Sustainable Cocoa Production Program Indonesia

Annual Report 2015
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Since the start of SCPP, the Program has evolved into a high impact and high outreach development program meeting the development objectives of its donors and the goals of its private sector partners. It creates a virtuous cycle of better farm practices leading to improved profitability and livelihoods in turn leading to better and wider adoption of improved farming, nutrition and finance practices. It has become a benchmark, not only in Indonesia, but also globally for its approach, methodology and above all, impact on farming households.

In detail, the Program evolved in three development phases, with a 4th phase planned starting in April 2016:

- **2010-2012 1st phase**: (12,000 farmers in 5 districts)
- **2012-2015 2nd phase**: (60,000 farmers in 19 districts)
- **2015-2018 3rd phase**: (98,000 farmers in 29 districts)
- **2016-2020 4th phase**: (130,000 farmers in 50 districts)

### AFF – SECO (2014 – 2016):

In March 2014, SECO expanded its commitment to SCPP by integrating Agribusiness Financing Facility (AFF) as a component to facilitate Access to Finance (A2F), especially savings and loans, to the farmers and provide financial literacy training.

### SCPP SECO (2012 – 2015):

SCPP started officially on January 1, 2012 as a continuation of the Economic Development Financing Facility Project (PEKA) in Aceh, with expansion to Sulawesi

### CPQP 1 – IDH (2012 – 2015):

Three private sector companies expressed their interest in working with Swisscontact in Sulawesi, which led to the inclusion of IDH as an additional funding partner to SECO.

### CPQP 2 – IDH (2012 – 2015):

Further commitment from IDH led to the inclusion of two additional private sector companies and program expansion in Sulawesi.

### STMF-IDH (2012-2013):

In December 2012, the Embassy of the Kingdom of the Netherlands (EKN) joined the Program with the Good Nutrition Practices (GNP) modules, adding huge value to the Program’s activities to improve farmers’ livelihoods.


In January 2015, Swisscontact and IFAD entered a collaboration to continue to strengthen the institutional capacity, governance and market access for cocoa farmers in Central Sulawesi.

### GP-SCPP MCA 1 (2015-2018):

In March 2015, a Swisscontact led Consortium and Millennium Challenge Account – Indonesia (MCA-Indonesia) signed a partnership called Green Prosperity – Sustainable Cocoa Production Program (GP-SCPP) with the overall goal to reduce poverty and greenhouse gas emissions in the Indonesian cocoa sector.

### SCPP II (2016-2020):

During finalization of the annual progress report 2015, Seco approved the extension and expansion proposal from Swisscontact to 2020 and 130,000 smallholder cocoa farmers, respectively. Negotiations with other public donors and the private sector are still ongoing.
2012-2015 Holistic Approach

Farming Good Practices and Technology Transfer Systems

Stakeholder Management and Networking Platforms

Nutrition and Gender Sensitivity Integration

Farmer Organization, Market Access and Certification

Integrated Agri-Business Financing
Program Results
Until December 2015

Measuring Program Impact

Poverty and malnutrition is a topic accompanying SCPP in all program implementation areas. In provinces where SCPP operates, the rate of stunting and malnourished children is higher than the national average. This is a challenge that impacts rural communities in Indonesia, lowering agricultural productivity, healthy development of children and contributing to ongoing poverty. At the household level, this is caused by lack of knowledge on good nutritional practices, which also affects crop diversification.

On the SCPP goal level, the Program evaluates participating farmers’ increased income based only on their cocoa production. The calculation only takes into account farmers whose yields have increased by at least 75% compared to the baseline study. Therefore, from 59,386 so far 25,660 cocoa farmers (43%) have increased their annual income by at least 75% from cocoa farming activities.

By the end of 2015, the Program can report an increase annual USD 7,586,444 net attributable farmer income, based on average yield improvements of all supported farmers and constant market prices from 2012. This is an average of USD 128/farmer/year net attributable income increase from cocoa, related to SCPP program interventions between two and five years of support.

To understand the poverty level of SCPP beneficiaries, SCPP uses the Progress out of Poverty Index (PPI) developed by the Grameen Foundation, which is used in 45 countries. By collecting data using a simple questionnaire, SCPP can estimate the family members’ daily income and if it falls below the national poverty line (7,893 IDR/day) and the two international poverty lines of 1.25 USD/day and 2.50 USD/day.

