Swiss State Officials Explore the Heart of Indonesia’s Cocoa Production
Welcome

Dear Readers,

I would like to welcome you to this edition of the Journal that covers the visit of two VIP guests to Swisscontact Programs in Indonesia: the Swiss State Secretary for Economic Affairs, Mrs. Marie-Gabrielle Ineichen-Fleisch in April 2015, and the President of the Swiss Council of States Mr. Claude Hêche, in November 2015.

Both of our honored guests had the opportunity to join stakeholders and meet with cocoa farmers participating in our Program, Indonesian officials and Swisscontact staff. Mrs. Ineichen-Fleisch shared her wish that Indonesia will become the world’s largest cocoa producer, while Mr. Hêche said that the warmth he experienced made him feel like he was visiting old friends during his trip to Indonesia.

These two visits celebrated the friendly relations between Switzerland and Indonesia, and I hope you will enjoy this Journal covering their important visits to the heart of cocoa production Sulawesi, where 65% of Indonesian Cocoa comes from. These visits are vitally important in enabling greater understanding of sustainable opportunities in Indonesia.

Finally, I would like to extend my sincere appreciation to all who have worked so hard to design, implement and measure our progress. Thank you and enjoy!

Manfred Borer
Country Director Swisscontact Indonesia

Table of Content

2 WELCOME
from the Country Director Swisscontact Indonesia

4 SUSTAINABLE COCOA PRODUCTION PROGRAM

6 THE SWISS STATE SECRETARY FOR ECONOMIC AFFAIRS
6 Walking the Path of a Sustainable Cocoa Chain
8 A Sustainable Upstream Cocoa Chain
10 The Global Downstream

12 THE PRESIDENT OF THE COUNCIL OF STATES
12 Growing Kinship and Lasting Cooperation through Cocoa Sustainability
14 The Origins of Cocoa
16 From Cocoa to Chocolate
18 SCPP CLUSTER MAP
20 TARGETS & RESULTS
21 SUCCESS STORIES
21 Rusnadi
21 Herman
The Sustainable Cocoa Production Program (SCPP) is a large public-private partnership between Swisscontact and the Swiss State Secretariat for Economic Affairs (SECO), the Sustainable Trade Initiative (IDH), the Embassy of the Kingdom of the Netherlands (EKN), the International Fund for Agricultural Development (IFAD), and the Millennium Challenge Account-Indonesia (MCA-I). At the national level, SCPP works with the Indonesian Ministry of Home Affairs, while on the regional level, the Program works with provincial and local governments. Private sector partners in the Program are the large national and international institutions: Barry Callebaut, BT Cocoa, Cargill, Ecom, Mars, Mondelez International, Nestlé, and Olam Cocoa as well as financial institutions and research organizations. SCPP is a member of the Cocoa Sustainability Partnership (CSP) and the Partnership for Indonesian Sustainable Agriculture (PISAgro).

SCPP’s current phase as per contracted targets so far is to increase 98,000 smallholder farmer families income from cocoa by at least 75%, while reducing Greenhouse Gas emissions in the cocoa sector. By implementing proven and effective development strategies, SCPP also addresses economic, social and environmental dimensions. The program offers cocoa farmers field school training on Good Agricultural Practices (GAP), nutrition, environment, business and social practices and financial literacy. The Program promotes the establishment of superior clone nurseries, creates transparency in a sustainable supply chain, facilitates access to local financial service providers, and strengthens farmer organizations. The current SCPP phase is planned for the period of 2012 to 2018, and is spread across 29 districts in 7 provinces in Indonesia.
The Swiss State Secretary for Economic Affairs

Walking the Path of a Sustainable Cocoa Chain in Mamuju

April 21st and 22nd were remarkable days for the Indonesian cocoa sector. The Swiss State Secretary for Economic Affairs, Marie-Gabrielle Ineichen-Fleisch, visited Mamuju, in the heart of Sulawesi’s cocoa producing region. Switzerland, a well-known leader with regard to sustainability in the global cocoa value chain, supports the Sustainable Cocoa Production Program (SCPP), designed and implemented by Swisscontact.

