PARTNERSHIP FOR INDONESIAN SUSTAINABLE COCOA
CSP—Cocoa Sustainability Partnership—is aimed to establish the resilience of farmers toward two hundred million trees with two kilograms dry bean production per tree.

CSP is a forum for public-private collaboration and actively for the betterment of cocoa development in Indonesia. We support Indonesian cocoa sector in international market.

The CSP exists to increase communication, coordination, and collaboration between public and private stakeholders engaged in cocoa sustainability activities in Indonesia for the mutual benefit of all cocoa sector players.


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Leading to the empowerment and strengthening of communal livelihood sectors, the engagement of stakeholders who are working in these sectors are highly required. Their participation and contribution will be maximally maintained in addressing great benefit that can be accessed by the communities. And the term of Public-Private Partnership is introduced as main approach in establishing these objectives.

Private-Public Partnership (PPP) is established when two or more organizations in the public or private sector start a new cooperative relationship based on mutual trust and benefit. The concept as well as being considered as a tool that creates synergies, that develops and strengthens competences, creates alliances between various actors, and allows voluntary cooperation for financing and project management in many sectors. It is also believed that, through its methodology, it has been able to overcome the social and technical complexities of rural development projects and natural resource dynamics.

Similarly to sustainable cocoa development in Indonesia, the roles of government are not merely the single locomotive to drive the improvement of smallholder cocoa farmers livelihood. The engaged parties, such as industries, associations, and farmers, must work together. The duties are the responsible of all parties to synergize, coordinates, and communicate to work together in increasing the national cocoa productivity which tend to experience decreasing trend. The aging plants, pest and disease, lack of micro-organism in the soil, land effectiveness, access to agriculture facilities and infrastructures, and farmer adoption rate are some significant factors that cause the decreasing productivity of Indonesian cocoa.
RESPONDING to these issues, Cocoa Sustainability Partnership (CSP) was established by government institutions, private sectors, cocoa-and-chocolate-related associations, practitioners, cocoa researchers, and cocoa farmers. With a partnership platform, CSP designed and implemented the initiatives of lifting the welfare of cocoa farmers and communities through improvement of cocoa productivity.

Since the establishment, CSP is positioning itself as national partnership platform in sustainable cocoa development by inviting the participation of public and private partners to move and cooperate in accelerating the change on smallholder cocoa farmer livelihood. The appreciation and reward from several parties, both regional and international, have motivated CSP in advancing its journeys and outreach initiatives to a situation of Indonesian sustainable cocoa sector, globally compete, and provide the greatest benefits for cocoa farmers.

In implementing those initiatives, CSP with its members and other strategic partners have work together with the government and private institutions in the effort to establish the sustainability of Indonesia cocoa sector.
As one of the coordinating ministries in Indonesia government, the position and roles Coordinating Ministry for Economic Affairs are highly vital in advancing the cocoa sector in Indonesia. Accordingly to its function, the coordinating ministry has main duties such as coordinating, synchronizing, and controlling the affairs of ministry in government performance in economic issues.

One of established partnership forms between CSP and the Coordinating Ministry for Economic Affairs is the Minister Deputy for Food and Agribusiness Coordination, Dr. Ir. Musdhalifah Machmud, MT. is inaugurated by the members of CSP as the Chairperson of CSP Advisory Board. The board consist
of CSP members that have been elected as advisors to CSP through the Supervisory Board on program implementation. It may consist of, but not limited to, related national and local level government, research institution, cocoa board and cocoa association, and universities.

Considering that the cocoa commodity is related to the life of the people, it must be ensured that the government policies and programs cover these issues. And in implementing its function as government partner, CSP had met the Indonesian Coordinating Ministry for Economic Affairs to discuss and show progress on cocoa sector development in Indonesia, and to update the current policies and regulations of consuming countries.

Based on its activity focus, CSP is coordinating with the ministry in term of policy facilitation that will enable the smallholder cocoa farmers in gaining decent access to subsidized cocoa-specific fertilizer and micro credit supports from banking institutions. Since 2020, the Ministry of Agriculture had allocated Cocoa-Specific NPK Fertilizer in fertilizer subsidiary budget. The provision of this fertilizer was initiated by CSP and it had been included by the government in its national budget for the distribution.