Program Outcome Monitoring

Most cocoa farmers started to plant cocoa in the 1990s during the Indonesian cocoa boom. Since then not many of the trees have been replanted, which attracts pest and disease resulting in smaller yields and lower incomes. By only applying GAP, farmers are able to restore their livelihood by rehabilitating their farm through side/top-grafting or replanting old trees. When monitoring the outcomes, SCPP realized how important it is to follow up after the training. If encouraged by field staff and other farmers’ successes, they re-gain motivation and start maintaining their old farms, thus increasing their yields once again and with it their income.

SCPP is continuously monitoring its approach by frequent visits and constant data collection. Until the end of 2015, the Program has collected rolling baseline data from all the trained 59,386 farmers and post-line data from 18,435 farmers (31% survey sample after Program support to the farmers). The data are analyzed on a regular basis to provide insights on farmers’ changing practices and strategies and shared with partners and/or the public as part of SCPP’s knowledge sharing efforts.

Farm Productivity

One of the most important results shows increased farmer’s productivity to 721 kg/ha/year. These data are from farm surveys that were conducted at least 18 months after the first support, compared to the directly related sample baseline data of 429 kg/ha/year, which were collected farmers during their first training session. As per this direct comparison, based on a sample of 6,532 post-line surveys (11%), SCPP’s promotion of sustainable cocoa production has resulted in, among others, an average farm productivity increase of 68%.

Farm Productivity: Increased Farmer’s Productivity to 721 kg/ha/year.
Outcome on Farm Rehabilitation

Many cocoa farms in Indonesia have already exceeded the limit of the highest productivity (15-20 years of tree age) and need to be rehabilitated, replanted and/or regenerated. Therefore, availability and access to improved planting material is critical to overcome the decreasing production. Besides trainings, SCPP supports well-performing farmers and organizations in cocoa nursery establishment, providing building material, polybags, starter fertilizer package and sometimes the first batch of seeds and budwood if not available. Since 2012, SCPP has already succeeded in establishing 450 nurseries with an annual capacity of 1.85 million seedlings. This amount of seedlings covers the necessity of 45,000 farms (average size of 1 hectare with 800 trees) with a replanting rate of at least 5% each year to keep the farm constantly producing high yields in the future. To be able to recommend the best suitable clones for the area and secure the availability of high quality budwood, clonal gardens are set. As managing nursery and clonal garden requires a lot of attention and good planning, the field team focuses on continuous technical assistance and monitoring.

As per reporting of GAP outcomes, until the end of 2015, SCPP has achieved the following:

<table>
<thead>
<tr>
<th>Metric</th>
<th>Baseline</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total hectares of farms replanted</td>
<td>2,616</td>
<td>4,000</td>
<td>4,932</td>
<td>4,85</td>
<td>10,206</td>
<td>14,965</td>
<td>12,206</td>
</tr>
<tr>
<td>Total hectares of farms that have been regenerated</td>
<td>7,465</td>
<td>17,615</td>
<td>17,608</td>
<td>15,706</td>
<td>14,957</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total hectares of farms that have been rehabilitated</td>
<td>18,681</td>
<td>30,615</td>
<td>29,842</td>
<td>29,656</td>
<td>29,206</td>
<td>28,206</td>
<td></td>
</tr>
</tbody>
</table>

Good Nutrition Program Outcome

A balanced diet is one of the main keys to improved nutrition thus reducing the high rates of stunting level and vitamin and mineral deficiencies. To measure the diet, the Program has been utilizing the Individual Dietary Diversity Score (IDDS), a simple 24-hour food journal, reflecting the food intake of each Good Nutrition Practices (GAP) training participant (mostly woman) before and after the training. It is a tool to monitor the impact of the program and to compare the nutrition intake among SCPP areas and other national and international projects.

The program assumes that with increased IDDS of the participant, the diet of the family members improves too, particularly when the program involves the household member who is often involved in the task of food preparation. The recent results show an increase in the nutritious foods intake. Qualitative study to understand the reasons for adopting the recommended eating and feeding practices will be conducted in 2016.

However, without access to vegetables and nutritious foods, farmers and their families have fewer options to improve their dietary intake. Therefore, besides capacity building, SCPP also supports the establishment of vegetable home-gardens, providing a starter kit including fencing, seeds and fertilizer. The harvests are used by the households to prepare tasty dishes full of nutrients and the extra production is either sold at the market or shared with neighbors. SCPP has succeeded in increasing the average garden size by 26% and motivating more farmers to have their own vegetable gardens.

