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Background and Approach

The Sustainable Cocoa Production Program (SCPP) is a large Public Private Partnership which started in 2012 with a main focus to build better capacity among the cocoa farmers to improve the quantity and quality of cocoa production. Our donors include the Swiss State Secretariat for Economic Affairs (SECO), the Sustainable Trade Initiative (IDH), the Embassy of the Kingdom of the Netherlands (EKN), and private sector cocoa companies, namely ADM Cocoa, Barry Callebaut, Cargill, Ecom, Mars, Mondelez (in partnership with Cargill Cocoa Promise), and Nestlé.

These funding and implementing partners aim to have a sufficient supply of traceable and sustainably produced cocoa beans, to meet the growing processing demand in Indonesia and to strengthen a sustainable supply chain for importing countries abroad. The Program’s target is to increase the cocoa business income of the participating 60,000 cocoa farmer families by 75% in relation to their individual baseline.

Our program introduces an integrated approach to foster improved competitiveness of the Indonesian cocoa sector, which involves: (1) Farming good practices and technology transfer systems; (2) Nutrition and gender sensitivity integration; (3) Farmer organization, market access and certification; (4) Integrated agribusiness financing; (5) Stakeholder management and networking platforms.
Program Results until 2014

We believe that the traceability and transparency of cocoa beans along the supply chain are crucial factors to promote cocoa production sustainability. Since day one of the implementation, we have been tirelessly working towards building a foundation for transparency in the supply chain by partnering with various stakeholders with the ultimate goal to achieve a sector change in the cocoa industry in Indonesia. In 2014, in collaboration with the private sector, we made progress in creating a benchmark for farm certification and traceability best practices by mainstreaming the Management Information System (MIS) of CocoaTrace as a tool to help us achieve this goal.

At outcome level, post-line surveys show that - compared to the rolling baseline productivity of 422 kg/ha/year collected from farm evaluations before - yields increased to an average of 688 kg/ha/year after farmers joined training activities. During the reporting period SCPP has achieved the following training outputs, leading, amongst others, to the above productivity increase of 61%.

6,263 hectares regenerated: total hectares of farms where old or top-grafted with improved planting material to rejuvenate the farm, thus to ensure improved and sustainable yields. As reported in the previous report, monitoring for this indicator is conducted ongoing. An average farmer has already side-grafted around 80 cacao trees (or 10% of his farm) based on SCPP post-line data.

7,684 hectares rehabilitated: total hectares of farms where good agricultural practices have been successfully applied to improve productivity and soil fertility. For this indicator the Program counts all farms which produce at least 750 kg/hectare/year, with the assumption that the farmers have rehabilitated their farms by applying good agricultural practices and organic material. Furthermore, yield increases are possible in well-managed farms with improved planting material and agro-inputs. Farm rehabilitation needs to be performed by all supported farmers to achieve the overall Program target of 1,000 kg/ha/year.

22,304 tons of cocoa beans sold to the industry from participating farmers, with 27% UTZ or Rainforest Alliance certified. Through SCPP’s support, farmers have been certified, and could sell the certified beans to supply chain partners. The results are based on the information of internal control systems, traders and supply chain partners of private sector partners of SCPP.

965 hectares replanted: total hectares of farms where seedlings were planted as replacements for old and diseased unproductive trees. The number is derived from seedling production and distribution from the Program’s supported nurseries only. The produced and distributed seedlings are converted to hectares by dividing them by the average number (farms in Indonesia) of 800 trees/ha with a rate of 90% of successful planting.

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SCPP Core Components

- Farming Good Practices and Technology Transfer Systems
- Nutrition and Gender Sensitivity Integration
- Farmer Organization, Market Access and Certification
- Integrated Agri-Business Financing
- Stakeholder Management and Networking Platforms
Farming Good Practices and Technology Transfer Systems

Manuals and Publications
SCPP continuously refines manuals and produces lessons learned reports to contribute to the cocoa sector development and ensure updated farming techniques for cocoa planting in Indonesia.

In 2014, we developed new manuals for the Agribusiness Financing Facility (AFF) component which drafts of Good Financial Practices (GFP) modules for farmer trainings as well as modules for banks which consist of Cocoa Financial Training and Cocoa Sector Training. All modules are at final draft stage waiting for final feedbacks from partners and relevant stakeholders. Moreover, within our collaboration with the European Union TSP2 project we have updated the post-harvest manual. Currently, the manual is available in Bahasa Indonesia and English.

