, PADA, with additional funding from The Amungme and Komoro Community Development Organization (LPMK), assisted the Maria Bintang Laut Cooperative in operating three fish buying stations in Timika Pantai, Otakwa, and Pomako Villages. The existence of these facilities helped save the fishermen time, energy, and money as those from distant locations no longer need to travel all the way to Kokonao to sell their fish. The significant increase of fish supplied from collecting stations provides empirical evidence that the Kamoro fishermen are motivated and actively participating in the expanded fish supply chain. The Cooperative and the AMARTA office in Timika receive weekly requests from villages along the coast to extend the supply chain and to open new collection points.

At the village of Amar, two hours west of Kokonao by boat, a new buying station was constructed and finished in December. The new facility provided a supply of five tons per week at a price of Rp. 10,000 per kg. To extend the supply line to the east, another new station in the Pece Village area is currently under construction and will be completed at the end of January 2011. It is expected that purchases will increase on average to seven tons per week with the two new buying stations in Amar and Pece.

As a result of this effort, villagers in many fishing areas now have access to the market in Timika where they can sell all of their fish. The demand is virtually unlimited as Maria Bintang Laut Cooperative has ongoing contracts with a private hospital, businesses, and PT Pangansari- the catering company of PT Freeport Indonesia. By establishing convenience for fishermen and ensuring the fish remain fresh during transport, fishermen in distant villages will be able to expand their efforts and earn additional income for their families.

There are 621 fishermen from 20 villages engaged in the fisheries program and selling fish to Maria Bintang Laut Cooperative.



Local fishermen in Amar wait to sell their fish at the new facility

Papua Coffee Development

Wamena Partner Profile: Baliem Arabica Cooperative

The Baliem Arabica Cooperative was established on September 19, 2007 with support from the Papua Agribusiness Development Alliance (PADA). Their motto is: “Kenggi Abolok Kambe Abolok” or if the hand moves the mouth moves. Meaning: You can live or continue to live if you work hard.

The Cooperative directly employs 10 men and 1 woman, and is currently buying coffee



Some of the members of Baliem Arabica Cooperative from Asologaima

beans to the Cooperative, including 583 organic farmers and 300 non-organic farmers. The ability of the Cooperative to visit each site to purchase beans is extremely helpful for the community since farmers do not have any difficulty in selling high quality coffee and save money on transportation costs since the Cooperative schedules regular visits to the 14 locations. In addition, eight of the 14 purchase points also sell essential items at kiosks so villagers can purchase their basic needs when they receive money from coffee sales.

The Cooperative purchases coffee cherries from the community at a price of Rp. 5,000 per liter. Purchases are made before processing to ensure the critical added value services of drying and sorting can be done in accordance with the certified standards and maintain the high quality that has been recorded by international exporters. It is essential for the Cooperative to ensure and maintain the quality of coffee beans sold to local and international buyers to maintain their outstanding reputation.



Point of purchase in Kurima

The total coffee purchased from 2008 up to September 2010 is Rp. 692 million (\$77,000) for 140,165 liters. Export contracts set a new record recently: This year shipments will consist of 36 tons, procured at a price of \$5,250 per metric ton, providing \$189,000 in revenue for the Cooperative, enabling the organization to become self sustainable in the future. In December 2010, the second shipment, this time 12.5 tons of coffee, was sent to Paragon Trading Co. The total value for this transaction is \$47,000.

Members of the Cooperative have significant advantages over other coffee farmers: Those who demonstrate good performance and effort receive post-harvest handling equipment. The other advantage that Cooperative members receive is training provided by experts to help produce higher quality cherries. Training is conducted directly in the villages and participants receive theoretical and practical lessons on good practices, combating pests and diseases, and post-harvest handling. At the moment, there are 689 members of Baliem Arabica Cooperative.