The visit aimed to review the progress of Switzerland’s partnership with the Indonesian Government, local smallholder cocoa farmers, and the private sector for the promotion of a sustainable cocoa value chain. The State Secretary followed the steps of the cocoa value chain, to explore how cocoa is processed to end up on Swiss store shelves. The value chain from upstream to downstream is as rich and compelling as the endless array of the final product’s flavors. H.E. Dr. Yvonne Baumann (Swiss Ambassador to Indonesia), Hans Joehr (Corporate Head of Agriculture Nestlé SA) and Samuel Bon (CEO Swisscontact) also participated in the visit, accompanied by Manfred Borer (Country Director Swisscontact Indonesia) who is also the Program Director of SCPP.

From left to right:
1. Hans Joehr, Nestlé’s Head of Agriculture showing a healthy cacao seedling; 2. Manfred Borer showing various of quality top grafted cacao seedling prepared for planting; 3. The delegation observing field school training for the Karya Tani Farmer Group on Good Agriculture Practices

The map shows key locations in the Sustainable Cocoa Production Program in Indonesia:
- Tampa Padang Airport
- Nestlé Cocoa Plan Farmer Group ‘Tunas Harapan I’
- Nestlé ED-Farm
- Mamuju Governor’s official house
- Sekata Cooperative
- Nestlé Cocoa Plan Farmer Group ‘Karya Tani’
- BT Cocoa Warehouse
- Tampa Padang Airport
- Sultan Hasanudin Airport Makassar
- Barry Callebaut Cocoa Factory
- Meeting venue in Makassar
After half an hour driving, the State Secretary and entourage arrived in the Kallukku Village to visit the Tunas Harapan I Farmer Group. State Secretary Ineichen-Fleisch took part in a discussion about the Program’s holistic approach and how farmer’s lives are improving. The State Secretary reviewed the group’s facilities, including a demonstration plot farm, an organic nutrition garden and a nursery with the capacity to produce six thousand cacao seedlings per year.

In West Sulawesi, the State Secretary visited a village where SCPP and the Nestlé Cocoa Plan have established facilities for farmer groups to strengthen farmers’ capacity to make farm management decisions based on a better understanding of new farming techniques, circumstances and priorities. One goal is to achieve food security and to improve nutritional quality through home gardening. A second goal is to ensure the availability of high-quality planting material at the village level. State Secretary Ineichen-Fleisch then headed to the Tadui Village to visit the Nestlé Experimental and Demonstration Farm (ED Farm). The three-hectare ED Farm is home to a well-tended clonal garden, a nutrient garden, nurseries, a composting house, a spacious learning hall, a garden house and a bean drying facility. R. Wisman Djaja, the Procurement and Sustainability Director for Nestlé Indonesia, welcomed the entourage and described the layout and function of the facilities that enhance farmers’ cocoa productivity and quality, leading to greater income.

The State Secretary visited a nursery with the capacity to produce six thousand seedlings annually and a composting house with a storage capacity of four tons. She stopped at the garden house to learn about post-harvest processing including pod breaking, bean selection and bean fermentation, demonstrated by farmers.

Later, the State Secretary and guests were invited by West Sulawesi Governor Adnan Saleh to discuss the results of the trip in the Governor’s residence. The Governor expressed his gratitude to State Secretary Ineichen-Fleisch and her entourage for visiting Mamuju. He pointed out the visit was evidence of a good economic partnership in the cocoa industry between Switzerland and Indonesia. “I hope this mutual partnership will provide relevant benefits and develop the economies of both countries,” said the Governor.

In response, the State Secretary said that she was amazed by that day’s field visit and was excited about more to come. The State Secretary praised the dynamic collaboration of all leading cocoa actors facilitating local farmers to improve their cocoa productivity and quality. The State Secretary said that she hopes Indonesia’s goal to be the world’s largest cocoa producer can be realized.