The Program also published various program reports, success stories, flyers, learning video series, journals, and brochures. We are also frequently covered in newsletter articles sent out by partners or other mass-media publications. For study reports, in between January and December 2014, we developed the following reports:

- A Rejuvenation of the Indonesian Cocoa Orchards: Boosting Productivity and Sustainability by raising Superior Cacao Seedlings in Commercial Farmer-led Nurseries;
- Agripreneur Profiles: A Study of Selected Cocoa Farmers in Mamuju and Majene, West Sulawesi, Indonesia;
- Mid-Term Evaluation Report of Nutrition Training Program for Cocoa Growers and their Families in Indonesia;
- Report on Emission Reduction Measurement Methodology in Cocoa Supply Chains, Indonesia;
- Brief Note: Polybag Sizes in SCPP Cocoa Nurseries.

All publications are available at: http://www.swisscontact.org/en/indonesia/media/publications.html
Master Trainings for Staff and Extension Officers

We believe that having competent master trainers is key to pass on lasting knowledge and skills in good agricultural practices and ensure that they are available locally in each of the SCPP implementation areas. Therefore, we have directed our approaches towards ensuring competency of the master trainers in the Program’s various modules.

Throughout 2014, we have trained a total of 163 master trainers, consisting of 148 government extension officers and 15 private sector staff. The master trainers, in collaboration with the Program field facilitators, are responsible to provide the training for farmers in the field school.

This is intended to guarantee the quality of Farmer Field School (FFS) across the implementation areas by focusing on increasing production, improving yields, educating farmers and transferring technology knowledge.

Since the Program started in 2012, a total of 347,713 training days in GAP have been provided to farmers across all implementation areas. In average, a farmer receives 7.5 training days in GAP modules.

The Program also continues to lobby for allocating funding with the government to allow extension officers to carry out their tasks in the field.

The Program continued to build farmer capacity in Good Agricultural Practices (GAP) modules throughout 2014. Our tiered training system was created to ensure efficient training right up to smallholder farmers at village level. The key farmers (KF) are instrumental in the success of field school as they are the front-liners of our Program. Often, their success stories in implementing GAP drive other farmers to join the training and immediately implement the skills they learn during the FFS in their farm.

In total in 2014, the Program has trained 418 key farmers for the first time, including 7% of female farm leaders. All of them were trained in GAP and farmer group development, while some of them received further trainings in Internal Control/Management System (ICS/IMS) and certification.

Following the KF training, the FFS were conducted. During the reporting period, 15,154 farmers in total (including KFs) were trained in GAP, post-harvest, nursery management, and pest and disease management modules. This brings the total number of cocoa farmers who received training from SCPP from the start of the Program until the end of 2014 to 46,019 farmers, with 19% female participants.

Overall, SCPP has achieved 77% of the 60,000 farmers targeted by the end of 2015.

Cocoa Farmer Trainings
Farmer and Group Nurseries

Efforts to encourage farmers and farmer groups to establish nurseries continued throughout 2014. The Program promotes farmer and farmer group managed nurseries to ensure the availability of high-quality planting material at village level. SCPP encourages the establishment of a standard nursery with a size of 6 x 9m, which has the capacity to produce 1,500 cacao seedlings within 5-6 months, amounting to 3,000 seedlings annually for each nursery. The seedlings produced are primarily used by the farmers themselves for rejuvenation and replanting purposes.

To encourage farmer’s motivation, the Program provides polybags, water pipes, ultraviolet plastic for roof, fencing net, fertilizer and planting material of several superior clones during the first year of establishment. The farmers have to pay for the construction material, such as poles and wood, and for the soil for the polybags. The groups collect membership fees to pay for the construction material and soil, but usually only in the first season. There is no need to hire labor for the construction of the nurseries, since the farmers build the nurseries by themselves. The nurseries are expected to become self-sustaining as the seedling sale begins.

Until the end of 2014, the Program has supported the establishment of 293 nurseries with the capacity to produce up to 537,716 high-quality seedlings per season, resulting in an annual capacity of 1,075,432 seedlings.

SCPP also recently developed a commercial nursery manual to guide the farmers through the challenging process of starting up a nursery enterprise, which involves several financial and administrative steps that the farmers are unfamiliar with. Currently, the report is being finalized and will be published in Q1-2015.

