

# SPICE UP THE DEAL III



## Background

Maluku used to be known as the Spice Islands, attracting traders from around the world. Today, the spice sector provides a source of income for many Maluku farmers and holds tremendous potential to improve socio-economic conditions across the province. The remote archipelago of Maluku, home to approximately 1.5 million people, is the third poorest province in Indonesia, with 34 percent of the population living in poverty, more than double the national average. It is an important contributor to Indonesia's overall spice production, with the country as a whole being one of the largest spice exporters in the world. With global demand for quality nutmeg exceeding supply, there is an opportunity to restore the glory of the Maluku Spice Islands and improve farmers' livelihoods.

## Project Period

1 November 2015 – 31 October 2017

## Beneficiaries & Target Areas:

The program targets nutmeg and clove farmers in Ambon, Seram, and Saparua Islands, Maluku province.

## Goal and Objectives:

The goal of the program is to improve the ability of the spice value chain to benefit poor farmers and increase their income by improving the capacity of the Maluku Spice Council to be an effective business hub that advances the development of the spice market. SUD III focusses on supporting the Maluku Spice Council to fully take on the leadership and management of market development efforts, thereby ensuring long-term sustainability of the SUD program.

The specific **objectives** of the program are:

1. The Maluku Spice Council has the institutional structure and capacity to fulfill its role as business hub.
2. The Maluku Spice Council supports farmer business groups to act as aggregators that sell sufficient quantity of good quality products to bug buyers/exporters.
3. The Maluku Spice Council promotes spice trade and attracts buyers to Maluku in collaboration with the government.



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## » Approach

Spice Up the Deal was designed to foster systemic changes to develop equitable nutmeg and clove markets in Maluku and increase the income of spice farmers. The program works closely with the Maluku Spice Council, local government, farmers, traders, and other key actors involved in the production, processing, trading and export of nutmeg and clove.

Since the earlier phases of the program, SUD has been supporting 15 farmer groups, building their capacity to function as business groups that act as collection centers, sorting quality produce and generating sufficient bulk to sell to buyers. The program has been providing business management capacity building as well as training on good agricultural practices.

The program has also established the Maluku Spice Council as a key actor to promote Maluku spices to the global market, facilitate cooperation with public and private sector stakeholders and foster 'win-win' business relationships between farmer groups and buyers.

During this final phase of SUD, Mercy Corps is concentrating its efforts on empowering the Maluku Spice Council to fulfil its role as business hub and leader of the province's spice market development efforts. Mercy Corps has provided the Council with institutional

capacity building and financial support, helping it to undertake organizational restructuring and to implement various market development initiatives.

Finally, in an effort to improve the business enabling environment, the SUD team and the Maluku Spice Council jointly engage with multiple public and private sector players, spearheading a process of restoring export operations in Ambon, which is of critical importance not only to the development of the spice trade but to Maluku's economic development in general.