16,936 cocoa farmer households trained in GNP (42% of all) established 1.71 million square meters of nutritious vegetable gardens – that’s about 213 soccer fields.
On output level, SCPP has mostly achieved its set targets, with some highlights in the overall achievement since 2012 (and from 2015 only in brackets) implementation are:

**FARMERS TRAINED IN GAP**
- Smallholder cocoa farmers were trained on average for 8 days through Farmer Field Schools (FFS) in Good Agricultural Practices (GAP), post-harvest handling, professional farm management, nursery management, and certification, including 18.8% women participation.
- Women Participation: 18.8%
- Output Achievement to Date: 99%

**FARMERS TRAINED IN GNP**
- Households (one member of the family) of smallholder cocoa farmers were trained in Good Nutrition Practices (GNP) with 78.1% women participation.
- The trainings were conducted for 3 days: 2 days directly after the GAP FFS and 1 day self-organized by the groups during the harvesting period of the produce a few weeks after the first training sessions.
- Women Participation: 78.1%
- Output Achievement to Date: 103%

**FARMERS TRAINED IN GFP**
- Selected members of smallholder cocoa farmer households received after GAP and GNP trainings additional capacity building through financial literacy trainings in Good Financial Practices (GFP) with 57.8% women participation.
- Women Participation: 57.8%
- Output Achievement to Date: 101%

**COCOA PRODUCER GROUPS (CPG)**
- Cocoa Producer Groups (CPG) supported in establishment and group management. Including 16.6% women in CPG leadership positions.
- Women Participation: 16.6%
- Output Achievement to Date: 97%

**EXTENSION OFFICERS**
- Extension officers (agriculture, nutrition, and finance) from Swisscontact, the private sector, and government agencies participating in SCPP’s training modules have become master trainers.
- Women Participation: 92%
- Output Achievement to Date: 92%

**NURSERIES**
- Nurseries for planting materials have an installed production capacity of 1.85 million high quality seedlings and approximately 987,000 cacao seedlings were produced and distributed/planted in 2015 across Sumatra and Sulawesi.
- Women Participation: 99%
- Output Achievement to Date: 100%

**Cross-Sector Networking Platforms**
- SCPP supported the Cocoa Sustainability Partnership (CSP) and promoted regional forums across 6 provinces. Also, became a member of PISAgro, Grow Asia, ICCO, and partnered with the World Cocoa Foundation (WCF).
With expansion to new areas and topics to enhance the impact of the Program and ensure its sustainability, there was a need for creating new modules and manuals for trainers and other supporting learning materials for the farmers, their family members, and farmer organizations. Therefore, a Good Training Practices (GTP) manual was developed and Master trainings ran in the second semester 2015.

SCPP periodically provides Master Trainings for private sector and SCPP field staff as well as government extension officers to equip them with knowledge and facilitation skills to provide efficient farmer trainings. The involvement of the extension workers is an effort for the Program to encourage the government to adopt the modules to ensure the sustainability of the Program. During Master Training participants learn good agriculture techniques, nursery management, how to evaluate a cocoa farm, the techniques of assisting cocoa farmer groups and others.

Participants of the Training of Trainers (ToT) found that the Master Trainings were very useful. The field staff that initially lacked confidence were able to gain more knowledge and become more confident in training farmers on technical matters. During 2015, SCPP trained 219 master trainers with 199 of them being government officers and 20 private sector staffs. This result has surpassed the target for 2015 as shown in the diagram below.
Cocoa Farmer Trainings

Delivering farmer trainings remains the core activity of the Program. As 2015 was the final year of the current SCPP phase, the Program worked to ensure target achievements in the implementation areas. In addition to Master Trainings, SCPP also provides trainings for Key Farmers (KF) so that they can better prepare before Farmer Field School (FFS) begins. During the reporting period, the Program has executed Training of Trainers (ToT) of GAP, GNP, Good Practices and other essential topics. The chart shows the number of key farmers involved in each ToT since the Program started in 2015. 4,321 selected key farmers (with double counting of different ToTs) have been trained with 34% of them being female. After the key farmers are trained, they execute FFS together with extension officers and field staff.