Demo Plots and Clonal Gardens

The introduction of GAP modules through a participatory approach of farmers at group demo plots has been found effective in building farmers’ capacities. The demo plot strengthens the capacity of a group or individuals to make farm management decisions which are based on a better understanding of new farming techniques, circumstances and priorities.

During 2014, the Program has helped groups to establish 484 demo plots. Since SCPP started in 2012 until the end of 2014, the Program has provided technical assistance for farmer groups to maintain more than 1,491 demo plots.

To get high-quality planting material in the rural areas where cocoa farmers live is challenging, especially superior cacao clones. Therefore, we established five clonal gardens in Pidie Jaya and Southeast Aceh districts in Aceh, Mamuju district in West Sulawesi, Tanah Datar district in West Sumatra, and East Kolaka district in Southeast Sulawesi. These clonal gardens have provided budwood of superior clones for farmers who side-grafted their aging cacao trees and/or top-grafted the seedlings in farmer-managed nurseries.
Farm Rehabilitation, Regeneration, and Replanting

To overcome ageing and unproductive trees and increase yields, the Program promotes farm rehabilitation, replanting, and regeneration. Through GAP modules, the Program suggests that farmers make use of the frequent harvesting, pruning, sanitizing, as well as organic and inorganic fertilizing practices (Panen Sering, Pemangkasan, Sanitasi, dan Pemupukan or PsPSP) in their farm for better rehabilitation. Side-grafting methods are advised to regenerate the farm with higher yielding and pests and disease tolerant/resistant material, while replanting using top-grafted seedlings is recommended for the replacement of unproductive trees with new ones.

Encouraging farmers to regenerate and replant their garden was somehow more difficult than advising them to rehabilitate their farm. Despite of the fact that most farmers already received training, and for most cases already saw examples of side-grafted trees, some farmers were still reluctant to side-graft their trees. This was primarily caused by the lack of knowledge and the underestimation of the benefits of regeneration. The farmers worry that they might lose income for some time because the trees will cease to produce until the side-grafted trunk starts yielding. This is also true for the pruning, because farmers’ perception that more branches equal to more pods is still difficult to transform. We believe that long-term assistance and continual training are needed to create a better understanding about farm regeneration and replanting.

Across the implementation areas, the Program established replanting farms as example for farmers to see and learn about the impact of replanting for long-term increased productivity.

Cocoa Farming and Greenhouse Gas Emissions

In line with global and national efforts to reduce the emission of greenhouse gases (GHG), SCPP and its partners aspire to reduce the emission of GHGs in the Indonesian cocoa sector. CO2 emissions from activities in the cocoa sector are expected to increase due to the recent upscaling of cocoa sector activities, mainly targeted to intensify production in existing farms.

As a leader in the PISAgro Cocoa Working Group, the Program has committed to develop a methodology for measuring and monitoring GHG emissions within the cocoa supply chain. We intend to integrate targets for monitoring and mitigation of GHG emission in the Program’s activities to increase its positive environmental impact.

In 2014, the Program engaged South Pole to identify the primary GHG emission sources in the cocoa sector. South Pole’s report provides the methods and parameters to measure GHG emissions from activities at each stage of the cocoa supply chain, including the activities of cocoa farmers, upstream buying stations, regional warehouses, and national cocoa grinders and manufacturers.

South Pole also found a potential to store/sink carbon on cocoa farms, also referred to as carbon sequestration, by promoting planting of on-farm shade and boundary trees, which will increase the carbon stock of cocoa farms. In response, the Program includes a specific methodology in its monitoring system to identify carbon sequestration potential in cocoa farms to balance the GHG emissions for carbon neutral cocoa farming. During the Q1-2015, SCPP will look further into environmental issues and evaluation of cocoa farming impacts on carbon.
In Indonesia, malnutrition is not only caused by non-available nutritious food in low-income families, but it is also a result of inadequate feeding habits. Understanding the importance of balanced nutrition in Indonesia’s communities is still low, especially in remote rural areas. This lack of knowledge leads, amongst others, to both vitamin A deficiency and iron deficiency, affecting especially pregnant and lactating women, and infants. Only 42% of children under six months of age are exclusively breastfed. The inappropriate nutrition has an impact on a child’s ability to grow and learn, and to rise out of poverty eventually.

As response, SCPP implements nutrition component to achieve food and nutrition security by increasing production of nutritious food crops through home gardening and improving nutritional quality of the diet through better food habits and improved child feeding practices.