CSP also establishes coordination with some banking institutions in providing access of micro credit to cocoa farmers through Kredit Usaha Rakyat (KUR) scheme. And based on the directions and briefs of the Indonesian coordinating Ministry for Economic Affairs, Cocoa-Specific Micro Credit Program is possibly to be included in current Micro Credit Program. CSP with its members are preparing a pilot project for financial support access for cocoa farmers in South Sulawesi and Central Sulawesi.

Furthermore, CSP is also functioning in bridging the voice of Indonesian government with some cocoa-related institutions and associations at global level. Such as the Partnership Meeting of World Cocoa Foundation. This annual meeting is dedicated to bring the efforts and supports of national government in the development of cocoa sector in Indonesia. The meeting itself is attended by world leaders and practitioners in cocoa issue globally to discuss the specific agenda of cocoa development policies. And the Indonesian Coordinating Ministry for Economic Affairs is always attending the meeting as resource person in this international forum as the representative of Indonesian government.

In all occasions, CSP always engages the Indonesian Coordinating Ministry for Economic Affairs as partners or resources into discussions activities on fiscal policies and coordination among institutions. CSP also invites the participation of the ministry in field visit to cocoa production areas to meet the cocoa farmers, CSP members representatives, and local governments.
Another Indonesian ministry who has direct relation with the efforts of sustainable cocoa sector development in Indonesia is the Ministry of National Development Plan. This ministry is playing its core role in term of planning, allocation, and controlling the government policies and programs at ministry level, institutions, and local government units. And CSP actively participates in establishing coordination with this ministry related to policy planning in agriculture and plantation sectors.

Through the Director of Food and Agriculture, Ir. R. Anang Noegroho Setyo Moeljono, MEM., CSP actively discusses the objectives and directions of sustainable cocoa sector planning and development in Indonesia,
and how the policies should be designed. The 2020 Indonesian Sustainable Cocoa Roadmap which had been published by CSP is used as main reference in designing the policies and programs of cocoa development in Indonesia.

After series of meetings and coordination discussions, it is agreed that the government policy approaches in developing cocoa sector in Indonesia must be implemented with a regional development point of view, or as cluster approach. By remembering that the cocoa production center areas are widely distributed in Indonesia, the policy and program approaches must pay attention on local potential and resources in regional scope. And the problem solving alternatives must be constructed with similar regional point of view.

One of the main issues is how the cocoa farmers in each cocoa development cluster can gain access towards qualified cocoa rootstock and planting materials. The availability and accessibility elements are the main focuses as well. With the lesson learnt during the implementation in the field, the provision of cocoa planting materials for the cocoa farmers in the cocoa production areas, such as Sulawesi, highly depend on certain service providers which are located faraway. The distance issue highly affects the seedling and planting material quality due to days shipping period.

Moreover, the Indonesian Ministry of National Development Plan also agrees some technical plannings which are proposed by CSP in term of the revision and alignment of cocoa development roadmap in Indonesia. The aligned roadmap is expected to be translated into implementable action plan and it will engage government, private sectors, research institutions, and cocoa-related associations. The roadmap as well is fostering the collective commitment. The action plans are expected to increase the cocoa production nationally through holistic approaches.

The action plans are detailed until 2045 with some approaches. Firstly, the provision of qualified cocoa planting materials for rejuvenation activity in 1,300,466 hectares, or 65,023 hectares per year. The rootstock gardens and nurseries, furthermore, in the cocoa development areas must be constructed in order to fulfill the quota needs for plant rejuvenation activities, and the certification of nurseries also must be accelerated.

The second approach is the provision of Cocoa-Specific NPK Fertilizer for smallholder cocoa farmers with a strategy that this specific fertilizer can be accessed and available in all cocoa development centers, and the subsidiary allocation for fertilizer must be increased.

