

Experience of KORMA in Developing an Internal Control System

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The story started when a state-owned enterprise wanted to implement its corporate social responsibility (CSR) program by aiding rice farmers in the district of Pomalaa, regency of Kolaka, province of Southeast Sulawesi. By collaboration with Katari, the company supported the development of organic rice by using the system of rice intensification (SRI). The program conducted a field class along one planting season, with weekly sessions. The training materials included soil ecology, organic fertilizers, planting patterns, integrated pest management (IPM), seed management, and post-harvest processing.

Afterwards, the program conducted training-of-trainers (TOT) that trained several facilitators to manage the second cycle of the field class. These guides then agreed to found an organization called Pomalaa Organic Community (Komunitas Organik Pomalaa, KORMA). This organization is expected to be a medium for farmers and supporters of organic farming in the Pomalaa District.

After the rice production in the first season was successful and the rice gained market, several farmers were interested to implement organic farming. As part of assuring organic plots, the farmers agreed to implement an internal control system (ICS). To facilitate the effort, ICS training was provided for KORMA members.

By using the knowledge from the ICS training, KORMA started to implement the ICS in the second planting season in 2010. In the beginning of ICS implementation, there were 8

inspectors, all farmers from five villages in the Pomalaa district. KORMA distributed the inspection task across villages, i.e. an inspector from a certain village was not allowed to inspect the plots in his own village. KORMA arranged that each inspector examined plots that are the farthest from his own village. This is to avoid a conflict of interest or collusion between instructors and farmers, thus assuring the objectivity and accuracy of inspection results.

The recurring problem is that, as most farmers are not well-educated, they could not provide data regarding cultivation techniques, while some others do not understand the theory and principles of organic farming. For example, when being asked, “What are the characteristics of fertile soil?”, they would reply, “Black color.”

To respond to the challenge, KORMA gives the leader of each local group the responsibility of guiding the farmers when filling in the forms on cultivation techniques. A facilitator, while completing the survey, would also explain the principles of organic farming and engage the farmers in discussing farming problems.

Another problem is that oftentimes the organic farmers work on other people’s plots. When the plots they managed appear fertile and produce good crops, the owner might decide to take over the farming work and ironically put the plots back to conventional farming. If the tenant farmer moves to another plot, the data will change and need updating. This is another difficult challenge faced by KORMA inspectors on-site.

The Bittersweet Experience of KORMA ICS Inspection

Based on agreed standards, KORMA inspects farmers’ plots at least twice in one planting season. The first inspection is usually performed 2-3 weeks after planting, when the weeds grow the fastest. If a farmer tries to control the weeds by spraying chemical herbicides, it will show through the change of color and condition of weeds. The weeds treated with herbicides will turn yellowish and dry out. The second inspection is performed when the rice plants start to produce grains, because at the time farmers would normally control pests by spraying chemical insecticides. KORMA inspectors would recognize the symptoms of herbicide-treated weeds, because they were once conventional farmers themselves.

KORMA executives gladly take the role of ICS inspectors, because during inspection they could engage with KORMA farmers, providing inspiration and exchanging experience. They

could learn a lot of new things while conducting site visits to KORMA farmers, regarding agricultural problems and the farmers' needs and aspirations.

After the plots are examined by inspectors, the results are discussed in the Moderation Committee to get recommendations whether the plots could be approved as organic and whether the farming methods need improvement.

Within the three years of inspection, the number of ICS inspectors once decreased because several of them moved out of KORMA. Sometimes, some assigned inspectors did not fulfill their duty of inspecting the assigned village. The ICS coordinator and head of KORMA would then need to take over their duty.

Apparently, in the future the challenges KORMA face would become greater. However, the members remain optimistic and are confident that they can overcome the problems.

Entering the second planting season in 2012, KORMA decided on an incentive of IDR 50/kg of *gabah* (unhulled rice) that comes from inspected plots and was bought by KORMA. For example, inspector Apriadi examined the paddies of Pa Beddu. Pak Bedu harvests 1.5 ton of *gabah*, assured as organic rice by the Moderation Committee of KORMA. The rice bought by KORMA was 1 ton, thus inspector Apriadi would get an incentive of IDR 50 x 1000 kg or IDR 50,000.

In the future, KORMA expects to get access to a larger, stronger organic assurance medium to assure the organic quality of its members. KORMA also expect support for the participatory organic quality assurance (Penjaminan Participatif Mutu Organik, PAMOR) in the KORMA region in Southeast Sulawesi.

The understanding of organic standards seems to be a chronic problem among organic farmers. This problem is also faced by KORMA and KATARI, whereby the understanding of ICS executives and members on organic standards are less than satisfactory. The lesson learned from the implementation of ICS is that all collaborating parties must agree on the same goals and possess the same level of understanding and motivation. Meanwhile, the knowledge and skills of all ICS executives and members must be continuously improved. Intensive guidance also greatly influences the members' motivation and the progress made by the ICS organization. Besides, the business scheme must be clear and the benefits for ICS executives should also be considered.