Recent monitoring revealed that the established home-garden has helped to increase farmer’s household nutrition through a better diet and brought additional income by selling the surplus products of their home garden.
Good Nutritional Practices Trainings

The rationale of GNP is that the improvement of the food and nutrition security is not only important for future cocoa farmer generations because of better physical and mental development, but it also leads to cocoa farmers’ productivity increase.

GNP combines improved performance of the cash crop sector, which for cocoa smallholder involvement is the major production model, with explicit activities to improve smallholders’ livelihoods, including their food and nutrition situation.

Between January and December 2014, 13,553 household members participated in the GNP training, with 76% women attendance. This brings the total number of GNP training participants since the nutrition component started in December 2012 to 21,794 of the targeted 40,000 smallholder cocoa farmer households.

The accumulated training days in 2014 reached 28,707, which brings the total number to 45,189 training days since the beginning of the Program. Both, the training participants and training days have now achieved 54% of the overall Program target.

The recent mid-term evaluation for the nutrition component identified that participants expressed a high interest in receiving nutritional information during the training. Those participants who are the family members of farmer households indicated that they would like to participate again if additional nutrition training is offered. They were especially interested in balanced food consumption and child nutrition. Women groups reported that the information provided was new to them and that in their villages there were no other ways of obtaining such information. They mentioned to find the information necessary, useful and interesting.

Recent monitoring also revealed that some farmer households get additional income by selling the products of their home gardens, and increase their nutrition through a better diet.

The first results of the post-line surveys conducted in 2014 show that IDDS increased to 5.44 and the number of households having their own vegetable home garden has risen by 13% to currently 63% of all households.

**Individual Dietary Diversity Score (IDDS)**

SCPP consistently collects baseline IDDS before the GNP training starts.

<table>
<thead>
<tr>
<th>IDDS Score</th>
<th>Participants in GNP FFS</th>
<th>Baseline IDDS</th>
<th>Post-line IDDS</th>
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<tbody>
<tr>
<td>0.0</td>
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<td>3,020</td>
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<tr>
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<td>3,217</td>
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<td>4,405</td>
</tr>
<tr>
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<td></td>
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<tr>
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<td>32,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.0</td>
<td></td>
<td></td>
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</tbody>
</table>

**Participants in GNP FFS**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Target</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>4,005</td>
<td>3,020</td>
</tr>
<tr>
<td>Men</td>
<td>13,075</td>
<td>10,316</td>
</tr>
</tbody>
</table>
Engaging Women in SCPP

Globally, women’s role in the cocoa production is seldom acknowledged, and this is also true in Indonesia. Throughout the implementation areas, women play substantial roles in family cocoa farming since they are usually responsible for harvesting and drying the cocoa beans.

The Program believes that supporting women along the production chain could deliver enhanced productivity and sustainability in cocoa production, as well as increase women’s economic and social empowerment. The Program strengthens this effort by ensuring at least 20% women participation in the training activities. By providing training and education in culturally sensitive ways, we focused on enhancing women’s participation and learning. During the reporting period, women involvement reached around 19% across all GAP trainings, which includes training for master trainers, extension officers, and farmers.

The Program also consistently encourages women to take roles in the farmer groups and organization boards including various functions, such as head of the group, treasurer, and secretary. Until the end of 2014, around 24% of women have been engaged in important positions in their respective farmer organization, including 8% of females becoming head of the organization. This creates prominent venues for women to be heard during decision-making processes in their communities. However, the rate of women taking part in managing positions is considerably lower (8%) in smaller Cocoa Producer Groups (CPGs).

For the nutrition component, the Program gets a more prominent participation of women, as improving dietary intake of the family is often perceived as the women’s role. Nonetheless, until December 2014, the Program succeeded to involve 20% men across nutrition trainings to disseminate the importance of proper balanced diet beyond the circle of mothers.
Farmer Organization, Market Access and Certification

We consider farmer organizations as the first step to farmer’s capacity building. Much of our approaches have been directed at building group cohesiveness to enable better collaboration between farmers in the group. At village level, each farmer is a member of a Cocoa Producer Group (CPG).