Another focus area of this action plan is the availability of field facilitator, or extension worker, for cocoa plantation. The implementation strategy is adding the number of cocoa-specific extension workers by the local governments or cocoa-related association in each development area. These extension workers also must participate in a technical training which is provided by cocoa-related association by applying the National Curriculum and Training Module for Sustainable Cocoa Cultivation and Post-Harvest that had been published with the cooperation of CSP and Badan Penyuluhan dan Pengembangan Sumber Daya Manusia Pertanian (BPPSDMP), the Indonesian Ministry of Agriculture.

The approach, as part of the action plans, in providing access of farmers to micro credit supports. It is expected that this approach can be implemented by piloting a project of micro credit program in the cocoa development areas. The access to finance is also implemented in non-cash form, but in agriculture inputs.

The activities in this action plan will outreach approximately 1,300,466 hectares of cocoa plantation until 2045. The implementation venues are Sumatera and Sulawesi as main cocoa development areas in Indonesia.
One of on-going initiatives and coordination between Cocoa Sustainability Partnership and the Indonesian Ministry of Agriculture is the provision of subsidiary budget allocation for Cocoa-Specific NPK Fertilizer. This initiative had been started in 2020 and smallholder cocoa farmers had accessed the specific formula fertilizer for their cocoa plants in some provinces in Indonesia. And it is expected that the provision of cocoa-specific fertilizer will boost the cocoa productivity nationally.

The mechanism of subsidiary allocation is implemented in indirect way, by paying the price difference of Main Sale Price with Highest Retail Price of subsidized fertilizer to the producer, i.e. Pupuk Indonesia Holding Company (PIHC).
## Subsidized Cocoa-Specific NPK Fertilizer Distribution, 2021

### Majene
- Percentage: 74.3%
- Distribution: 26 tons (35 tons)

### Polman
- Percentage: 96.0%
- Distribution: 490 tons (510 tons)

### Mamasa
- Percentage: 92.5%
- Distribution: 19 tons (20 tons)

### Mamuju
- Percentage: 93.3%
- Distribution: 588 tons (630 tons)

### Mamuju Tengah
- Percentage: 87.3%
- Distribution: 226 tons (259 tons)

### Pasangkayu
- Percentage: 78.9%
- Distribution: 150 tons (190 tons)

### Wajo
- Percentage: 49.4%
- Distribution: 175 tons (354 tons)

### Soppeng
- Percentage: 66.5%
- Distribution: 314 tons (315 tons)

### Enrekang
- Percentage: 66.7%
- Distribution: 315 tons (472 tons)

### Pinrang
- Percentage: 84.8%
- Distribution: 174 tons (205 tons)
<table>
<thead>
<tr>
<th>District</th>
<th>Amount (in tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kolaka</td>
<td>246</td>
</tr>
<tr>
<td>Konawe</td>
<td>63</td>
</tr>
<tr>
<td>Konawe Selatan</td>
<td>158</td>
</tr>
<tr>
<td>Sigi</td>
<td>185</td>
</tr>
<tr>
<td>Banggai</td>
<td>850</td>
</tr>
<tr>
<td>Parigi Moutong</td>
<td>160</td>
</tr>
<tr>
<td>Poso</td>
<td>1.189</td>
</tr>
<tr>
<td>Sigi</td>
<td>185</td>
</tr>
<tr>
<td>Sigi</td>
<td>100%</td>
</tr>
<tr>
<td>Poso</td>
<td>78,1%</td>
</tr>
<tr>
<td>Konawe</td>
<td>100%</td>
</tr>
<tr>
<td>Konawe Selatan</td>
<td>100%</td>
</tr>
<tr>
<td>Kolaka</td>
<td>100%</td>
</tr>
<tr>
<td>Luwu Timur</td>
<td>1.911</td>
</tr>
<tr>
<td>Luwu Utara</td>
<td>2.487</td>
</tr>
<tr>
<td>Luwu</td>
<td>1.173</td>
</tr>
<tr>
<td>Source: Pupuk Indonesia Holding Company, January 2022</td>
<td></td>
</tr>
</tbody>
</table>
In 2021, the Government of Indonesia had allocated 9.04 million tons in general, or approximately 25,276 trillion rupiah. This subsidiary allocation would reach more than 16.6 million farmers with 32 million hectares.

