



Kawanasi is a 7-year-old company based in Jakarta that sources Kenari nuts from the Kayoa people, one of the indigenous groups living on the Spice Islands in the eastern part of Indonesia, around 1,600 km east of Bali. This region of Indonesia is known for its fertile volcanic soil and is home to lush rainforests. The company flavors the nuts and packs them for sale to both retail and wholesale buyers. Retail packs carry the East Forest Kenari Nuts brand.

The company is the first organic certified Kenari nuts producer, and has been certified by EU, USDA, and JAS (the Japanese equivalent of USDA). In 2023, East Forest Kenari nuts won the Best New Product Awards at Biofach, an internationally acclaimed organic exhibition. This recognition should accelerate consumer acceptance of this new product.

Kawanasi has been operating profitably since 2019 and has accumulated ~\$575k of net worth. Due to their business cycle – advance and upfront payment to local collectors for nuts which are then processed before local and export sales, the company requires working capital facilities to bridge this gap in cash flow. In 2023, Kawanasi signed a contract with a large local supermarket chain to supply its stores. In Q4 2023, Kawanasi will begin exporting to the US and EU, and they hope to secure a larger inventory of nuts for this business expansion. The company is seeking a \$100k working capital loan from the Reciprocity Fund to finance the purchase of more raw materials.

## IMPACT OVERVIEW

Impact Summary	
Additional income for beneficiaries from Kenari nuts, a valuable non-timber forest product, leading to forest protection. Training in sustainable agriculture and better product handling, raising quality standards.	
No. of beneficiaries	200 persons
% Women	60

## COMMUNITY

	<b>Country</b>
	Indonesia
	<b>Municipalities</b>
	The Spice Islands, Eastern Indonesia
	<b>Communities</b>
	Kayoa

## Impact Background

Kawanasi sources their Kenari nuts from the Spice Islands in Eastern Indonesia. Among them are Maluku Island, located on the east of Sulawesi and west of New Guinea, and Alor Island, the largest island in the Alor Archipelago and is one of Indonesia's 92 officially listed outlying islands. It is located at the eastern end of the lesser Sunda islands, which from the west include islands such as Bali and Komodo. The Spice Islands are fertile with volcanic soil and have a very rugged terrain. The rugged terrain on the island also means it has an abundance of tropical rainforests.

The Kayoa people are the main tribal group living on the islands Kawanasi sources Kenari nuts from. They mainly speak two native languages – Makian and Bacan. They are used to the rich forests and seas that have surrounded them for centuries. Although they have not participated much in the formal economy, they have lived well off natural resources. More recently, younger generations have been enticed to join mining companies, and a trend may soon be established if we do not provide a way to protect the forest while being empowered economically.

Fragile rainforests, including those on Maluku and Alor Island, that act as the world's carbon sinks are at risk of being lost to illegal logging and mining and being converted to oil palm plantations. In June 2023, Indonesia decided to legitimize oil palm plantations in areas zoned as forest land, drawing sharp criticism for undermining efforts to curb deforestation. As it is, around 3.3 million hectares - about a fifth of the 16.8 million hectares of oil palm plantations in the vast archipelago, are in forest areas.

Forest areas are ceded to conglomerates to turn into monoculture plantations when indigenous communities to whom the forest is home struggle to make a living. This struggle drives younger generations away from their families of origin to seek employment in the cities, splintering the family unit.

Illegal gold mining that uses mercury poses another present threat to rainforests. Even though mining with mercury is banned in Indonesia, opportunistic community miners continue to use it to the detriment of human and animal health. Mercury often enters the human body through the fish they eat. The guardians of the forests need a more sustainable means of making a good living from what the forests generously provide.

## Impact Delivery

Kenari trees are native to northern and eastern islands and regions of Indonesia. They thrive in the wild, especially on volcanic soil and can grow to be more than 40 meters tall. The economic value of these trees comes from its fruit, which needs to be double-shelled and have a final skin removed before getting to the Kenari nut. The nut is mild-tasting and has a buttery mouth feel. In terms of nutritional value, Kenari nuts have higher protein, phosphorus, potassium, magnesium, manganese, and iron compared to macadamia nuts, its closest-tasting nut counterpart.



Figure 1 Wild Kenari Trees on Fertile Volcanic Soil (Photo from Kawanasi Website)



Before the economic value of Kenari nuts was known, locals did not hesitate to chop Kenari trees for timber. Now, Kawanasi buys nuts sourced traditionally, reshaping their perspective of a natural resource they have on hand and lifting farmer incomes in the local community. Kawanasi goes a step further to source some flavoring ingredients from the locals, like palm sugar, cinnamon, and cacao. This encourages the local community to preserve the precious biodiversity within their forests, a behavior the younger generation would be quick to catch. A diverse forest also sequesters carbon at a faster rate, improving the environment.

Other social benefits Kawanasi creates are women empowerment and education. 60% of the village folks Kawanasi buys Kenari nuts from are women. Empowering women economically raises their social standing in a male-dominated culture. Kawanasi conducts regular training on the requirements of organic standards – harvesting, processing, and soil management. This education combines the local knowhow with international standards, raising the quality of the harvest.

The area where Kenari trees grow is often also high in mineral deposits such as nickel-cobalt, copper, coal, bauxite, gold, and silver, making them attractive targets of mining corporations. Locals can now say no to miners who encroach on their land because they are monetizing products from the forest and have an adequate means of making a living. The Ministry of Environment recently encouraged Kawanasi to sign a lease agreement with the locals to formalize their verbal agreements. Under this lease agreement, locals cannot cede their land to mining companies and will further secure Kawanasi’s supply chain and protect the forest.

**Outcome**

- Improvement of livelihood*
  - Kawanasi raises the income of the Kayoa people living on the Spice Islands in Eastern Indonesia when they buy sustainably harvested Kenari nuts from them.

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- Environmental preservation*
  - Kenari trees are now preserved for nuts instead of being chopped for timber.
  - Biodiverse forests are protected from illegal miners and plantation developers, acting as effective carbon sinks for the planet.



### The founders



Before founding Kawanasi, Felix, who has a background in psychology, worked in Malaysia. He has always had a passion for empowering the vulnerable through education. In Malaysia, he chose to provide free English and computer training to Indonesian migrant workers.

Debby used to work for a large US FMCG company in Indonesia. Since young, she has suffered from eczema which drove her to pursue a healthy lifestyle, using natural ingredients to remedy her condition. It was during their

trip exploring the most eastern parts of Indonesia that they were introduced to Kenari nuts by the indigenous locals they visited.

Further research, including lab tests to determine nutritional values of the Kenari nuts confirmed it as a viable means of expressing their passion through a viable business. Kawanasi was thus birthed and we believe the integrity of the founders and the potential of this new product will make this a worthwhile loan to extend.