Some of Baliem Arabica Cooperative's major achievements include:

1. Organic Certificate for Products and Services in 2009 and 2010 from CERES
2. Certificate for Environmentally Friendly Products in 2009 and 2010 from Rain Forest Alliance



Distribution of equipment in Wamena



Coffee sorting training in the Cooperative office

During the quarter, the Baliem Arabica Cooperative held its Annual General Meeting and agreed upon the following items: Farmers will receive Rp. 5,000 per liter for their beans in 2011; three additional kiosks will be established along the supply line in the remote villages of Wollo, Tiom, and Asalaigama; Selion Karoba was elected as the Chairman of the Cooperative; and members voted to extend the supply line and increase the number of coffee plantations in the Baliem Valley.

During the quarter PADA also provided extensive business development support to the Cooperative focused on improving financial management, sales, marketing, and institutional capacity building. In addition, a round table discussion was held with the Cooperative, farmers, and the Dinas to improve transportation, good agricultural practices (GAP), and post-harvest handling.

Moanemani/Bomomani

Mama Wake is a Motivator for Women in Bomomani

Dorthea Wake who is 48 years old, and known as "Mama Wake", is an ordinary house wife with five children. Mama Wake lives in Bomomani Village with her husband, Mr. Ignatius Tagi, who works in the Education Department Office. In addition to taking care

of her family, Mama Wake is very active in her church, particularly in helping women empower themselves to become more active in society, particularly in becoming economically independent. Generally, women work in coffee farming in the region. Mama Wake owns her own coffee field and believes that by providing additional knowledge about coffee to women, she can help improve livelihoods and increase the price paid to local growers. She believes in PADA's program shares her knowledge on improving quality to receive a premium price. Previously, she received between Rp. 5,000 – Rp. 10,000 per liter depending on quality, however after implementing practices taught by PADA trainers she saw the price rise to as much as Rp.17,000 per liter.

After seeing the success of coffee training, Mama Wake actively participated in every activity and was selected to become a Coordinator for the women in Bomomani and surrounding villages. Her energy, enthusiasm, and ability to motivate women has proven to be contagious as she has helped approximately 160 women- out of 200 total coffee farmers- to grow better coffee and improve their lives. PADA's overall objectives in Bomomani are to improve volume and quality of processed specialty Arabica coffee to increase market value according to international market requirements. PADA also seeks to enable coffee farmers to understand requirements to ensure the best possible quality is grown and processed at the farm level. Efforts are made to provide technical support at the central processing mill in Bomomani and improve drying and sorting techniques.



Mama Wake in drying and pruning technique coffee training

There are a total of 141 coffee farmers participating in Bomomani activities, including: 31 farmers from Timipa with 1,930 trees, 86 farmers from Bomomani with 3,629 trees, 9 farmers from Modio with 652 trees, 12 farmers from Idakebo with 172 trees, and 3 farmers from Moanemani with 456 trees. Total purchases by the Cooperative were 1,247 kg that provided Rp. 16,943,000 of income to farmers and were sold by the Cooperative for Rp. 33,250,000.

Agimuga

Chili Farming in Kiliarma and Amungun

In Agimuga District, Papua, PADA established activities such as buying bananas and creating a trading post in Faka Fuku Village, and swine farming, rice cultivation, and establishing a trading post in Aramsolki Village. There are two other villages, Kiliarma and Amungun that have built trading posts to support the community and to increase economic activity. AMARTA also recently introduced planting chili to the people in Kiliarma and Amungun. Actually, the local villagers in Agimuga do not use chili in their food, however chili was selected because it grows well in the area and has a high value in the market. Chili in Timika comes from Java and Sulawesi, and the price in Timika is quite expensive, around Rp. 35,000 – Rp. 100,000 per kg.



Chili Nursery in Kiliarma

On June 15th, 2010, AMARTA sent Mr. Jafar, an agriculture consultant to Kiliarma and Amungun Villages to do an assessment and to analyze the soil to find out what kind of commodities can be productive in the area. Based on his analysis chili, onions, and vegetables can grow well in the climate and soil conditions present. PADA began socializing chili farming in each village, inviting people who are eager to participate in the program. Chili farming is new for local farmers who have no experience planting the vegetable. During socialization, the PADA team introduced them to cultivation techniques and distributed chili seed to farmers in both villages. In Kiliarma Village there were 17 farmers (13 male and 4 female) who joined the program. In Amungun there were 14 farmers (8 male and 6 female). In the first week of November the farmers in both villages planted chili in their own farms, and the first harvest is expected in January 2011, with estimated production of 100 -200 kg per ha.