Specifically for Subsidized Cocoa-Specific NPK Fertilizer, the government allocated 17,000 tons for four provinces in Sulawesi, i.e. South Sulawesi, Central Sulawesi, West Sulawesi, and Southeast Sulawesi. Accordingly to the Minister of Agriculture Decree No. 49/2020 on Allocation and Highest Retail Price of Subsidized Fertilizer for Agriculture Sector in 2021 Fiscal Year.

By seeing the progress in the field, the allocation amount in 2021 fiscal year had been changed. CSP with its members routinely conducted meetings with local governments in each district and province by inviting the participation of Pupuk Indonesia Holding Company with its distribution network. The meetings were conducted to see the progress of absorption rate of Cocoa-Specific NPK Fertilizer. And as mitigation efforts of reallocation adjustment from less to more absorbed areas.

The allocation amount of Subsidized Cocoa-Specific NPK Fertilizer for each province, and the absorption rate until 2021 are displayed in the previous image.

And in the end of 2021 fiscal year, the total amount of absorption was 12,041 tons or 71%. The main reasons that made the absorption rate was still low were some farmers were not registered in time to receive subsidized fertilizer, qualified farmers cannot buy the product because of a problem at the retail level, farmers intending to purchase, farmers not purchasing their entire quota, registered farmers not farming cocoa.

The recommendations to increase the absorption rate of Subsidized Cocoa-Specific NPK Fertilizer in the next fiscal year are selection of farmers, promotion of product, access to finance, timing of distribution, and storage of product.
On February 23, the European Commission released its draft regulation on human rights and environmental due diligence, a critical component of its sustainable corporate governance initiative. The draft regulation requires large EU companies, and some non-European companies doing significant business in Europe, to assess their actual and potential human rights and environmental impacts throughout their operations and down their supply chains and to take action to prevent, mitigate, and remedy identified human rights and environmental harms. Companies that fail to conduct effective due diligence or to implement preventative or remediation measures face both administrative penalties and civil liability.

The Ministry of Foreign Affairs
Then the European Parliament approved the due diligence as the EU Directive on Mandatory Human Rights, Environmental and Good Governance Due Diligence, or called as European DD as a form of mandatory policy to ensure respect/protection of human rights and environmental sustainability throughout the supply chain and the value chain of goods and services, both operating in Europe and supplying to the European market.

Indonesia, as the one of the commodities producers in the world as well as an exporter/supplier to the European Union, needs to follow the process of formulating policy implementation by utilizing communication and diplomacy so that the implementation of the European Due Diligence does not harm the industry in the future. The most important thing for Indonesian stakeholders to do is to review and improve governance and sustainability in the production of palm oil and its derivative products along the supply chain (upstream and downstream) so that they can be guaranteed respect for human rights and protection of the environment has been fulfilled.

In doing so, the Indonesian Ministry of Foreign Affairs as the leading sector for the implementation of EU Due Diligence in Indonesia is actively promoting and socializing the directive to Indonesian commodity stakeholders. And the ministry always engages Cocoa Sustainability Partnership as resource and reference to discuss the anticipative actions in Indonesian cocoa sector in several activities.

In CSP activities as well, the Indonesian Ministry of Foreign Affairs is invited to provide briefs to the CSP members and strategic partners on how the government prepares some actions to mitigate the possible risks of this European Union Due Diligence implementation in the future.
The improvement of smallholder cocoa farmer welfare by increasing cocoa productivity is the main duty of all cocoa stakeholders. Similarly, the active participation of private sectors is highly needed to establish this objective. The collaboration among government and private sector is the integrated efforts that can be implemented.