The Program trains a key farmer (KF) who is also the leader of each CPG in master training. Our comprehensive step-by-step system is designed to enable KF, with field facilitator assistance, to provide trainings to the group’s members. The mechanism is established to ensure that technical capacity in GAP, GNP, and GFP will be available locally beyond the Program’s implementation period.
Farmer Groups and Organizations

The Program also encourages groups to establish demo plots as farmer’s ‘laboratory’ to immediately test the Good Agricultural Practices they learned in the field school. The group is obliged to create an internal mechanism to maintain the demo plots and also apply the new farming techniques obtained in the GAP training, such as grafting, pruning, sanitizing, fertilizing, composting, and producing bio-pesticides. Besides the demo plot, the Program also promotes group nurseries that are managed by the CPGs.

Throughout 2014, the Program has facilitated the establishment of 484 new CPGs in Sulawesi and Sumatra. Since the Program started in 2012, it has registered a total of 1,491 CPGs, or around 75% of the overall Program target.

Smallholders Farm Certification

We believe that certified and traceable cocoa is one of the paths to further strengthen cocoa production and to make it sustainable. Hence, the Program is committed to facilitate certification throughout the implementation areas. The Program perceives that farm certification can trigger lasting changes at farm level, fosters better group collaboration by ensuring regular checks from IMS or other members, and also encourages the application of suggested farming practices. We acknowledge that the farmers’ contribution to the success of this Program is enormous, even though the farmer is located at the very end of the verification and certification chain.

In 2014, the Program has supported certification of 2,033 farmers in East Kolaka through UTZ Certified. The coop as a certificate holder has signed a contract with private sector partners and sold 732 MT certified beans in the second semester. A total of 2,899 farmers in North Luwu, East Luwu and Luwu received Rainforest Alliance certification in late 2014. In total, SCPP has supported the certification of 7,683 farms since the beginning of the Program. In Q1-2015, the Program will support 2,451 farmers in Aceh for UTZ re-certification.
Certification and Traceability

SCPP is one of the first cocoa programs using a Management Information System (MIS) to collect, evaluate and report relevant data from every smallholder farmer involved in the Program’s capacity building and technology transfer activities. The MIS is called CocoaTrace, and has been used in its new cloud-based version since January 2014 to record all Program activities and to collect farmer baseline and post-line data surveys. The application not only includes important information such as farmer’s and household’s demographic data, but it also lists every cocoa farm, the number of cocoa trees, their productivity, prevailing pests and diseases, application of best practices, number of trainings, maps containing farm locations, buying stations, etc. The application is also equipped with various formulas to analyze baseline and survey data and present it in the application dashboard allowing users to quickly read farmer’s statistics.

In 2014, the Program shifted the data collection process from paper-based to app-based using Android tablets in all implementation regions. The application also has finalized the traceability feature to record and trace cocoa deliveries from the farm through buying units and traders to the participating industry. The feature has been further tested in November 2014 with two private sector companies: ADM in Kolaka and Cargill in Bone. SCPP plans to run pilot projects with the traceability feature in Q1-2015 in Soppeng, Mamuju, and East Kolaka with the goal that the private sector partners fully integrate CocoaTrace in their supply chain to document cocoa deliveries from SCPP trained farmers.

The Program also continues to promote the utilization of the application along the supply chain, including farmer groups. In 2015, the Program plans to equip IMS with CocoaTrace. Farmer organizations can easily extract data of members’ progress and ensure their compliance to the certification and traceability requirements. The database presented by the application can be used by farmer organizations to monitor members’ improved productivity or agricultural problems as well as the increase of their income from premium prices of certified cocoa beans, as a part of the cooperatives IMS.

On the demand side, relevant stakeholders of certified and traceable cocoa are provided with login information to access the cocoa farmer profiles, farm database, process, production volumes, and post-harvest handling to ensure total transparency. SCPP is transferring the full utilization of CocoaTrace to farmer organizations and supply chain partners. Simultaneously, evaluation is ongoing to improve the CocoaTrace user interfaces and data submission processes.
Integrated Agribusiness Financing Facility (AFF)

**AFF Principles and Strategic Direction**

Access to Finance (A2F) is more than just access to loans. SCPP believes other solutions have to be implemented for those farmers, especially in the area of savings. To reach short-term targets, the Program will not harm the sector by giving a hurried permission to approach SCPP farmers and farmer organizations or to create market distorting interventions like grants, subsidies or guaranteed funds. From a banking point of view none of the supported farmer organizations have the capacity to absorb larger funding.

Baseline data collected in Q4-2014 found out that 41% of SCPP cocoa farmers do not need a loan. Pushing loans without appropriate products might put farmers into over-indebtedness and further lead to a misallocation of funds and their use for consumption. This means, although farmers receive loans, they are neither the loan target of AFF nor SCPP. For the above mentioned reasons, the AFF approach includes appropriate loan and saving products, which are easy to understand, simple to manage, commercially attractive and have a benefit for the farmer’s household.