As a result of this important initiative Papuan farmers are moving from simple subsistence farming for personal consumption to making more market driven agribusiness decisions. This shift in thinking is significant as it shows the evolution of PADA farmers from simply striving to survive to becoming more entrepreneurial and understanding market dynamics, such as demand and price premiums for higher value commodities.

“Planting chili is new for me since we do not eat it. I was interested in participating in PADA’s program because I believe that they really want to help us to improve our lives and learn new skills to become more self sufficient. With the money I earn from chilies I hope to buy more food and clothing for my family”.

Frans Kelanangame, an Amungun farmer

Pig Farmers in Aramsolki Village, Agimuga Thriving with New Additions



New piglets in Aramsolki village, Agimuga

Recently, a group of pig farmers was formed in Aramsolki Village. This group is called BOMOGOMAKI, taken from a river name in Agimuga District that translates into "in place of light", which literally means that the breeder has created a clearer future with swine farming. In Papua, pigs are a very important commodity for the community. The price of pigs can reach Rp. 10,000,000.

Last year when the swine project started in Aramsolki, Freeport- through AMARTA- donated one boar and two sows to the community. AMARTA

supported these activities by providing assistance in the form of pig pen construction, swine farm training- focused on maintenance and disease prevention, and providing animal feed.

During the quarter, one of the sows produced 13 new piglets. One piglet was donated to the church, while 12 piglets and the three original pigs are now managed by the community group. A new litter of piglets is expected at the end of January 2011. The BOMOGOMAKI group consists of 12 people, 10 men and 2 women. In order to obtain working capital, four pigs will be sold in the Kiliarma and Amungun Villages for Rp. 40 million. Those two villages, in accordance with AMARTA work plans, will then replicate the successful project by creating their own swine farms. Each village will receive one pair of pigs for breeding by groups of farmers.

Jila

Honai Construction in Jila for Meetings and Accommodation

A Honai is a traditional Papuan house made from wood with a grass roof that is usually about 2.5 meters high. Usually, people build small Honais without ventilation for the fireplaces they use to keep warm and this causes serious health problems. PADA is currently constructing two Honais in Jila with the contribution of labor from the villagers. Some modifications are being made to the new structures in order to add ventilation to diminish smoke and ventilation problems. The new activities in Jila, including fish ponds, duck breeding, hydro-power, and chili farming are stimulating increased interest from neighboring villages, and PADA will invite these interested parties and village representatives to visit Jila to participate in socialization, and to receive training and technical assistance to replicate projects elsewhere. The participants will come from seven neighboring villages nearby Jila. Coordinators from villages invited to participate in PADA activities will stay overnight in Jila since the distance from one

village to another is quite far. These new Honai will be used as a meeting place and accommodation for the participants from neighboring villages.



Completed Honai in Jila



Honai construction using local labor

Fish Ponds in Jila Will Improve Economic Activity and Villagers' Health



Fish pond constructions in Jila

In an effort to increase economic activities in Jila, AMARTA is establishing two new fish ponds. Construction is currently under way, and AMARTA is coordinating with the local government Fisheries Department. After explaining the rationale and plan for the new fish ponds, the Government was extremely supportive and enthusiastic since they had already tried a similar initiative in the past that was never completed. The Government also agreed to provide two specialists who are currently working in Tembagapura on a similar effort to support AMARTA in Jila, including performing water and soil analysis to ensure the correct foundation is in place and the proper species of fish are provided. The Government will also supply Jila with the fish and the fish food since they have resources available.