During the General Assembly Meeting of Cocoa Sustainability Partnership in April 27, Heru Tri Widarto as the Director of Perennial Crops and Beverages, General Director of State Crops, Ministry of Agriculture, delivered the message that the role of private sector in supporting the national government programs is highly welcomed. In the presentation, the government will
replant approximately 2.925 hectares cocoa plantation in 19 districts of national cocoa development centers in 2021 fiscal year. The needs of seedlings are in huge number. The government and CSP can work together in how to expand these areas and numbers to other areas with greater beneficiaries, and how to fulfill the demand of seedlings.

In responding this statement, on Thursday, May 06, 2021, Jeffrey Haribowo, Corporate Affairs Director of Mars Incorporated, and Wahyu Wibowo, Executive Director of CSP, were welcomed by the Director of Perennial Crops and Beverages, Heru Tri Widarto, with the accompany of Endy Pranoto. This meeting was conducted to follow up the directions of Director General of Estate Crops, Kasdi Subagyono, to plan collective actions in seeking initiatives in improving national cocoa production.

CSP with BALITTRI had being conducted compatibility and research studies on 5 (five) cocoa clones that would be included as certified rootstock resources. In total, there are approximately 544 nursery operators under CSP members supervision with a potential of 25.2 million seedlings production annually. And in order to fulfill the needs of qualified and certified seedlings, this potentiality can be developed for communal needs through subsidized or cost sharing schemes.

The Ministry of Agriculture welcomed this initiative and would see the possibility of implementation by involving these nursery operators as vendors for government programs. The member of CSP also could provide coaching and facilitation after the seedling distributed to the farmers.

CSP members, who are mainly cocoa trading and processors, should develop seed garden to support the seedling needs of cocoa farmers. And this initiative is the form of participation that can be performed by private sector in supporting the implementation of seedling logistic program.

The result of this compatibility study is in form of academic paper and the details of findings. The academic paper is compiled in order to provide scientific reference in changing or emphasizing that rootstock for top grafted cocoa seedlings must fits the quality standard, i.e. adaptive in growing areas, has strong rooting system, the vigor is growing well and free of seedling diseases. Furthermore, the qualified rootstock seedling is not limited to F1 (hybrid) generation only, which are produced from cocoa rootstock garden as regulated by the Directorate General of State Crops, Indonesian Ministry of Agriculture. But they can be produced from half-sib progeny of released qualified cocoa clones, or local qualified cocoa clones that had been adaptive in growing areas. The benefits of this academic paper will be referred as basis of policy adjustment of Indonesian Ministry of Agriculture's Decree Number 25/2017 and Number 67/2018 which are scientifically accountable and easy to implement. The impacts of this regulation adjustment are simplifying the implementation of cocoa commodity development, providing economic benefits to the seedling breeders and cocoa farmers, and concretely benefiting all stakeholders who involve in cocoa commodity agribusiness.

Cocoa Sustainability Partnership had submitted the documents to the related Indonesian ministries to be further reviewed and discussed.
Cocoa Farmers Living Income: Visibility and Equality

The Indonesian cocoa sector can maintain vitality only by building a strong business case for the farmer. Otherwise, farmers will switch to other crops and other forms of income. The cocoa sector, similar to other agricultural sectors, is facing a challenging situation where climate and global production are affecting the farm gate price, causing farmer attrition and production decline. This brings the issue of farmer livelihoods to its rightful place at the forefront of the cocoa sustainability conversation.

In order to strengthen the foundation for more effective interventions related to farmer livelihood, Rikolto and CSP have initiated a Living Income Visibility and Equality Study in partnership with the Swiss
Secretariat for Economic Affairs (SECO), the Sustainable Cocoa Production Program (SCPP/Swisscontact), Social Accountability International (SAI), The Anker Research Institute (ARI), and Partnership for Indonesia Sustainable Agriculture (PISAgro), while commissioning Bridgewater International Services and Hasanuddin University as consultants and SRP Payo-payo for field data collection.