In 2015, 13,367 farmers (including KFs) were trained in GAP. This brings the total number of cocoa farmers who received training from SCPP since the beginning of the Program to 59,386 farmers (with 18.8% female participants). On average, a farmer receives 8 training days in GAP in various modules such as pruning, soil fertility and fertilizing, integrated pest and disease management, harvesting and sanitation, post-harvest practices and quality (sorting, fermenting, and drying) and pesticide management. FFS activities increased farmers’ enthusiasm to maintain their cocoa farms. In the last session of FFS, the participating farmers agreed on a follow-up plan within their groups to ensure sustainability and that the group members continuously adopt the SCPP training content

The amount of saved emissions of 5,795 tCO2e per year from all supported cocoa farmers by the end of 2015 equals to 3,555 round trips, economy class, Zurich–Jakarta.

Greenhouse Gas emissions from agriculture account for more than 15% of total global emissions, with Indonesia being among the top ten countries releasing the highest number of agricultural emissions in the world. The number is still growing, mainly due to overuse and misuse of chemical fertilizers, expansion to new areas causing deforestation, increasing population, and change in dietary preference (meat over vegetable consumption).

Although cocoa, cultivated often intercropped on small farms, is a more environmentally friendly crop than for instance monocultures and plantation-grown oil palm or rubber, there are vast opportunities to decrease the amount of CO2 released at the farm level. The Program starts with recommendation of proper chemical agri-input application and continues with pointing out the importance of healthy soil and shade trees during the GAP trainings.

When the farmers apply the fertilizers correctly, increase the organic material in the soil and at the same time plant suggested shade trees, the total carbon footprint from the cocoa production decreases significantly. Moreover, new modules on Natural Resources Management as a part of Good Environmental Practices are being developed and are aimed to lower the impact of cocoa farming especially close to protected areas.

SCPP is the first project in Indonesia, monitoring the GHG emissions on all of the registered farms in the Program. To measure the GHG emissions, two different methodologies have already been tested, each of them using different factors and leading to different results.

Using the simple calculation, SCPP generates evaluations from CocoaTrace data that the emissions released are 1.216 tCO2e/MT cocoa produced before joining SCPP trainings and after support are able to reduce the emissions to 0.756 tCO2e/MT cocoa produced. This is a significant reduction of 38% if taken into account the yield improvements from the cocoa farmers supported by SCPP. SCPP shares the methodologies and calculations, including the baseline and impact values, among its partners and network platforms such as CSP and P4SAgra and hopes to establish a common method to measure GHG emissions in the cocoa sector.

The following table shows how each farmer category is impacted by the support from SCPP.

<table>
<thead>
<tr>
<th>Category</th>
<th>Surveys</th>
<th>Total CO2e</th>
<th>CO2e/Farm</th>
<th>CO2e/Hectare</th>
<th>CO2e/MT Cocoa</th>
</tr>
</thead>
<tbody>
<tr>
<td>59,386 Baseline (32%)</td>
<td>42,829</td>
<td>0.721</td>
<td>0.651</td>
<td>1.216</td>
<td></td>
</tr>
<tr>
<td>37,034 Post-line (17%)</td>
<td>37,034</td>
<td>0.624</td>
<td>0.523</td>
<td>0.756</td>
<td></td>
</tr>
<tr>
<td>Reduction in Greenhouse Gas Emissions</td>
<td>5,795</td>
<td>-14%</td>
<td>-20%</td>
<td>-38%</td>
<td></td>
</tr>
</tbody>
</table>
Without good nutrition, human beings cannot achieve their full potential. When people’s nutrition status improves, it helps break the inter-generational cycle of poverty, generates broad-based economic growth, and leads to a host of benefits for individuals, families, communities, and countries. Good nutrition, in short, is an essential driver of sustainable development. Therefore, ending all forms of malnutrition by 2030 is one of the new SDG targets, and it can only be addressed if all relevant stakeholders and sectors are involved and feel accountable.

In the future SCPP aims to reach all cocoa-farming households involved in the Program to help tackle the high level of malnutrition. Interactive trainings include the main local malnutrition issues and their linkage to the importance of a balanced diet for the entire family, proper feeding of children in the first 1,000 days of life and onwards, exclusive breastfeeding in the first six months, and last but not least, management of home-gardens and fishponds. Building the capacity for cocoa farming households, lead farmers, private and SCPP sector staff, government extension officers and and local posyandu (a village pre- and post-natal health worker) ensures that the awareness of malnutrition spreads beyond the cocoa farming communities.

