



Indonesia Country Plan

Executive Summary

Published July 2023



Development issues

Economically thriving tea sector



In March 2022, 4.07 million Indonesians (8.06% of the population) lived in poverty in West Java, the major tea production region.¹ Many tea workers in the region earn less than the minimum wage.² Women tea workers in Pangalengan face significant income insecurity, earning an average of \$22 per month, just over 10% of the district's minimum wage of \$210 per month.³ Smallholder tea farmers lack access to finance and technical knowledge, hindering their ability to apply Good Agricultural Practices (GAP) for tea cultivation, thus limiting their income potential due to reduced productivity and lower-quality tea. The lack of a clear national strategy or roadmap for the tea sector is seen as a challenge.



Equality for everyone in tea



In 2021, cases of gender-based violence against women in Indonesia increased by over 50%, with 338,496 cases recorded.⁴ Indonesia's gender inequality index is still among the highest in East Asia and the Pacific region, with women earning 23% less on average than men with the same education level.⁵ The Ministry of State-Owned Enterprises, including PTPN VIII, aims for 25% of women in managerial positions by 2023, but some private tea estates and worker unions lack commitments and plans toward gender equality.⁶

Environmentally sustainable tea production



A lack of Good Agricultural Practices and Good Manufacturing Practices can negatively impact the environment, communities, human health, and the quality of tea. The European Union's 2014 Maximum Residual Level (MRL) regulation caused a 20% reduction in Indonesian tea export in 2015 and a 17% reduction by 2021.⁷ As MRL thresholds become more rigorous, Indonesia tea exports face increasing challenges with contamination during wood fuel combustion in processing and contamination from toxic plant compounds when tea leaves are harvested with weeds. Additionally, climate change is a threat to tea production. Climate-smart agriculture practices such as agroforestry, crop diversification, and soil conservation can help mitigate the impacts of climate change and improve the resilience of tea production.⁸

ETP's Strategic Plan in Indonesia

Projects



ETP plans to enhance engagement with all tea stakeholders in Indonesia, with a focus on producer companies and the Indonesia Tea Board. ETP currently implements projects in partnership with organisations experienced in participatory approaches, community leadership, and monitoring, impact, and learning frameworks.

Policy



ETP will continue to monitor the impact of the Omnibus Law and engage with stakeholders through regular dialogues and roundtable discussions to influence policy. We will also produce policy papers and share insights and best practices on sustainability issues. In 2025, ETP will conduct a review of policies, laws and government programmes that affect the tea sector in Indonesia to identify policy gaps and guide ETP's policy activities.

Private sector change



ETP's approach to private sector change in Indonesia will focus on increasing stakeholder engagement and participation in quality improvements in the tea sector to access European markets, which includes exploring improvements through GAP. This work will initiate with a Contamination Roundtable in October 2023 and further actions will be developed aimed at improving tea quality for export based on this dialogue.

Resources required

Achieving ETP's Country Plan in Indonesia over the next three years will require £875,000, of which £827,000 is already secured. The additional funding required to implement proposed activities is £48,000. The total budget includes current and planned staff costs, programme activity costs, project communications, admin costs, roundtables, conferences, and local and international travel. For the first time, ETP staff costs are included in country budgets.



ETP's current programme in Indonesia

Empowering Tea Growing Communities in Indonesia through CDFs

Impact area

- Economics
- Equality
- Environment

Approach

- Project
- Private sector change
- Policy

Outcome

- Living wage
- Living income
- Good livelihoods
- Equal opportunities
- Empowered, safe communities
- Net zero tea
- Climate resilient agriculture
- Zero deforestation

Location

Bandung District, West Java

Planned reach

1,400 women and men (direct)

Project overview

This three-year project will implement an innovative Community Development Forum (CDF) model, promoting participatory governance to unite management and workers, empowering workers, addressing traditional hierarchical structures, and improving worker-management relations, trust, social position, dignity, and access to economic opportunities.

Aims, objectives, and activities

This project will develop an evidence-based analysis and data-driven understanding of the socio-economic challenges for the tea plantation community in Indonesia. It will establish and build the capacity of CDFs as a governance structure that engages multiple stakeholders to address tea community plantation issues across three Tea Estates in West Java through women's rights-based approaches, targeting up to 1,400 people. Finally, the project will advocate for and promote the adaptation and replication of the CDF model by other tea plantations and companies in Indonesia, reflecting on the outcomes and impact of the CDF in addressing women workers' priorities.

Our Tea, Our Voice

Impact area

- Economics
- Equality
- Environment

Approach

- Project
- Private sector change
- Policy

Outcome

- Living wage
- Living income
- Good livelihoods
- Equal opportunities
- Empowered, safe communities
- Net zero tea
- Climate resilient agriculture
- Zero deforestation

Location

Bandung District, West Java

Planned reach

1,000 farmers and workers (direct)

Project overview

This multi-country project co-funded by GIZ will promote transformative leadership by ensuring that local women and Women's Rights Organisations lead the design process as they identify the change pathways that will be most meaningful within their contexts.

Aims, objectives, and activities

The project aims to enhance the capacity of women (including young women, informal workers, and migrants) so that they are confident in their ability to hold leadership positions. The project will also mainstream the leadership role and capabilities of women to be valued in all spheres of their lives by all community members. Finally, the project aims to normalise the inclusion of women leaders in decision making.

ETP's planned programme in Indonesia

Indonesia Roundtable Series

Impact area

- Economics
- Equality
- Environment

Approach

- Project
- Private sector change
- Policy

Outcome

- Living wage
- Living income
- Good livelihoods
- Equal opportunities
- Empowered, safe communities
- Net zero tea
- Climate resilient agriculture
- Zero deforestation

Location

Jakarta

Project overview

Over the next three years, ETP will host annual roundtable discussions on addressing issues related to contamination, leadership, and livelihood challenges to support sustainable tea production in Indonesia.

Aims, objectives, and activities

These roundtables will enable Indonesia tea stakeholders to share their experience and strategies, to secure commitments and collaboration for joint actions addressing the issues facing the sector, and feed into ETP's development and implementation of projects, private sector change, and policy work in Indonesia.

Developing an Energy Efficient Indonesian Tea Sector

Impact area

- Economics
- Equality
- Environment

Approach

- Project
- Private sector change
- Policy

Outcome

- Living wage
- Living income
- Good livelihoods
- Equal opportunities
- Empowered, safe communities
- Net zero tea
- Climate resilient agriculture
- Zero deforestation

Location

Bandung District

Project overview

ETP will build on a previous project on energy efficiency which supported auditing and data collection and developed practical guidance for companies to follow.

Aims, objectives, and activities

ETP will work with key producers to share lessons learnt with stakeholders on application of guidance to date and the business case for energy efficiency and challenges experienced. Additionally, ETP will explore what additional capacity development support is needed, and how this could be delivered in a coordinated way, building on the existing ETP/GIZ developed best practice guidelines. ETP will explore opportunities to seek financial resources, including green finance, to improve factory and tea plantation emissions reduction efforts and the greening of energy use in the tea industry. Finally, ETP will advocate for government and climate finance ministries to allocate funds to support greening if the tea sector. Furthermore, as the fuel sources companies use constantly change, ETP must stay current on the potential of transitioning to renewable options and share best practices and learnings from other countries. The use of more sustainable fuel such as wood pellets is a way to mitigate high Anthraquinone levels which is a barrier to export to the EU.

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