AFF is also responsible for strengthening the farmer cooperatives further. Some adjustment is made in strategic direction, such as standardized business modules and trainings to support the management of the cooperatives, which often has a highly diverse educational background. Long-term coaching and support will be provided to motivated cooperatives so that they can advance. This allows AFF to focus more on motivated farmer driven organizations.
Smallholder Cocoa Farmers Financial Status Quo

Based on the information from 3,152 questionnaires on finance with a sample size of 20.19% in West Sulawesi, 17.85% in Southeast Sulawesi and 9.15% in South Sulawesi, the Program got a picture of access to formal finance. The Program considers loans from banks and cooperatives as formal, as well as savings accounts in those institutions. The average disbursed loan amount from formal financial institutions as per end of 2014 was 14,000,000 IDR. SCPP estimates that amount lowers to about 10 to 12 million IDR until the end of the Program, because input costs are much lower while amounts saved are difficult to estimate. It should be noted that many farmers are saving money in other places than financial institutions, or invest available money in their own business, where cocoa is a part, but not the only business.

Good Financial Practices Training

AFF operation in 2014 were a promising start for the component, although outcomes were different than expected by donors and industry. From August till the end of 2014, the Program has provided training to 3,916 farmer household members in financial literacy. The training builds farmer’s capacity, especially better planning capacity, provides knowledge about loan requirements, and, most important, it promotes savings. The Program also developed manuals for financial institutions to enhance their understanding of the cocoa sector from a banking standpoint. Until the end of the reporting period, around 1,393 farmers have been receiving loans from financial institutions. The Program will focus on access to loans in 2015.
Coop Strengthening

Program staff continuously provides technical assistance for cooperative development at district level. Throughout SCPP implementation areas, new cooperatives are being initiated, while existing cooperatives assessed their capacity to identify support that the Program can provide.

For the existing cooperatives Koka Jaya in Pidie Jaya, Kelompok Usaha Bersama (KUB) Payung Bersama in Palopo, and Kelompok Gabungan Gapoktan (KGG) Coop in Kolaka, the Program has provided various trainings to the board members to improve their organizational, operational and management capacity. The Program is currently devising a cooperative training curriculum for implementation in 2015.

The baseline data collected in 2014 shows that most farmer cooperatives intend to develop cocoa trading business. In response, the Program is currently assessing the critical impact of this as it might interfere with the current market structure. However, the Program also acknowledged advantages, one of which is that farmers can get fair and higher prices. At present, the Program is working on formulating an appropriate approach for this situation, including the capacity building activities that might be needed to facilitate this in 2015.

Support to Business Development Service Provider (BDSP)

In Q2-2014, the Program involved local BDSP of Lembaga Pengembangan Usaha Menengah Kecil in Makassar for the Sulawesi region and Pusat Informasi & Pengembangan Bisnis (Pinbis) in Aceh for the Sumatra region during the process of developing the financial literacy manual for farmers as well as facilitating trainings for SCPP field staff. SCPP plans to involve Pinbis on a regular basis throughout the AFF training packages to ensure that the knowledge is available even after the SCPP implementation period.

In South Sulawesi, the Program also collaborated with CocoaCare to provide training to become trainers themselves for financial literacy. SCPP also supported another cooperative as BDSP by applying for a partnership with Kiva, a crowd funding platform where social lenders finance particular clients. The Program drafted an Islamic agricultural financing product which will be finalized when the partnership proposal is accepted.
Stakeholder Management and Networking Platforms

SCPP promotes strategic functions of networking platforms, such as for experience exchange, synchronization of capacity building approaches, and know-how sharing. The Program is committed to participate in various platforms as well as to support the implementation of stakeholder management and networking platforms at national and subnational levels.

At global level, SCPP Program Director attended a consultative board meeting and an ICCO organized certification workshop in Zurich, Switzerland, in March 2014, and in June 2014 he took part in the World Cocoa Conference in Amsterdam, Holland. In December 2014, the International Cocoa Council from the ICCO approved SCPP’s Program Director as representative to the ICCO Consultative Board on the World Cocoa Economy, for the 2014/15 and 2015/16 cocoa years.
Role and Contribution of Local Governments

As an International Non-Government Organization (INGO), Swisscontact is working in full coordination with the Ministry of Home Affairs (MoHA). Both central and local government agencies are key actors across all SCPP activities. Between January and December 2014, a number of coordination meetings at national and regional levels were organized as advocacy efforts for a greater contribution from governments towards cocoa sector development, especially in SCPP activities.