In the future, SCPP nutrition recommendations will be regionally different to match the area preferences. In regions with poor or no access to sea and rivers, fishpond management is being promoted. This new GNP activity was designed following research from areas with poor protein intake and it has already been piloted in two regions: Central and South Sulawesi.

The Program expanded the GNP activities to all areas and has trained 18,383 household members in the GNP training with 76.2% women attendance in 2015. This brings the total number of GNP training participants since the nutrition component started in December 2012 to 40,177 households, which is slightly above the targeted number.

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Engaging Women in SCPP

Farming is often misunderstood as a predominantly male activity, and the same applies in cocoa, mostly due to the hard physical work involved. In reality, cocoa farming is a family business. SCPP recognizes the importance of women in cocoa farming, thus it always tries to integrate women across all activities and positions. Referring to Longwe’s levels of equality, the Program achieves this through five levels of equality i.e. welfare, access, conscientisation, participation and control.

**Welfare:** Program assumes and ensures that women in the target areas equally get access to resources such as food supply, income and medical care. This activity is mostly related to GNP. In predominantly male led households, the involvement of men in GNP trainings (21.9%) in the Program often results in improved understanding of the importance of better and balanced nutrition for the whole family and allows the female family members to spend more on healthy foods by changing the feeding habits as necessary.

**Access:** Being aware that agriculture in Indonesia is often perceived as a male-dominated sector, the Program sees the importance of providing equal opportunity for women to have increased access to the sector. Hence, during group formation activities, SCPP encourages women membership in the group as well as women leadership. Furthermore, to provide an equal opportunity for women and men, the Program pre-requisites at least 20% women respondents in the post-line surveys and farm visits.

**Conscientisation:** The Program creates and accordingly raises awareness on gender equality issues for farmers, farmer family members, farmer groups and the surrounding community, as the program believes that this will bring better understanding on different roles that can be played to enhance the livelihood of the cocoa community. The gender equality issues will be part of the Good Social Practice (GSP) module on which the beneficiaries will be trained, and which is currently in development. Furthermore, a gender study will be conducted to assess the role of men and women in the target areas in cocoa-farming related activities.

**Participation:** In line with the above mechanism, SCPP is consistently making an effort to involve women in the training activities, targeting significant numbers of women participants in GAP, GNP, and GFP trainings. In 2015, women participation reached 2,409 (18%) of 13,367 across GAP and ICS participants. While from the GNP and GFP trainings, women participation reached 76% and 59% respectively. Cumulatively, the average women participation in the training programs is 46% from 2012 to 2015. Based on the targeted number, the Program is on track and has been able to promote women’s involvement throughout the program activities at an individual level, within participating small-holder cocoa farmer households.

**Control:** At group level, the Program urges women’s substantial role in the farmer groups such as the group head, treasury, and secretary. SCPP also encourages women to hold decision making positions in the CPGs (16.5%) and Farmer organizations (30%), including 4% of women becoming Head of the CPG. This creates a prominent avenue for women’s voices to be heard and women’s participation in the control function during the decision-making process in their communities.
Farmer Organization, Market Access & Certification

Farmer Groups and Organizations

To ensure the sustainability of the Program, SCPP works with existing and new Cocoa Producer Groups (CPG) and farmer organizations such as cooperatives. Capacity building and continuous technical assistance empowers them to be cohesive and self-reliant. In 2015, the Program has facilitated the establishment of 456 new CPGs in Sulawesi and Sumatra. Since the Program started in 2012, the Program has registered 1,933 CPGs, or around 97% of the overall Program target.

One of the many cooperatives that SCPP has empowered is Koperasi Perkebunan Kakao Bireuen (KPKB). In October 2015, KPKB was able to close a deal with PT. Pipiltin Cocoa, a cocoa-processing factory based in Jakarta, for the delivery of high value fermented beans for IDR 50,000/Kg - twice as much as conventional, unfermented cocoa. The Program encourages KPKB to use their share of premium to remain an active organization for their members and an advocate for the cocoa farmers in Bireuen: owned by members, led by members and distributing benefits from members to members. Looking into the tremendous progress and continuous potential market, many cooperative members started to change their farm management and use superior clones for sustainable high-quality cocoa production. All these initiatives and joint-efforts may lead to other new markets, which will result in a convincing and long-term financial security for farmers ultimately.
Smallholders Farm Certification

Farm certification and traceability is one of the tools to ensure that the farmers had received support in terms of capacity building and environmental awareness. Farmers, who comply with the certification standards, benefit from higher production, better working and family environments as well as easier access to markets.

