

Stories from the Field

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- Sutresniwati,
SNV Program Manager



Ibu Wati of SNV.
(Photo: PRISMA/Nina FitzSimons)

A New Way of Thinking

NGOs embracing PRISMA's
new M4P approach to rural
development

In its efforts to strengthen the efficacy of aid to the rural sector in Indonesia the Australian Government, through PRISMA, is trying something novel. It is implementing a relatively new approach to rural development known as M4P – Making Markets Work for the Poor.

The approach differs from the traditional sustainable livelihoods approach, which focusses on empowering farmers to give them a better bargaining position and making them more resilient to economic shocks. The M4P approach casts a wider net and looks beyond the problems affecting farmer's livelihoods and looks at the underlying market causes influencing farmer's incomes.

PRISMA works with a number of NGOs, both international and local, to assist them facilitate these market-based programs. One of the international NGOs is SNV Netherlands Development Organisation (SNV), that is working with a number of private companies to improve the productivity of cassava, coconut sugar and virgin coconut oil in East Java and NTT.

Ibu Sutresniwati (Ibu Wati) is the SNV Program Manager for the cassava work. “The first time we were given training in the M4P approach by PRISMA, I realised I would have to totally re-think the way we did things,” says Ibu Wati.

“Previously the role of the NGO was as an implementer – we trained the farmers ourselves, for example. But using the M4P approach we merely facilitate a relationship between the private sector and the farmer once we identify where the weaknesses in the supply and distribution chain are.”

Ibu Wati explains that in SNV's cassava program the aim is to increase cassava productivity. After a thorough analysis of the market, one of the underlying issues they identified was lack of access to fertilisers for farmers and good agricultural practices in cassava cultivation.

“Instead of going in and training the farmers ourselves,” explains Ibu Wati, “We found an organic fertiliser company who wanted to expand to our target district and was willing to invest in training distributors among the farmer community in improved farming practices in an effort to sell their products.”

Because the working relationship is between the supplier and the distributor Ibu Wati thinks the M4P approach may be more sustainable in the long run. “By addressing the market deficiency it is more likely the changes will be sustainable because the NGO is not part of the business equation,” says Ibu Wati. “The farmers are not dependent on our



Ario discussing fertilizers with a farmer in Trenggalek. (Photo: PRISMA/Nina FitzSimons)

support," she explains. Ibu Wati admits it is personally confronting to realise the role of an NGO as implementer is not necessarily a sustainable one in market-driven development.

In terms of adapting to this new approach, Ibu Wati suggests that International NGOs are well placed to take up M4P. "As part of our sustainability strategy, we work closely with local NGOs in implementing our programs," says Ibu Wati. "Many local NGOs are more grassroots and advocacy based and so we have had to spend time training them in the M4P approach as well."

SNV's local NGO partner in the cassava program, the Association for the Advancement of Small Business (PUPUK), has been on an M4P learning

curve. Ario Kertopati, the Intervention Coordinator from PUPUK working on SNV's cassava program in Trenggalek, East Java, says that the M4P approach requires a new way of working.

"Our focus has always been on strengthening the position of the farmer," says Ario. "In the past we did this by advocating on behalf of the farmer and helping farmers organise in collectives to give them a better bargaining position. In this program my immediate reaction would have been to get rid of the 'middle man'," he admits. "But the M4P approach of looking at the entire value chain has shown the middle man in this case plays a very important role and strengthening that role can actually benefit the farmers more."

Anirban Bhowmik, an M4P specialist for PRISMA providing support to the NGOs as they embark on this new approach, says that Ibu Wati and Ario's experiences are quite commonplace.

"It takes quite a while for NGOs used to a rights-based approach, where they advocate on behalf of the community for greater equity, to be open to letting the market drive the process," he says. "In most instances NGOs have been working closely with the community and are used to protecting farmers from these market forces."

Anirban says that once NGOs get over this ideological hurdle they can see ways of working with the private sector that benefits the community.

Ario and the field team from PUPUK are now working closely with the private sector, sales agents, cassava collectors and the farmers. When Ario speaks to farmers in the field he is constantly referring the farmers to their local fertiliser agent for information on planting techniques. "This is very new for me," says Ario. "In the past PUPUK was the name on everyone's lips. Now it is all about the private sector partner."

Ibu Wati says it is not always easy for development specialists to negotiate with the private sector. "Companies are less interested in the social aspects that drive NGO's," says Ibu Wati. "What convinces them to invest is the business case we present them. The bottom line is what grabs them." Ibu Wati says she sometimes struggles with this, but two years running her own bakery has been invaluable in changing her NGO mindset.

Anirban says his experience working with NGOs in Asia, Africa and Bosnia in implementing M4P projects shows that this ideological shift takes some time but is worth the effort.

"The advantage of working with NGOs," says Anirban, "is that they have established networks and relationships with the community. As the M4P approach is all about contextualising local knowledge, NGOs are very well placed to do this. The challenge is to get the NGOs to also understand and contextualise 'business'. If they can do this then M4P programs have a lot of reach in Indonesia," says Anirban.

Ibu Wati agrees that using an M4P approach requires a new way of thinking. "This is different to the way most donor programs work," says Ibu Wati. "It requires a greater degree of flexibility and the ability to make changes along the way. But I am a convert and excited about the future," she says smiling. She is so impressed that Ibu Wati is now looking at doing a PhD in the future on implementing M4P in Indonesia once the SNV cassava program finishes in 2016.

PRISMA

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The Australia-Indonesia Partnership for Promoting Rural Income through Support for Markets in Agriculture (PRISMA) is a multi-year program that is part of the Indonesian Government's long term strategy to encourage economic growth. With the support of the Australian Government, the program aims to achieve a 30% increase in the net incomes of 300,000 male and female eastern Indonesian farmers by the program's end by providing innovative solutions to increase productivity and market access.

PRISMA focuses on agriculture sectors that are the main source of income for a large number of smallholder farmers and have strong growth potential in areas of East Java, West Nusa Tenggara, East Nusa Tenggara, Papua and West Papua. Partnering with key market stakeholders, the program help spur growth along the value chain by reducing barriers and constraints within the agriculture sector.