The Program also strengthened its structure with capable government relation officers and solid field teams to undertake continuous advocacy to the government.

Government supports for the Program in 2014 are as follow:

- The central government, especially MoHA, has facilitated meeting coordination with provinces and districts where SCPP is implemented;
- MoHA and inter-ministerial teams, which consist of State Secretary, Ministry of Foreign Affairs, Indonesian Police Agency, Intelligence Agency, and Strategic Intelligence Agency, have undertaken the government’s annual monitoring and evaluation of the SCPP activities in Mamuju, West Sulawesi. The monitoring mission concludes that SCPP has contributed to the local government development program in a collaborative manner. SCPP wants to take the good coordination to a more advanced level;
- In-kind government contributions such as technical assistance through various agencies, office space, and pruning shears and tools for FFS participants;
- Several districts agreed to allocate more matching funds to support SCPP initiated activities through the government regional financial management mechanism of Work Plan Development (RKPD) and Regional Annual Budget (APBD) in 2015;
- The Agency of Trade and Cooperative (Disperindagkop) in SCPP implementation areas agreed to support capacity building activities for farmer cooperatives to enable them to manage their cooperatives by themselves;
- The Health Agency (Dinkes) in SCPP implementation areas agreed to provide technical assistance in nutrition through their extension officers to promote good nutrition practice, and also points out the negative impact of pesticide to cocoa farmer households;
- The Forestry and Estate Agency (Dishutbun) agreed to provide tools and equipment for demo-plots, the manpower of extension officers, and some follow-on coaching on farming techniques to cocoa farmers;
- In some districts Dishutbun has started to replicate SCPP training methods for their staff and introduced SCPP best practices to farmers in their sub-districts;
- The Regional Development and Planning Agency (Bappeda) agreed to support with local statistical data, land-use maps, and office space for Program staff. Furthermore, in all implementation areas, Bappeda, as the leading agency of the local government, has facilitated a good coordination between SCPP and relevant stakeholders in terms of reporting, monitoring and evaluating of SCPP.
National Forum and Platforms

From the beginning, the Program has integrated public and private sector partnerships to support its implementation. The initiative is further intensified through the Program’s active participation in various platforms for cocoa sector development and know-how sharing.

At national level, SCPP’s Program Director has been re-elected for one more year to chair the supervisory board of the Cocoa Sustainability Partnership (CSP). The past year has been a year of change, during which Swisscontact had to review the current CSP organization and governance structure. This reorganization has put a lot of additional pressure on the Program Director, but it is aimed at empowering the CSP executive office, and eventually the sustainability of CSP as a cross-sector platform.

Swisscontact’s SCPP has also become a full member of the Partnership for Indonesia’s Sustainable Agriculture (PISAgro) and is leading the Cocoa Working Group. The Cocoa Working Group has become the benchmark for other working groups as we continuously deliver excellent results in implementation, reporting and public appearances.

Regional Forum and Platforms

The Program continuously supports the development of four regional Cocoa Forums in Sulawesi and Sumatra, and starts to link them with CSP. The board of all Cocoa Forums participated in CSP General Assembly Meetings and shared updates and concerns about the cocoa sustainability development in their respective region.

The CSP executive team got involved in the Cocoa Forum’s capacity building and joined regular meetings of the regional Cocoa Forums. As part of SCPP’s sustainability, the handover of the support of the regional Cocoa Forums has been prepared in 2014 and will be conducted in 2015, so that CSP will be fully endorsed.
SCPP collects the baseline from every single beneficiary in SCPP and aims to have post-line surveys from at least 10% of supported farmers annually to measure the impact of SCPP’s overall activities, looking at three indicators: farmer’s increased income, additional jobs created, and school attendance rate.

The Program uses the latest update of the Progress out of Poverty Index developed by the Grameen Foundation and recommended by the Committee on Sustainability Assessment (COSA). By collecting data using simple questionnaires, SCPP estimates the cocoa farmer household’s likelihood of having expenditure below the Millennium Development Goals’ Poverty Line of USD 1.25 per day.