Living Income is defined as the net income a household would need to earn to enable all members of the household to afford a decent standard of living. This living income survey in intended to provide economic data for multiple sustainability programs regarding additional income for farmers on which new recommendations and models can be constructed. The data collected will form a region-specific living income benchmark for cocoa farmers in Sulawesi, while discovering the current gap between living income standards and actual farmer income, in accordance with international best practices for determining living income.

With these benchmarks and a proven data collection/analysis system having been performed, all Indonesian agricultural stakeholders will have the opportunity to better understand shortcomings in farm economics and implement better programs toward agricultural sustainability and improved farmer livelihoods across Indonesia. Additionally, a Living Income Benchmark will provide the opportunity to align measurements on what constitutes a standard for socio-economic success of programs in terms of farmer household income and livelihood.

A survey of food prices at field market level (places where cocoa farmers purchase goods) was conducted. The purpose of the food price survey is to begin collecting living expenses in cocoa areas, while providing comparative cost data to help determine area selection for the living income benchmark. It is necessary to understand differences in cost of living between the South, West, Central, and Southeast cocoa belts of Sulawesi in order to determine scope and reach of a living income benchmark standard. The food price survey data was collected, processed, and compiled in accordance with the following framework:
• 4 provinces (South Sulawesi, West Sulawesi, Central Sulawesi, Southeast Sulawesi).
• 3 cocoa-producing districts (kabupaten) per province.
• 2 cocoa-producing subdistricts (kecamatan) per district.
• 4 local markets and/or trading stalls per subdistrict.

In conclusion, the engagement of CSP and other participating institutions such as Rikolto, the Swiss State Secretariat for Economic Affairs (SECO), Swisscontact, the Partnership for Indonesia Sustainable Agriculture (PISAgro), Bridgewater, Hasanuddin University, and SRP Payo-Payo on the topic of living income benchmarking for cocoa farming households has triggered a positive response from stakeholders that exceeded expectations. The number of partners in this effort has multiplied and as a result, the timeline and process has been adjusted accordingly.

In addition, the Anker Research Institute as part of the growing Global Living Wage Coalition has become the global standard for living income, having completed benchmarks in 42 countries. This Living Income Visibility and Equality study initiated by Rikolto is on track to produce the first Anker-assured living income benchmark in Indonesia, with potential to expand into other areas and commodities toward the betterment of farmer livelihood improvement and stakeholder awareness. The current progress trajectory gives ample reason to look forward to continued partnership in 2022 toward the culmination of this important sustainability effort.
As informed in the previous section, Cocoa Sustainability Partnership was invited by the national government to initiate the discussion on how to align the existing cocoa development roadmaps in Indonesia. The Indonesian Ministry of National Development Planning found that each actor—such as government and private sectors—had their own roadmap as guideline in implementing the cocoa development. And with various targets and activities, it should be aligned with the coordination of national government in order to achieve more measurable targets in improving the livelihoods of smallholder cocoa farmers through the increment of national cocoa production.

Cocoa Sustainability Partnership proposed that the aligned roadmap must covers four main approaches, including the provision of qualified and certified cocoa planting materials, cocoa-specific NPK fertilizer, technical facilitators and cocoa extension workers, and access to finance.
With the coordination of members and strategic partners, CSP had defined detail references for the action plan. CSP estimated that the total outreach areas for strengthening Indonesian cocoa sector was approximately 1,300,466 hectares which covered these following areas:

<table>
<thead>
<tr>
<th>Province</th>
<th>Width of Area (hectare)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Sulawesi</td>
<td>278.589</td>
</tr>
<tr>
<td>Southeast Sulawesi</td>
<td>250.286</td>
</tr>
<tr>
<td>South Sulawesi</td>
<td>214.295</td>
</tr>
<tr>
<td>West Sulawesi</td>
<td>142.396</td>
</tr>
<tr>
<td>West Sumatera</td>
<td>140.628</td>
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<tr>
<td>Aceh</td>
<td>114.946</td>
</tr>
<tr>
<td>Lampung</td>
<td>93.249</td>
</tr>
<tr>
<td>North Sumatera</td>
<td>66.077</td>
</tr>
</tbody>
</table>

Provision of Qualified and Certified Cocoa Planting Material

One of crucial problems in Indonesian cocoa sector is aging trees with lack of farmers access to qualified and certified cocoa planting materials. Generally, the smallholder cocoa farmers have 35 years old, or more, of cocoa plantations. Aging and less productive plant will lead to the decreasing of cocoa productivity in the field. In order to revive the sector, the trees must be rejuvenated with new plants.

