3. The Teaching Case Study Materials

Introduction

Each case study material in this Chapter is divided into 2 parts: Notes for Teachers and the Case. As mentioned in the previous Chapter, the cases presented here are the repackaged versions of the original research case study reports of the country teams. They are as follows:

- Market Chain Analysis of Cashew Nuts in Wonogiri District, Central Java Province, Indonesia
- Bamboo Marketing in Laos
- Market Development for Coconut-Based Agroforestry Farms in Quezon Province, Philippines
- Marketing of Para Rubber Products of Small-scale Farmers in Northern Thailand
- Cashew Nut Supply Chains in Dak Nong and Binh Phuoc Provinces of Vietnam

These case study materials are suggested to be used in discussing specific themes in the SEANAFE MAFTP curricular framework as shown in Table 6.

**Table 6.** Suggested application of the country case studies in teaching selected sub-themes in the SEANAFE MAFTP curricular framework.

<table>
<thead>
<tr>
<th>Sub-themes</th>
<th>Country Case Studies</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Indonesia</td>
</tr>
<tr>
<td>3.1. Value chain analysis</td>
<td>✓</td>
</tr>
<tr>
<td>3.2. Agroforestry enterprise development</td>
<td>✓</td>
</tr>
<tr>
<td>3.3. Product development</td>
<td></td>
</tr>
<tr>
<td>4.1. Economic instruments, and trade related policies and regulations affecting agroforestry marketing</td>
<td>✓</td>
</tr>
<tr>
<td>4.2. Institutions and governance (specifically on gender)</td>
<td>✓</td>
</tr>
</tbody>
</table>
Teaching Case Study Material 1:

Market Chain Analysis of Cashew Nuts in Wonogiri District, Central Java Province, Indonesia

A. Notes for Teachers

Aims and the Methodology Used in Generating the Case Study Material

This case study presents the result of field research conducted in Wonogiri District of Central Java, Indonesia during January-March 2006 as part of the SEANAFE project on Markets for Agroforestry Tree Products. With cashew as the case commodity, the research attempted to answer the question, “Why extensive participation in a government program of growing agroforestry trees does not automatically guarantee sufficient benefit to farmers?”.

The research looked specifically at:

a) The extent and efficiency of the cashew nut market;
b) Value chains and actors in the cashew nut market;
c) The contribution of cashew nuts to household income; and
D) Gender division of labor related to the cashew market.

Primary information was obtained from a variety of respondents, including farmers (20), middlemen (3), processors (3), government agencies, financial institutions, farming cooperatives and NGOs. The respondents were interviewed in depth, either individually or in focus groups.

Field work was conducted in Rejosari village, located in the important cashew producing sub-district of Ngadisrono. This village was selected by the government of Wonogiri to be developed as the centre of its cashew nut industry.

Secondary information was obtained from various private and public agencies, and published sources.

The research team proposed a number of strategies to improve farmers’ ability to derive income from the cashew growing market.

The research team comprised of lecturers/researchers from Institut Pertanian Bogor, Universitas Gadjah Mada, and Research Institute for Estate Crops of Indonesia.

Problem Statement/Key Issue of the Case

State promotion of agroforestry products is widespread in Southeast Asia. It frequently works towards economic development, and sometimes environmental protection, particularly in rural areas. State promotion is often on a large scale and can fail to consider or monitor the various localized impacts of promoting a particular agroforestry product. In many cases, the emphasis is on production rather than maximizing benefits to poor farm households, which involves marketing issues such as improving bargaining power, value addition and product development.
Brief Description of the Case

In Java, the Indonesian Government agroforestry program has focused on cashew nuts. Cashew has been promoted by the government since the 1980s, aimed at reforestation and rural income generation. Combined with a growing market, this policy has lead to extensive participation of community households in the production and processing of this product.