The information that was collected from about 5,000 farmers during post-line surveys up to 2014 shows a decrease in poverty rate by 2%, thus improvement in SCPP farmers’ living conditions since 2013 when the last PPI version was used. SCPP believes that by enhancing the farm productivity and cocoa quality, by improving the health of the farmer’s family and by generating extra income from either establishing nurseries or certification premiums, the Program has contributed to this proven movement out of the poverty circle.
Reducing Poverty through Increased Income

The Program evaluates participating farmers’ increased income only from their cocoa farming business. Other sources of income are not considered for this indicator measurement. Therefore, until further impact evaluation mission dispatches, the Program rules out that a 75% income increase can be attained through the increase of yields by at least 75%. Over the course of the implementation, SCPP regularly collected data from at least 10% participating farmers for post-line surveys to measure changes including income increase.

With the above mentioned rule, as per data available until the end of 2014, around 25% of the overall supported farmers, amounting to more than 11,500 households, have increased their income by at least 75%.

Reducing Poverty through Job Creation

Measuring additional jobs created through smallholder’s cocoa farming business is difficult due to the traditional farming management. Therefore, the Program defines that the number of jobs created is only measured from those classified as paid workers, not the family labor.

The data collected during the post-line surveys are still being verified at this time. In-depth evaluation is needed on the field level to monitor the increase in job opportunities in the farms and further in the cocoa value chain.

Through the certification process, the program has also established ICS/IMS structures in several districts in Sulawesi and Sumatra. These ICS/IMS members are working on a part-time basis during the internal audit in the cocoa sector development. Since the beginning of the Program until the end of 2014, the Program has created 147 jobs in farmer organizations linked to the certification process.

To deal with an insufficient number of qualified staff and secure their availability in the future, SCPP has initiated an apprenticeship program to train talented fresh graduates and motivate them to work later in the highly potential cocoa sector. First results of the pilot program will be stated in the next report.
Reducing Poverty through Increased School Attendance

There are clear linkages between education, poverty reduction and sustainability. The Program believes that education is an absolute key to establish a young generation of cocoa farmers who is able to implement professional farm management. In the long run, the capacity on implementing new farming technology and enhanced capacity in entrepreneurial skills will empower professional farmers and lead to poverty reduction in cocoa farming communities.

Despite the fact that many farmers think that a better future for their children means a higher education and white-collar jobs. With professional farm management through suggested Good Agricultural Practices, the Program advocates farmers to advance from being a traditional farmer to an entrepreneur or professional farmer who can yield at least 1,000 kg/ha/year and obtain a better livelihood through cocoa farming.

The Program calculates school attendance rate for participating farmers who attend primary school (children at the age of 7-15 years). The school attendance is measured in percentage of school-age children that officially attend primary school. The current data comes from national household surveys (BPS). The measured impact as per 2014 is below the targeted 100%, however it is confirmed by the national government database that only around 90% of all children attend school in the implementation areas in such age.
Conclusions

Concluding 2014, SCPP has accomplished solid results and is on track to achieve all results as planned. Commencing 2015, the Program has gone through updating both its management structure and its approaches to secure best result deliveries towards the overarching goal of creating sustainable cocoa production in Indonesia.

Throughout 2014, the Program has implemented Mid-Term Evaluation (MTE) recommendations such as recruiting new staff, engaging experienced experts to suggest improvement and gather lessons, revising management structures, and continuously refining the modules utilized across all trainings.

In addition to the solid progress achieved in farmer’s training in GAP, GNP, and GFP modules, the Program also had an MTE for the Nutrition and Gender Sensitivity component which confirms GNP training’s contribution to a better dietary intake of farmer households. The MTE also draws lessons for the current GNP implementation and recommends improvement for 2015 implementation.

While the AFF component was progressing along with the development of the strategic direction and the Training of Trainers for the GFP training, a first batch of information was collected in Q2-2014, and consultation meetings were held in Makassar, Mamuju and Jakarta with relevant stakeholders.

Along with the efforts to promote sector change, the Program has been taking pivotal roles in networking platforms, nationally with CSP and PISAgro, and globally with ICCO and WCF. SCPP advocates consistently for a more transparent and traceable cacao beans sourcing and for strengthening capacity and understanding, not only at farmer’s level, but also along the supply chain.

In parallel, the Program continuously evaluates its approaches with studies, consultations with governments and partners, post-line surveys, and improved Program monitoring. The lessons and best practices resulted from these studies were also disseminated to the platform members to further influence the sector change.