Governor Adnan Saleh handed out souvenirs to State Secretary Ineichen-Fleisch, Ambassador H.E. Dr. Yvonne Baumann, Hans Joehr and Samuel Bon as tributes to the visit. The evening ended with a musical opportunity not to be missed: the guests showcased their musical skills by singing and dancing along with their hosts!
The Global Downstream

The State Secretary travelled to the Bebanga Village to meet with the Karya Tani Farmer Group, trained in Good Agricultural Practices (GAP). Karya Tani is one of 167 farmer groups who benefit from sustainable, best-farming management facilitated by the Program in the province.

The entourage then visited the Sekata Cooperative in Pamulukkang Village. The Cooperative was established by farmer groups who were supported with managerial, financial and organizational skills during Farmer Field School training. There, a range of bean sales activities such as bean data collection, bean weighing, and bean quality control up to price determination were showcased by the Cooperative.

Afterwards, the Swiss State Secretary visited the BT Cocoa warehouse and was welcomed by Thomas Jasman (CEO BT Cocoa), who explained the cocoa supply chain established through partnership with SCPP and the Nestlé Cocoa Plan. He explained how the price determination is based on thorough bean quality control. Since April 2015, over 5,000 participating farmers, divided into 167 farmer groups from the Mamuju and Majene districts have sold beans in groups to BT Cocoa buying stations because of a guaranteed fair price, recorded in CocoaTrace®.

The State Secretary then travelled to the city of Makassar and visited the Barry Callebaut – Comextra Majora’s grinding factory. The Swiss State Secretary could see beans from smallholder farmers processed into high-quality semi-finished products, such as cocoa mass, for the export market. In empowering Indonesian farmer’s competitiveness, Barry Callebaut will be working with SCPP and the Nestlé Cocoa Plan to train 8,000 new farmer households in West Sulawesi. While in West Sumatra, Barry Callebaut collaborates with SCPP to facilitate trainings for 4,500 farmers. The event series of State Secretary Ineichen-Fleisch ended with a cordial meeting over dinner with South Sulawesi Governor Syahrul Yasin Limpo. On this occasion, the State Secretary and entourage were entertained with folk dances called ‘gandrang bulo’ and ‘pagelu’ performed by local youth.

During the visit, the Governor stated the importance of the partnership between Switzerland and Indonesian, and in particular with South Sulawesi. The province has aggressively supported the cocoa sector by growing nineteen million cocoa trees in the last five years, resulting in the improved competitiveness of local farmers. In South Sulawesi, SCPP partners with Cargill and Mondelez International in Bone and Soppeng to train six thousand cocoa farmer households.

In response, State Secretary Ineichen-Fleisch said that she was very pleased with her first visit to the province and thanked the Governor and his officials for their warm greetings. She emphasized that her visit was aimed at ensuring the sustainability of the partnership between Switzerland and Indonesia.

Concluding the friendly night, the State Secretary complimented Swisscontact – SCPP for bringing together the public and private sectors in this context to cooperate with local government. She said it was exciting to see the governments of South Sulawesi and West Sulawesi in cooperation with world’s industry leaders. SCPP, she said, is creating a pivotal change in the industry, empowering cocoa smallholders to act for their welfare and ensure global cocoa sustainability.
Growing Kinship and Lasting Cooperation through Cocoa Sustainability

In November 2015, the President of the Council of States from Switzerland, Claude Hêche visited Indonesia where he spent three days visiting the Sustainable Cocoa Production Program (SCPP), one of the flagship programs of Switzerland’s trade support to Indonesia. The Program aims to improve the quality and quantity of the production of the 98,000 small Indonesian cocoa producers located in 29 districts and 7 provinces, mainly in the regions of Sulawesi, Sumatera and Nusa Tenggara by 2018. To date, the Program has contributed to raising the producers’ productivity by an average of 55%, with annual production increasing from 450 to 700 kgs per hectare.

During his stay Mr. Hêche devoted a considerable amount of his time to a number of different projects of the economic cooperation and development program initiated by Indonesia and Switzerland, and went to Sulawesi to talk with different stakeholders in the cocoa production chain. He met with stakeholders ranging from small producers to representatives of major cocoa manufacturers. He also met with representatives of local government and the wider communities. He commended the success of this program, which is the largest and most fruitful public-private partnership in the Indonesian agricultural sector.