Wonogiri district in Central Java was among the sites chosen for such an agroforestry program. Here, cashew production remains a home industry, conducted mainly by poor farmers. The area under cashew in Wonogiri has doubled between 1998 and 2004. During the same period, the domestic price for cashew kernels tripled. Yet despite these promising trends, the results have been less than satisfactory. Land degradation and poverty have remained widespread among a full quarter of the district’s population until 2005.

Farmers in Java are generally small landholders with a low level of production technology and limited access to market information. They face a range of constraints including: tedious, complex and labor intensive processing; inadequate grading and packing; and lack of market information throughout the marketing chain. In addition, they generally bargain individually with middlemen, which provides them with less bargaining power. Despite this, cashew production contributes significantly to processor’s family income, and is well established.

This case study further describes the constraints to, impacts of, and opportunities for cashew nut production in Wonogiri district, Java. If the Indonesian Government wishes to further promote and develop cashew agroforestry, and help achieve the livelihood development goals of the agroforestry program in Java, it should consider tackling some of the obstacles highlighted in the case study.

Key Learning Themes of the Case

The case provides good material to enable your students to learn and develop the skills for critical and analytical thinking on the following themes: a) market chain analysis; b) processing, packaging, and value addition; and c) gender analysis, with cashew nuts as a case example. These themes are not discussed as separate headings in the case, however the guide questions on the succeeding pages will help you determine which learning theme you would like to focus on in your classroom session when using this material with your students. You could formulate other questions for the same purpose. You are also encouraged to develop mini-cases on specific key themes if you deem it necessary.

Expected Learning Outcomes after Discussing the Case

The case study could orientate your students on the kind of research questions required to: profile processors; explore processing procedures; identify types and sources of market information; and identify constraints faced by farmers (particularly women) and small processors. It would also encourage learners to critically examine the role of the state in the promotion and development of agroforestry products and markets, and to suggest reasonable responses to constraints and unexpected impacts.
## Guide Questions and Suggested Discussions

<table>
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<tr>
<th>Questions</th>
<th>Discussions</th>
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| 1. Who are the key actors in the cashew nut marketing chain in Wonogiri district? Suggest some critical roles they should play toward having a more efficient marketing system of cashew nuts there? | A range of actors are involved in cashew marketing in Wonogiri. These actors have a mixture of roles (see Figure 3 in the Case Study):  
- **Small-scale farmers** are the main producers of the cashew drupes. Two types can be identified, based on their role in the marketing chain: those who run a processing business (**farmers-cum-processors**) and those who do not. Farmers who do not process the drupes into kernels are simply producers. They frequently have larger farms and do not need additional income from processing.  
- **Middlemen-cum-processors** are villagers who buy cashew drupes from the producers. They may process them into cashew kernels themselves, or sell them to the sub-district middlemen who then sell them to wholesalers-cum-processors for processing.  
- **The village middlemen with no processing business** who buy cashew drupes from the producers may then sell them to the sub-district middlemen. These actors either sell the drupes on to the wholesalers-cum-processors or to farmers-cum-processors.  
- For sale of cashew nut outside the district, the wholesalers-cum-processors are the major players, with the sub-district middlemen playing only a minor role. |
| 2. What are the key issues confronting the quality standardization, packaging, and branding of the cashew nut industry in Wonogiri district? What, and how should improvements be introduced in these aspects of the business? | In Wonogiri district, cashew nuts are classified into three quality categories (**A, B, C**) according to the physical integrity of the product (i.e. the percentage of broken kernels). This system ignores other qualities in which buyers and consumers might be interested, such as moisture content, age, size, color, or flavor.  
- The packaging of cashew kernels for transportation is minimal. The nuts are simply placed in large plastic bags. Neither the size nor quality of these plastic bags are standardized or subject to regulation.  
- There has been no effort to establish a reputed brand for cashews and to invest in promotion, due to limited funds and a lack of experience among household producers and even middlemen traders to tackle these issues.  
- **Suggestions for improvement of quality standardization, packaging and branding:**  
  1. Development of a national mechanism to control cashew nut quality standards (**SNII**).  
  2. Application of simple technology such as using cardboard boxes for transporting cashew nuts, instead of plastic bags, to reduce profit loss and damage to kernels; and  
  3. Strengthening of collective action in the district to agree on branding the cashew nuts produced from Wonogiri district and promotion of the same in the local market. |
Suggested Activities

This case study describes a real-world situation with all the associated complexities and uncertainties. This is the likely environment many learners will find themselves in during their professional lives. The following activities are selected to help equip the learners with tools to understand and analyze the real work, and to formulate plans for interventions.

