

Improving Economic Outcomes

for Smallholders Growing Teak in Indonesia



Small-scale teak nursery in a home garden in Gunung Kidul (Java).

PROJECT TITLE	: IMPROVING ECONOMIC OUTCOMES FOR SMALLHOLDERS GROWING TEAK IN INDONESIA
PROJECT CONTACT	: JIM ROSHETKO
TIMEFRAME	: 2007 – 2011
FUNDING	: AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH (ACIAR)
AMOUNT	: \$810,114 AUD
LOCATION	: YOGYAKARTA PROVINCE, CENTERED ON THE DISTRICT OF GUNUNG KIDUL
PARTNERS	: CIFOR (LEAD AGENCY), FORDA, IPB, ANU

The project aims to substantially improve the livelihoods of smallholders growing teak in Indonesia. It expects to increase the returns they receive from teak through improving silvicultural technologies, introducing financing schemes that provide incentives to participate in profitable teak, and improving their access to markets.

Teak production and furniture manufacture is a major industry in Java. There are about 1.5 million households in the region currently growing teak.

Although teak has a high value, smallholder farmers are not benefiting from its production as they should. The reasons for this include poor silvicultural techniques, limited market knowledge and restrictive timber regulation policies.

- Poor silvicultural techniques result in low quality timber. It is difficult for smallholders to improve their techniques because they lack the capital to invest in teak planting and cannot afford to wait for a full teak rotation before receiving returns.



Workshop: farmers government officials and furniture industry identifying issues.



Studying growth rings of teak as interface of growing conditions and wood quality



Workshop: small-scale furniture industry, linking farmers to the whole value chain.

- Smallholders tend to take prices that are often well below market rates because they have limited access to markets and limited market information.
- Policies such as cutting and transportation permits and registration procedures are designed for large-scale not smallholder timber production.

The project will combine the expertise of CIFOR and ICRAF to focus on all aspects of smallholder teak production. Local research expertise in FORDA and IPB will be utilised to cover silvicultural and financing issues respectively. ANU will provide specialist economic input.

The expected outputs of the project include:

- Evaluation of current practices (silvicultural, financing, marketing);
- Farmer Demonstration Trials;
- Manuals/guidelines for improved practices (developed with key stakeholders);
- Financing schemes discussed and evaluated with key stakeholders;
- Greater market awareness amongst farmers and local development agencies; and
- Policy briefs and associated policy dialogue related to the regulatory framework.

The project team will work with farmers and key actors in the teak production chain to ensure the outcomes are grounded in the realities of smallholder production systems. Leading government and non-government agencies will be involved as members in the Project Advisory Group (PAG).

The research generated by the project will be used by farmer groups, extension and other rural development agencies, financing institutions and regulatory institutions.

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