Joining with the President of the Council of State from Switzerland, were the Swiss ambassador to Indonesia, H.E. Dr. Yvonne Baumann, Cedric Stucky, Ruben Chrino Ochoa, Julia Pupella (Honorary Consul of Switzerland in Makassar), Martin Stottele (Head of Economic Development Cooperation in Indonesia), and Steve Tharakan (Attaché Swiss Embassy Jakarta).
On 15 November 2015, Mr. Hêche and his entourage arrived at the Sultan Hassanuddin International Airport in Makassar. The entourage was welcomed by Chairman of the Inter-parliamentary Cooperation Board (BKSAP) Regional Representatives Council of the Republic of Indonesia, AM Iqbal Parewangi.

The group travelled to two districts in West Sulawesi: Polewali Mandar and Majene. There they met with various stakeholders from the Cocoa sector.

On 15 November 2015, the group travelled to Mandar. Mandar is one of five districts in the province of West Sulawesi and is home to approximately 400,000 people. This district has very fertile soil and hosts large rice paddies, as well as plantations of cacao trees and coconut palms.

When the entourage arrived in Polewali Mandar, Mr. Hêche was welcomed by Fahmi Massiara, the Vice Regent of Majene City. Mr. Hêche expressed to his host how he looks forward to learning about future plans and ways to improve the public partnership built by Swisscontact through SCPP.

The delegation and the Vice Regent attended a Farmer Field School (FFS) and was welcomed by the Bukit Tapulaya Group farmer group at the village of Ulidang. The farmers expressed their gratitude to Nestle and Swisscontact for visiting their village and the knowledge shared through Good Farming Practices. The farmers expressed the wish that the Program in their area would be sustainable and continue to benefit greater numbers of people. Mr. Hêche emphasized how important it is to complete and finalize the project together, and he said he believes that a contribution from all stakeholders is needed, with an emphasis on the representatives of local government. He said that successful cocoa farmers from the area are role models for other farmers, and he emphasized the commitment through Swisscontact to support farmers in Indonesia. During his visit, Mr. Hêche gained practical knowledge on side-grafting from SCPP facilitators Sulaiman and Herman, local farmers supported by Nestle. Mr. Hêche practiced his new skill by planting a cacao seedling in the FFS cocoa farm.

Martin Stottele, representing SECO, added that this project is funded by the Swiss Government, MCA-I and several other private sector partners. The continuation of the project until 2020 is currently under discussion. The Swiss government believes that this Program is a success and supports the continuation of long-term support.

The day was ended by visiting the Barry Callebaut Farmer Warehouse and Barry Callebaut farmers in Majene. Manfred Borer, Country Director of Swisscontact Indonesia, explained the traceability feature of the CocoaTrace application, the system that Swisscontact uses to monitor the Program. Mr. Borer explained how CocoaTrace monitors all stakeholders openly, and shares information about the productivity of farmers trained by Swisscontact. CocoaTrace allows Swisscontact and partners to track cocoa back to a specific farmer. Later, Lachlan Monsbourgh from Barry Callebaut explained the usefulness of the nursery house and the process of seed preparation.
On 17 November, the final day of the field visit, Mr. Hêche and his entourage travelled back to Makassar to meet with the Vice Governor of South Sulawesi: Ir. H. Agus Arifin Nu’man, MS.

Mr. Hêche commented on the increasingly strong relationship between Switzerland and Indonesia that he experienced throughout his stay. He was impressed by how well this relationship is working in South and West Sulawesi. Mr. Hêche agreed with the Vice Governor who said there is tremendous potential for the nine million residents of the area in the fields of tourism, fisheries and agriculture. The Vice Governor also stated that he hoped this important visit would open new channels of cooperation with the region, especially with South Sulawesi.

The group travelled to visit a production site, operated by the largest cocoa producer in the world: Barry Callebaut in Makassar. Lachlan Monsbourgh from Barry Callebaut led the tour and acted as a guide, explaining more about the company and activities taking place in its warehouse.