1. Based on the case study, conduct a SWOT analysis (strengths, weaknesses, opportunities and threats) for the government’s agroforestry program.

   SWOT analysis is a very powerful tool, which learners will find incredibly valuable in their future professional lives. It is very good at helping to understand complex situations and finding solutions to problems. Conducting a SWOT also helps identify differences between stakeholders. For this reason, the SWOT activity could be conducted by a group of students role-playing different participants in the

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| 3. | How much additional value do marketing chain actors get from the cashew nut industry in Wonogiri district? From what activities are these added values created? | The profit margin received by marketing actors is an added value for them (see Table 2 in the Case Study). Profit Margin per market actors are as follows:
   1. Farmers, IDR 1,500 (5.0%);
   2. Village Middlemen cum-Processor, IDR 3,000 (8.5%);
   3. Village Middlemen, IDR 2,000 (5.7%);
   4. Sub-District Middlemen, IDR 1,500 (4.9%); and
   5. Local retailers, IDR 1,500 (4.9%).

   Current activities to get added value:
   1. Simple processing such as washing and drying by farmers;
   2. Grading and other quality standardization by village and sub-district middlemen;
   3. Transporting by village and sub-district middlemen; and
   4. Provision of outlets by local retailers.

   Suggestions to increase added value:
   1. Better packaging; and
   2. Creating a brand and promotion.

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| 4. | What gender issues, in terms of access and control, exist in the cashew nut business in Wonogiri district? How do these issues influence the marketing of cashew nuts and household income in the village? | • There is an unequal gender role in the accessibility and control in the case of both collector traders and whole sale traders.
• Men and women in the village enjoy a good partnership in the accessibility of control towards resources and processing technology, though not perfect.
• The role of women is limited to the accessibility of price and training information, and women’s access and control to obtain credit for production and marketing do not yet exist .
• Women have more accessibility of control in the processing of cashew nut, which means they have greater control on the quality of cashew nuts required by the markets. Such a condition certainly influences the price of cashew nuts and the household income that could be received by farmers-cum-processors. |
marketing chain, for example:

- Farmer producer/processors, who would be expected to see weaknesses in government support and unfair practices from middlemen;
- Middlemen, who might be concerned about the high transaction costs of cashew collection as well as low and variable product quality;
- Local government officers, who might empathize with the farmers but feel they have already done enough to promote cashew;
- Outside traders, who are most concerned with a cheap, steady and quality supply of cashew products;
- Any other stakeholder in the case study that the learners would like to act out.

2. Conduct a simple research project on a local NTFP/agroforestry promotion program, specifically looking at market development aspects.

The Indonesia case study highlights some weaknesses in the government's promotion of a particular product (raw cashew drupes) without sufficient emphasis on developing the market. While cashew production has boomed, the benefits to the target beneficiaries have been somewhat disappointing. Using the case as an example, the learners should select local or national programs and investigate what has been done to ensure market development matches product promotion. Presentations can be made of the results.

3. Conduct a quick market survey for a local product which has been growing rapidly in the last few years, and think about where and how improvements can be made.

By visiting a small number of shops, processing facilities and farms in your area, learners should be able to start drawing a picture of a local market chain. They should specifically be asked to think critically about where the market chain can best be developed, what the costs and benefits of market development are, and who bears those costs and benefits. This activity is designed to both encourage research skills and to think critically about the different roles and responsibilities in market development of private individuals, private enterprises and the state. (In some settings it might be easier to try to trace back the market chain for an agricultural product that is purchased by the learners on a regular basis, such as market vegetables.)

Suggested Readings


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