

Improving Economic Outcomes for Smallholders Growing Teak in Agroforestry Systems in Indonesia



Teak plantations in household economic structures

Smallholder teak plantations play a vital role for rural communities in Gunungkidul District, Yogyakarta. Their role is reflected in local land-use systems, with farmers allocating around 10% of their land for teak woodlots, known in Indonesian as *kitren*. Teak wood sales contribute relatively little to total household income, averaging only around 11.6%. Still, teak trees have the potential to provide significant sums of ready money, and are akin to household savings: They can be cashed in as necessary to meet household financial needs, either in hard times, or for financing wedding ceremonies and children's educations. Villagers in Gunungkidul sell their teak only as a last resort, when other assets such as motorcycles, electronic goods, jewellery or livestock are unavailable. This phenomenon of harvesting teak trees solely to meet pressing household needs is known as *tebang butuh*.

The above paragraph is one of the findings from the 4-year ACIAR-funded project FST/2005/177 'Improving economic outcomes for smallholders growing teak in agroforestry systems in Indonesia'. Research activities commenced 2 years ago in 7 villages in Gunungkidul District, Yogyakarta (see Project Newsletter No. 1). The research project is aimed at improving the livelihoods of smallholders growing teak in Indonesia, and has three main objectives:

- to introduce and adapt silvicultural technologies that improve returns for smallholder teak producers
- to identify and design financing schemes providing incentives for smallholder participation in profitable teak production
- to enhance market access by smallholder teak producers.

Activities during the second project year

During the second year of the project period (June 2008 to May 2009), various activities have been completed under the three project objectives. These activities include:

1. **Collation and analysis of household survey data**
Baseline data on smallholder teak plantation management practices was collected from the research sites during the first year of the project period through household surveys and teak farm inventories. The research team is currently analysing the data. Some of their preliminary findings were presented at the first annual meeting in Yogyakarta. These findings showed that most teak growers continue to depend on natural regeneration of their teak plantations, either through coppicing or natural seedlings. Growers lack motivation to improve their silvicultural practices as a result of their knowledge and capital limitations and the prevailing market incentive system. More findings were presented at the second annual meeting in Gunungkidul.
2. **Establishment of teak silviculture demonstration plots**
The research team has established 6 demonstration plots in 4 villages across the 3 subdistricts of Karangmojo, Purwosari and Paliyan. In September and November 2008, smallholder teak producers were involved in participatory planning and setting up the plots. They will also be involved in the monitoring and evaluation stages. The aim of the plots is to identify appropriate silvicultural practices able to provide optimum benefits to smallholders. The demonstration plots serve to demonstrate to farmers the advantages of applying teak silvicultural practices; to inspire farmer and other stakeholder innovations in developing community teak plantation management techniques, to provide a means of learning for growers and other interested stakeholders, and to support exchange visits and farmer group discussions.
3. **Financial surveys on smallholder teak management practices**
In order to assess the financial aspects of smallholder teak management practices, the research team conducted field surveys in the research sites during September 2008. The team interviewed 31 smallholder teak producers. From these interviews the team collected data on production inputs and total income from teak wood sales. The data is currently being analysed and preliminary findings were presented at the second annual project meeting in Gunungkidul.
4. **Microfinance surveys and community institutional capacity building**
After conducting household surveys the InterCAFE-IPB research team conducted in-depth surveys

of 44 households to determine factors affecting householders' access to credit. The surveys took place from 1–5 November 2008 in all the village research sites. From 9–12 February 2009, the team also visited 9 community groups: the Bulusari women's group in Katongan, the Berkah collective business group in Gelaran I hamlet in Bejiharjo and 7 farmers' groups, namely Sumber Makmur in Candirejo, Sedyo Mulyo in Gelaran II, Bejiharjo, Sumber Rejeki in Karang Duwet, Gunung Sari II in Karangasem, Tri Lestari in Giri Purwo, Marsudi Karyo in Giripanggung and Tani Murah in Dadapayu. During these visits the research team organised groups' bookkeeping systems and helped group managers to establish group statutes and bylaws. The project recruited a local staff member, Maryono, who also provided assistance.

5. Dissemination of information on research activities

The majority of research findings are in the form of draft articles and manuals for future publication in scientific journals or other publishing media. Some preliminary findings have been presented during meetings, consultation meetings, seminars and conferences. In June 2008, CIFOR scientist Dede Rohadi presented research activities in the form of a poster at the International Union of Forestry Research Organisations 3.08 small-scale forestry conference in Geradmer, France. Recently, on 7 April 2009, a research presentation was made at the Indonesian Round Table Discussion at the Ministry of Forestry of Indonesia. On 27 November 2008, Iwan Kurniawan, a project team member from ICRAF, presented lessons learned from the research at a workshop in Jakarta on developing wood certification guidelines for the furniture industry. From 6–11 January 2009, a delegation from the Myanmarese Department of Forestry (a research team from the ITTO-funded project 'Ex-situ and in-situ conservation of teak (*Tectona grandis* L.f.) to support sustainable forest management', ITTO Project PD 270/04 Rev.2 [F]), visited the project for a comparative study on teak research. Anies Fauzi, a partner scientist from Indonesia's Forestry Research and Development Agency in Yogyakarta, relayed information on the research project to the visitors. Information on research activities was also disseminated through a 16-minute video film on community teak plantations. The video can be accessed through the following links: <http://www.youtube.com/watch?v=BI9fqxdghlo> and http://www.youtube.com/watch?v=8ojuDzIQ_cs

6. Scientific writing workshop

In order to improve project team members' scientific writing skills, a scientific writing workshop was held from 1–5 December 2008 at the CIFOR campus in Bogor, with 10 project team members participating. The workshop facilitated by Peter Frost, a professional facilitator from New Zealand, generated draft articles from each of the team members for future publication in various scientific journals.

7. Project coordination meetings

In addition to research activities on the ground, research team coordination took place through several team member meetings. At least 5 research team meetings were held at CIFOR. The meetings aimed to discuss work plans and research operations in the field. Team members also frequently communicate and coordinate through email.

Future activities

Plans for activities during the third project year (June 2009 – May 2010) have been discussed with the Project Advisory Group members during the second annual meeting, which took place on 7–8 May 2009 at the Gadjah Mada University Forest research station in Gunungkidul.

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Front page photos by Philip Manalu



Silviculture demonstration plot on Pak Citrowidarso's land in the hamlet of Sokoliman I, Bejiharjo Village, Karang Mojo Subdistrict, Gunungkidul (Photo by Anies Fauzi, FORDA).



Teak furniture components could improve the added value of smallholder teak plantations (Photo by Iwan Kurniawan, ICRAF).

