**THE CIVIL SOCIETY FUND**

**support for CO-FINANCING**

**Text of application to CISU: Reducing climate impact of rice production in Indonesia**

As rice production is a primary contributor to global GHGs, the overall objective is to reduce the climate impacts of rice production in the country. The project aims to switch Indonesian rice production to more greener and sustainable business models through:

1. Improve enabling conditions for production of sustainable rice through necessary policy support
2. Raising awareness and developing capacity around sustainable production practices among key rice sector stakeholders
3. Facilitating increased market access for small-scale producers through partnership-building and reducing loss in production through improved milling equipment
4. Improve access to finance for rice producers through loan facilitation, business planning for sustainable rice, and exploration of new markets for by-products (i.e., rice straw) and sale of carbon offset credits.

**Civil society relevance in view of donor guidelines**

The action is directly relevant to the **global objective** of the Switch Asia guidelines in that it is working to green the global value chain for rice from Indonesia, the 3rd largest rice producer globally. The project at the same time works to reduce poverty in Asia by enabling sustainable rice to be produced in Indonesia as a “special” brand, which will allow for increased income for farmers who currently live well below the poverty line.

Rice as a strategic commodity has become the focus of the government. Various policies and programs have been rolled out, including subsidies for fertilizers (mostly synthetic chemicals), pesticides and seeds, repair of irrigation infrastructure, etc., with a focus on encouraging an increase in national rice production. Unfortunately these various policies and programs have not considered environmental sustainability aspects of rice farming. The quality of the land continues to decline in line with the use of chemical fertilizers. On the economic side, government policies have not been able to bring justice to all actors in the rice value chain, with the millions of smallholder rice farmers still receiving the least benefits and profits. The existing policies have also not been able to encourage integration of value chain actors.

At the farmer level, the capacity of farmers and their institutions is still weak. Small farmers' access to technology, information and knowledge as well as to financial institutions is still low. With weak capacity, limited production and fluctuating selling prices, the benefits are far from sufficient. As a result, farmers continue to live in poverty. Similarly conditions are not good among rice mills – access to new technology, capital and markets make rice milling inefficient and unsustainable.

The problems in the rice chain are, of course, difficult to solve alone as the rice value chain is a system. One approach that can be taken is to develop a partnership model (PPP), a platform and standards for sustainable rice. The project will seek to develop multi-stakeholder cooperation in the rice value chain by creating a common platform and standard that will become operating standard for the rice value chain, as well as coordinate civil society advocacy efforts to develop policies that include sustainability aspects. The platform will be developed and led by civil society stakeholders, but with active participation from government and private sector actors, to ensure buy-in from all relevant actors.

\*Note the concept note (regarding relevance to objectives) was already accepted by SwitchAsia.

*Expected date of reply from the main donor*: Most likely we will receive a reply in October 2021 to the full proposal. If positive, there is usually 1-2 months of contract and negotiations (budget and other aspects) back and forth with the Commission before final contract is signed. We expect project start date to be 1 December 2021 at earliest.