Swisscontact strongly supports farmer organizations as certificate holders, because it empowers the organization to negotiate better prices, creating added value at community level, benefiting not only the cocoa farmer. Assisted by SCPP, the farmer organizations take over the responsibility for the certification as part of the exit strategy. This ensures long-term sustainability.

Within the first SCPP phase (2012-2015), 11,794 farmers (59% of the set target) were certified by either UTZ or Rainforest Alliance certification labels. In 2015, the Program supported 2,724 farmers, organized through two cooperatives, with farm certification in Aceh with UTZ Certified. In South-East Sulawesi, the Program collaborated with ADM Cocoa (now Olam Cocoa) to enable the certification of 3,398 farmers in Southeast Sulawesi with UTZ Certified. In South Sulawesi, where the certificate is also held by farmer organizations and/or farmer enterprises, the number of Rainforest Alliance certifications increased in 2015 to 4,913 farmers.

The Program has also initiated the certification process in West Sulawesi with BT Cocoa within the Nestlé Cocoa Plan and is currently preparing 1,625 farmers in Mamuju for the external audits. In the Pulman district, SCPP has started a new collaboration with Barry Callebaut within the Nestlé Cocoa Plan, and farmer-training activities will start in 2016. Barry Callebaut has already certified more than 7,000 farmers in a West Sulawesi district and recently distributed a large amount of UTZ certified premiums to the involved traders and farmer group leaders.

ICT for Certification & Traceability

To be able to deal with such tasks like certification, the Program and the Internal Management System use CocoaTrace, developed by PT. Koltiva. CocoaTrace is used by stakeholders on each level. Farmers receive an ID card with a QR code and use it when selling their traceable/certified production. Buying units scan the card, check the farmer profiles including farm data with exact location, record the transaction directly in the system and print the invoices. The same process applies when beans are sold by farmers or buying unit to certificate holders, cooperatives, warehouse or exporter.

The calculation of certification and traceability premiums are based on recorded transactions in CocoaTrace. Reports and supply chain maps are available online for cooperatives and buyers. The software has been already fully used during the premium distribution in South-East Sulawesi in 2015, the roll-out to other regions is planned for 2016.

To gather the field data digitally, thus reduce errors during transcription from paper forms and save trees, an Android version is used. All field staff is equipped with tablets with camera and GPS services and collect data from all farmers and farms.

In 2015, SCPP started to map farms in some areas using polygon mapping rather than previous GPS point, reaching by the end of the year 4,089 farm polygons. This enables the Program to map the farm borders, thus calculate the real farm size rather than estimated it and monitor the proximity to protected areas.

“The opportunities for cocoa farming in Indonesia are massive and the future of the cocoa sector in this country depends on the productivity of the cocoa farms as well as the livelihood of these farmers and their communities,” said Richard Fahey, Vice President for Cocoa Asia Pacific at Barry Callebaut. “The premium payments for their certified sustainable cocoa provide meaningful incentives for these farmers to improve the quality of their cocoa beans as well as meet the growing demand for sustainably sourced cocoa and chocolate.”
Integrated Agribusiness Financing Facility (AFF)

Financial Literacy Trainings

2015 was a satisfying year for AFF. The component continued its farmer trainings and intensified the collaboration with banks. AFF is recognized more and more as a source of knowledge for banks and insurance companies. An AFF Research & Development Manager supports the development of training material and studies and increases the capacity of SCPP implementing staff through trainings.

Since 2014, 30,319 cocoa farmer household members were trained in Financial Literacy (Good Financial Practices - GFP), concentrating on cash flow planning and record keeping, loans and savings. The household member who manages the household finances is targeted to participate in the training. 27,123 household members, in total 57.8% women, were trained during 2015, recovering lost ground from the previous year. The modules are delivered during a one-day training. Trainings are held by SCPP’s field facilitators in collaboration with three Business Development Service Providers (BDSP).

