

2 Enhancing the Capacity of Local Partners



International
Labour
Organization

In this case study, we will explain the impact of the Decent Work for Food Security and Sustainable Rural Development (DW4FS) on the local NGOs and BDSPs that we have been working with in NTT. The information below is gathered from reports and discussions with local partners, local ILO staff and farmers. The project has been running for under two years so successes and challenges are still being identified and addressed.

Transformation of Local NGOs

At the start of the project, the ILO identified three NGOs to serve as the main local partners in NTT – one for each value chain: livestock, maize and seaweed. The key challenges were to understand the market for the commodity and get the right network. None had a market-oriented approach before working with the ILO, and focused only on entrepreneurship training without the essential information needed to accompany that; information on the players and how they work together, how to access new markets, what are the demand conditions and what are fair prices. Their training and facilitation capacity also tended to be low, and new tools were needed for them to deliver effective programs.

CIS Timor is the ILO's local partner for livestock farming. They have been in operation since the 1990s as an NGO working with farmers in NTT and have always depended on donor funding to deliver their projects – typically technical training for farmers to improve inputs and product quality, but a grassroots effort with local people addressing

Decent Work for Food Security and Sustainable Rural Development Nusa Tenggara Timur, Indonesia

Over
4.5 million
(80% rural)

POPULATION

22.58%
of the population lives
below the national poverty
line (as of Sept 2015)

POVERTY

30%

UNEMPLOYMENT

Objective: Promote food security and sustainable poverty reduction of rural communities in the most vulnerable and disadvantaged districts of Indonesia's NTT province.

Roughly 1.4 million people in NTT do not have regular access to employment and income, and the majority of those considered 'employed' are small-scale, subsistence farmers working in the informal economy with low productivity. These people live in poverty and risk falling deeper into poverty in the case of shocks (low yields, drought, fire, economic shock, etc.), resulting in unstable access to food and basic services. Farmers lack the skills, financial literacy and market connections they need to upgrade their farms into market-oriented operations and increase their earning.

The ILO conducted a baseline survey on households in the target district and villages in NTT. The survey found that most farmers believe that they receive a fair price on their products from buyers, but do not know what are the minimum market prices. 77 per cent of them only have verbal agreement with buyers, but there is a great deal of trust in the relationship. Two thirds of the farmers interviewed reported that they run out of money before their next income, and only 21 per cent have savings. Only 6 per cent of the interviewees keep a record of their spending.

The ILO is working in NTT to improve the livelihoods of farmers using an enterprise development and farm management approach to complement improved farming practices. In order to improve the livelihoods of farmers, the ILO is supporting them to upgrade their farm to a micro/small enterprise, and approach farming like a business. The ILO is developing the capacity of local NGOs, Business Development Service Providers (BDSPs), microfinance institutions and others to ensure long-term suitability of project outcomes in NTT.

local challenges. They have strong connections to the community and are staffed by young, driven people who understand the context of farmers in NTT. It is for this reason that the ILO began working with them.

Yayasa Alfa Omega (YAO) is ILO's partner for maize farming. Similar to CIS Timor they have traditionally relied on donor funding and have provided inputs and basic training to farmers. The organization and staff require significant capacity development, and the concept of farming as a business has been slow to introduce. The organization needs to professionalize their services and enhance their own skills, but with ILO support they are on track to achieve good results.

Training institution for micro, small and medium enterprises (LKP-UMKM) is the seaweed farming NGO that the ILO is working with, but they became a partner just a few weeks before this was written, as a previous NGO partner was no longer able to continue the work. Initial reactions are that they are keen to work with the ILO and grow their own capacity to serve the community better.

The past year has been devoted to enhancing the capacity of the NGOs to respond to the needs of farmers, to understand the market-oriented approach to farming, and to increase the capacity of their trainers and staff. The ILO introduced various training modules and themes to the NGO community facilitators including Gender and Entrepreneurship Together Ahead (GET Ahead), basic financial literacy, group organization, C-BED (Community-based Enterprise Development) and SIYB (Start and Improve your Business).

LKP, the newest partner, has started the initial trainings and both of the



other partners have improved the quality of their services based on what they have learned. Both noted that they did not have modules for training before, nor did they understand the steps associated with capacity development for farmers. For example, complementing entrepreneurship training with financial education, and offering after-training support for group organization.

Both of the NGOs that the ILO has been working with over the past year have had their services requested by other villages and subdistricts not being targeted by the project. Those communities are specifically looking to follow the approach being used as part of the ILO project, and the NGOs are happy to deliver.

increase their network by working with the ILO, and that is exactly the goal.

The value chain analysis conducted by the ILO on each of the commodities was done in a participatory way, taking certain farmers and NGO representatives along the value chain from the farm level until the end consumer. Along the way, facilitated meetings and stakeholder discussions were held. This activity effectively brought the local partners in contact with a variety of buyers and sellers, as well as other supportive institutions and people along the way. The goal was to develop a long-term relationship between the NGO and actors along the value chain so that they can facilitate market access in the future, and gain essential information.

Connecting Farmers to Markets

Making sure that market information and facilitating market connections are at the center of the training programs for farmers has been the ILO's most significant task with the NGOs. LKP, the newest partner, said that they are hoping to

Ensuring Independence and Ownership

BDSPs are currently few and far between in NTT, and are almost entirely inaccessible for the farmers that the ILO is working with. All



three of the local partners are in the process of upgrading their services to those of a Business Development Service Provider (BDSP). They understand the benefit in becoming a BDSP and they see this as a way to improve their services, respond better to what farmers need, and sustain themselves in the long run. Training and capacity development from the ILO has improved their understanding of how to develop their own sources of funding by offering better and more enterprise-focused services. The organizations will grow to provide skill and business knowledge transfer, including services like group formation support and marketing as well as financial access through their own services or by facilitating the connection between farmers and financial institutions. A representative from CIS Timor provided a summary of what they are trying to do – provide market information to farmers, and services that help them respond to that information.

Both of the longer-term ILO partners have developed feasible business plans and are implementing them now. Both organizations feel that they will require roughly another

year of support and training to be a successful and self-sustaining BDSP. Commitment is strong, and both plans are well thought out and realistic. One of the organizations said that they have known for some time that they should expand their services, but they didn't have a plan or an idea about how to achieve their goal, but now they look forward to continuing the process.

According to the ILO Project Manager, the organizations still require quite a bit of facilitation to internalize the BDS information and to professionalize as businesses, but it is a major step in rectifying the lack of services available in the province.

Long Term Impacts

By developing the human and organizational capacity of the partners and upgrading their services to those of a BDSP, farmers and small enterprises across the province will have access to essential business services, which will last well beyond the end of the ILO-initiated programming. This will enhance the sustainability of project activities, as well as the sense of

ownership over the outcomes for the local partners. An indication that this is already successful is that two of the local partners have been approached to provide training and market facilitation services to villages outside of the ILO project.

Sharing knowledge, providing technical support and building capacity are the best ways to ensure the impact of the project continues in the long term, and that lessons from Kupang continue to be used after the end of the ILO intervention. Leaving behind a network of organizations that offer in-demand services to farmers and local enterprises, as well as possess the technical and entrepreneurial knowledge to grow farming into a local business opportunity, will ensure the impacts reach beyond ILO targeted communities.

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http://www.ilo.org/jakarta/whatwedo/projects/WCMS_308006/lang--en/index.htm

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