The delegation had the opportunity to see the process of chocolate making first-hand. All visitors donned protective clothing and were guided through the facility. Inside, the delegation learned about production and studied the process of turning cocoa beans into a chocolate bar that ends in the hand of the consumer.
Swiss-Indonesian Partnership for Sustainable Cocoa Production

Cluster Map

- 7 Provinces
- 29 Districts
- 9 Private Sector Partners
Swiss-Indonesian Partnership for Sustainable Cocoa Production

**Targets & Results**

### West Sulawesi

<table>
<thead>
<tr>
<th>GAP Participants</th>
<th>GNP Participants</th>
<th>NURSERY</th>
<th>GAP Participants</th>
<th>GNP Participants</th>
<th>NURSERY</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,000</td>
<td>6,000</td>
<td>80</td>
<td>8,139</td>
<td>4,956</td>
<td>83</td>
</tr>
</tbody>
</table>

### South Sulawesi

<table>
<thead>
<tr>
<th>GAP Participants</th>
<th>GNP Participants</th>
<th>NURSERY</th>
<th>GAP Participants</th>
<th>GNP Participants</th>
<th>NURSERY</th>
</tr>
</thead>
<tbody>
<tr>
<td>14,000</td>
<td>6,000</td>
<td>155</td>
<td>14,008</td>
<td>7,676</td>
<td>140</td>
</tr>
</tbody>
</table>

### Implementation Areas

**Implementation Areas in West Sulawesi**

- Mamuju
- South Sulawesi

**Implementation Areas in South Sulawesi**

- Bone
- North Luwu
- South Luwu

### Provincial Farm Productivity

**West Sulawesi**

- Baseline: 574
- Postline: 435

**South Sulawesi**

- Baseline: 732
- Postline: 564

### Cocoa Farmers per Regency

**West Sulawesi**

- Mamuju: 3,800
- South Sulawesi: 7,500

**South Sulawesi**

- Bone: 2,502
- North Luwu: 2,862
- South Luwu: 3,018

### Targets & Results

**South Sulawesi**

- Vector
- Village
- Subdistrict
- District

**Implementation Are as in West Sulawesi**

- Cocoa Farmers per Regency: 2,547

**Implementation Are as in South Sulawesi**

- Cocoa Farmers per Regency: 2,862

### Success Stories

**RUSNADI: ADDITIONAL INCOME FROM A NURSERY**

A Successful Alumnus of a SCPP Field School from Salukayu Village, Mamuju District, West Sulawesi

“I can apply what I learned during the Farmer Field School every day. I use the lessons of Good Agricultural Practices, (frequent harvesting, pruning, sanitation and fertilizing), which in my experience are highly effective in reducing the pests and diseases that attack our cocoa farms. I am grateful to Swisscontact and Nestlé for the Farmer Field School and nursery program in my village. Our Padang Utama group members don’t have to buy expensive cacao seedlings from external suppliers anymore, and now we produce our own high-quality seedlings.

We have been able to sell one thousand top-grafted seedlings to non-member farmers and have made a profit of IDR 4,500,000. I hope that this program will continue providing guidance to farmers and help them sustain cocoa production and improve their lives.”

**HERMAN: MY DECISION TO STAY WITH COCOA**

Alumnus from Ulidang Village, Majene, West Sulawesi

“I thank Swisscontact and Nestlé for helping me boost my motivation to keep growing cocoa through their field school. I’m very glad to have more productive cacao trees so that I can support my family and stay at home with them. More productive trees mean that I don’t have to look for work away from my community.

But it’s not just me who benefits from the program; my farmer group Bukip Apulaya also benefits. My farmer group has grown to 42 members, and I split them into two groups to maximize group efficiency. We hope through group activities we can earn bigger benefits that will help all of us improve our economic situation!”

Swiss-Indonesian Partnership for Sustainable Cocoa Production
Follow us and
130,000 cocoa farmers replacing
15 million unproductive old trees &
in smallholder cocoa farms across
INDONESIA
by 2020

Please scan the QR code
to visit Swisscontact at LinkedIn

Ayo rawat kebun!