Collaboration with Financial Institutions

The collaboration with financial institutions bears first fruits. The current strategy is twofold. While AFF approaches banks at head office level, the program team does so on a regional level. Banks are continuously invited to the GFP training to explain financial products. Surprisingly many farmers opened saving accounts during these trainings and asked about requirements for loans, which were thought to be out of reach for many farmers.
There were some exciting results in strengthening cooperatives, especially in Aceh and South-East Sulawesi:

- 6 out of the 7 loans provided are used as working capital for cocoa trading activities. This shows the priorities of the farmers and a useful business model, but it also shows that the establishment of cooperatives as financial service providers (as intended) doesn’t match with the cooperative’s member strategy.

- 5 cooperatives in Sumatra and Sulawesi received 7 loans from 3 different lenders (banks, credit providers and value-chain actors), in total 1.06 billion IDR (ca. 80,000 USD). The amounts ranged from 50 to 450 million IDR and the funds were used for working capital, mainly cocoa bean trade and in one case to invest in a truck for the cocoa trade business of that cooperative.

- 1 premium distribution event took place in April, where 1.9 billion IDR (ca. 147,800 USD) certification premiums and in addition 300 million IDR were paid to the farmers, the cooperative and the buying stations. Another 2 events were prepared to take place in early 2016. This shows that the private sector is committed to purchase certified beans from the supported cocoa farmers. This business model is one option to generate income for the cooperative to become sustainable.

- 1 cooperative increased the number of members from 39 to 916, mainly due to the success of premiums paid to farmers. More than 2,200 MT certified cocoa was already sold, where the premium payment is expected to be paid in the second quarter 2016.
Stakeholder Management and Networking Platforms

Role and Contribution of Governments

SCPP engages with local and central governments in implementing the activities. Currently, the Program is consulting with the Ministry of Agriculture (MoA) and Ministry of Home Affairs (MoHA). Engagement at the national level provides inputs and advice to improve the implementation of the Program. At the local level, the Program collaborates with provincial and district governments to run Program activities. As mentioned in previous sections, SCPP recruits local government extension staff in order to disseminate knowledge and skills beyond the cocoa farmer household circle. Throughout the year, SCPP supported cross-sector networking platforms including:

National Forum and Platforms
Together with the Cocoa Sustainability Partnership (CSP), the Program has been in the forefront to provide inputs for the national movement on cocoa development program, Program Produksi Kakao Berkelanjutan (PPKB). CSP led intensive discussions with the MoA to offer the members’ expertise for PPKB implementation. Between January and June 2015, the Program supported CSP to formalize the collaboration with MoA through the signing of a Memorandum of Understanding (MoU), which enabled CSP to obtain a legitimate position to coordinate with governments in relation to PPKB.

IFAD Asia Pacific Workshop
From 26 to 29 October 2015, IFAD organized an Asia Pacific Workshop in Bali, attended by leaders from governments, private sectors and development partners from countries around the Asia Pacific region. The workshop provided a platform for the South-South exchange. The theme of the Workshop was “Innovation for Rural Transformation” where speakers from different background related to the theme were invited. Swisscontact, represented by its Country Director was invited to speak on the topic of Invigorating Rural Entrepreneurs. Besides actively engaging in the seminar, the Program opened an exhibition booth during the event.

ICCO Meetings and Workshops
Swisscontact is a member of the consultative board on the world cocoa economy, represented by the SCPP Program Director. The consultative board works among others on the establishment of general guidelines on the formulation and implementation of national cocoa development plans and national Public-Private Partnership (PPP) platforms. As chairman of the CSP board, Swisscontact lobbied the International Cocoa Organization (ICCO) to become the Indonesian PPP platform, accepted by both the GoI and ICCO leadership.

Regional Forum and Platforms
In collaboration with CSP, the program works to establish and then strengthen the capacity of cocoa regional forums. Until the end of December 2015, the Program has facilitated the establishment of five regional forums in Sulawesi and Sumatra. The Program provided operational support to the forums during one-year of the establishment while advocating to sub-national governments to allocate funding for the forum operational cost.
Financial Key Figures

Total Funding from 2010-2015

22,788,106 CHF

Total Spending from 2010-2015

Total Funding Per Respective Donor 2010-2015

EDFF/PEKA
WEHU
WEIF
IDH
EKN
IFAD
MCA-I
PRIVATE SECTOR
TOTAL

Funding per Respective Donor Per Year

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Ayo rawat kebun!