

## PRESS RELEASE

### FOOD ACTION PROGRAM IN ACTION AT CORNLAND IN DOMPU, NTB

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**Dompu, May 24, 2017** — The Financial Services Authority (OJK) has shown that it is possible to employ the synergy in the Food Program (Food ACTION) to address food production problems.

Financial Services Authority Deputy Chairman Rahmat Waluyanto, during the Food Action Program visit to Dompu Regency, West Nusa Tenggara (NTB), witness corn harvest from the lands cultivated under the value-chain financing scheme. The lands have been under the patronage of Mercy Corps Indonesia, Syngenta, Pisagro, BPR Pesisir, Andara Bank and Central Asia Insurance.

“I think the value-chain financing scheme offers a suitable solution for issues in our food production, as the scheme emphasizes an integrated and interlinked process from the beginning until the end of the production, by involving banks, financing companies, insurance firms, farmers, seed suppliers, and marketing agents, and utilizing information technology in the agricultural field,” Rahmat said.

Financial Services Authority’s Food ACTION Program in Dompu Regency was produced by the synergy between the OJK and the Dompu Regency Government, BNI, Mandiri Bank, BRI, Andara Bank, BPR Pesisir, the Non-Bank Financial Industry (ACA and Jamkrindo), Fintech (8Villages), and organizations/associations (Mercy Corps Indonesia, Syngenta, and Pisagro). Dompu Regent, Bambang M. Yasin, was present in the visit.

Dompu Regency is the corn granary area of the West Nusa Tenggara and it was selected as the first location for OJK’s Food ACTION Program, which was launched two months ago in Harau Valley, West Sumatra, on March 24, 2017. The regency, which has eight sub-districts, was considered capable of supporting food security in the wake of its recognition as a national corn granary.

However, infrastructural, non-infrastructural, and financing obstacles in the agricultural sector have impeded corn production’s growth in this area. Dompu Regency’s limited rainfall has become the main challenge for farmers in designing strategies on maximizing corn harvest. In addition, there is another issue of speed and accuracy in distributing credit to farmer groups. Fertilizer distribution and seeds availability also pose ongoing problems.

Through the Food ACTION Program, participating partners know exactly what each party’s role is, whether it is financing, guarantee, or policies revision. Water shortage, a problem considered as a challenge against the length of planting period in Dompu, could first be addressed by building wells, one of which has been built in Kempo sub-district with donation from BNI. Dompu Regent added that they would start putting additional pipes from the springs and install sprinklers, in order to enable farmers to have more planting cycles.

Bambang revealed that Dompu still had big potential for receiving corn financing. Despite today's seemingly sluggish credit distribution process, the implementation of the Food ACTION program was expected to pick up the pace of such process. This was backed by a testimony about the banking sector in Dompu from a farmer whom he came across during the field visit. Banks' financing for corn commodity as of December 2016 stood at IDR 3,436 billion. The banking industry was expected to have understood about planting cycles and farmers' needs for fertilizer and seed purchase as their business capital, in order to develop strategies for credit distribution.

In its efforts to become the world's food granary by 2045, the government issued a list of strategic agricultural commodities for the 2016 – 2045 period. Corn became the preferred commodity in 2017. In line with the target, the Agricultural Minister named Dompu as one of the three national-corn-granary regencies in NTB on August 20, 2016.

The 2017 national production target for corn is 25.20 million tons. Being designated as a national corn granary is expected to bring positive impacts on the community, especially those living in Dompu Regency. When corn prices are up, farmers will enjoy better welfare. At the same time, Dompu Regent has asked Sygenta to not only provide seeds for four-month planting cycles, but also supply those suitable for faster planting cycles—that only take two months—in order to gain higher production output.

Based on data from the Ministry of Agriculture, corn is one of the strategic crop production. In 2016, corn production increased by 18.10 percent to 23.2 million tons from 19.6 million tons in 2015. Whereas corn imports were down to 1.07 million tons as of 2016, from 3.22 million tons in 2015.

In relation to loans/financing, between 2011 and 2016, actual financing for corn commodity rose to IDR 3.436 trillion from IDR 1.87 trillion—the latter made up 52.83 percent of the projection.

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