As a result of this effort, PADA will once again leverage successful relationships with local governments who have offered assistance with value chain efforts to ensure that farmer's livelihoods are improved. Throughout the country, these efforts have proven to maximize resources available for beneficiaries and improved oversight from both AMARTA's staff and government extension agents. This particular program will also increase income for villagers in Jila, as well as providing an important source of nutrition and protein for villagers who often face food insecurity.

Timika

SSB Radios Provide a Simple Communication Solution

The villages where PADA works still have not received telecommunication services, either fixed telephone lines from PT Telkom or mobile phone networks from Telkomsel or Indosat. To facilitate coordination in the field, PADA beneficiaries require tools that allow them to exchange information from AMARTA's office in Timika with the field coordinators in the villages. To overcome communication barriers, and in accordance with the existing work plan, PADA built a communication system using SSB technology (Single Side Band). Almost all equipment is installed using solar cells to solve the electricity supply constraint. There are 1,418 villagers who benefit from the solar arrays and radios that PADA installed. Below are the locations that already have solar radio communication:



Radio communication installed at Pireme



Solar Cell installation at Pireme

| No. | Village/City | Location | Power Source |
|-----|---------------|-------------------------|--------------|
| 1 | Timika | AMARTA Office | Generator |
| 2 | Kokonao | Fish Collection Station | Generator |
| 3 | Timika Pantai | Fish Collection Station | Solar Cell |
| 4 | Pomako | Fish Collection Station | Solar Cell |
| 5 | Otakwa | Fish Collection Station | Solar Cell |
| 6 | Aramsolki | Trade Station | Solar Cell |
| 7 | Amungun | Trade Station | Solar Cell |
| 8 | Kiliarma | Trade Station | Solar Cell |

| | | | |
|----|-----------|-----------------------------------|------------|
| 9 | Faka Fuku | Trade Station | Solar Cell |
| 10 | Wamena | Cooperative Baliem Arabica office | Solar Cell |
| 11 | Jagara | Coffee buying Station | Solar Cell |
| 12 | Wolo | Coffee buying Station | Solar Cell |
| 13 | Pireme | Coffee buying Station | Solar Cell |
| 14 | Bomomani | Coffee Buying Station | Solar Cell |

In addition to radios, PADA also provided three satellite telephone used as a communication kiosk.

Operations and maintenance of the radio communications equipment at the project



AMARTA is providing satellite telephone service via Wartel (communication kiosk) constructed through PADA

sites is conducted by PADA's Village Coordinators since they participated in the training provided during the initial installation and are trained to install, repair, and operate the radios. The benefits include enhanced coordination of activities, such as: coffee purchasing information and scheduling fish purchases, while the communities also use this resource for the purpose of sending news, requesting shipping documentation, and for personal matters. With radio systems installed at several locations, the challenge of limited access is diminished through improved communication.

Faka Fuku

Banana Production is Reintroduced to Villagers



Banana farmers in Faka Fuku

In Faka Fuku Village, Agimuga District, bananas are plentiful; however the locals have difficulty marketing the product. They initially received seedlings from the government and began planting in 1995, though no one ever provided technical assistance, training, or helped them in accessing markets by creating a supply line. As a result, banana trees were left unattended and none of the villagers ever harvested ripe bananas. Usually, the bananas were simply left to rot and fell out of the trees along the river. Sometimes other travelers along the river would stop and steal the bananas from the community plantation since no one was responsible for maintaining the area.

AMARTA started to establish the banana supply line on August 6th, 2010 when PADA set up a trade station and integrated village shop that produced total sales of Rp, 64 million through the middle of December. Total profit for the villagers was 6.4 million. The initial sale of bananas to the market in Timika included 9.2 tons purchased at the farm gate for Rp. 5,000 per kg. The farmers generated net income of Rp. 46 million from August through December 2010, with total income per family during this period of Rp 3.8 million. There are 29 banana farmers, 28 men and 1 woman, participating in the program in Faka Fuku.

In addition to this activity, PADA also provided training to seven peanut farmers, 6 men and 1 woman, in Faka Fuku. AMARTA provided them with improved seeds, prepared the land for planting, and taught good agricultural practice for improved production and quality.