By considering that the rate of cocoa plant rejuvenation, both of with governments or private sectors initiatives, is still low these recent years. Aside of this rejuvenation issue, the farmers also experience problems such as the seed gardens for producing rootstock are located far away from the cocoa production centers, the price of rootstock is relatively high, and the exploration of adaptive and high yield cocoa clones has not been optimally facilitated.

In order to solve these problems, CSP formulates some strategies. It is estimated the total width of plantation area that needs to be rejuvenated is 65,023 hectares with 52,018,400 seedlings per year. The amount is generated from the calculation of five percent of prioritized cocoa development areas width. In doing so, CSP also proposes the establishment of rootstock garden in cocoa production centers and acceleration of nurseries certification.
Furthermore, CSP also discusses with several stakeholders regarding this cocoa planting material issue. And CSP needs to advocate for the revision of the Indonesian Minister of Agriculture Decree No. 25 Year 2017 on Guidelines for Production, Certification, Distribution, and Supervision of Cocoa Seedling. The proposed revisions are rootstock garden provision, acceleration of nurseries stipulation by utilizing the existing and potential nurseries, and the stipulation of new adaptive, high yield, and pest and disease resistant cocoa clones.

**Provision of Cocoa-Specific NPK Fertilizer**
Since 2020, CSP had initiated the distribution of Cocoa-Specific NPK Fertilizer in four provinces in Sulawesi with government subsidiary budget allocation. The number of this subsidized fertilizer is not sufficient to fulfill the needs of smallholder cocoa farmers in all over area of Indonesia. Therefore, CSP mentioned that in order to increase the national cocoa production, government must allocate more subsidiary budget allocation for cocoa-specific fertilizer.

One of proposed action plans in the aligned cocoa development roadmap is provision of cocoa-specific fertilizer in all cocoa production areas in Indonesia. It is estimated that the government should provide approximately 461,663 tons of fertilizer for rejuvenated cocoa plantation for five years. And 585,207 tons of fertilizer for intensified cocoa plantation for five years.

CSP also realizes that the subsidiary budget allocation from the national government is relatively low and decreasing year-by-year. Therefore, CSP proposes that the Cocoa-Specific NPK Fertilizer also can be developed into non-subsidized scheme by providing and facilitating a decent access for farmers to access financial supports from banking institutions.

**Technical Facilitator and Cocoa Extension Worker**
In series of discussions with the government and private sectors, it is found that the existing government extension workers are only allocated mainly for food crops. There are no specific technical facilitations for other crops such as plantation, or cocoa in specific. Even though there are some districts and provincial governments have allocated part-time extension workers for cocoa plantations. But the numbers are still insufficient and can not reach all cocoa farmers in Indonesia.

The private sectors also have provided technical assistance to their facilitated farmers in the operating areas. But the number and outreach capabilities are insufficient.

That is the reason why CSP then proposes in the action plan of the aligned cocoa development roadmap that the existence of extension workers, government and non-government extension workers, must be in sufficient number. The provision of these extension workers can be allocated by the government or cocoa association. And with the training facilities owned by private sectors and government, these recruited extension workers and field facilitators can be trained to improve their knowledge in cocoa-related issues.

CSP estimates the needs for additional extension workers are at least 775 persons per year to be stationed in the focus areas as mentioned before. It is expected that they will facilitate the farmers by providing technical trainings and doing monitoring activities of good agriculture practices adoption. They also will function as initiator of farmer corporation establishment. CSP suggests to the government that the farmer corporation can be established by engaging the local collectors, field facilitators, and village-owned enterprises.
Access to Finance

The national government had launched a micro credit program for small and medium-sized enterprises in Indonesia, called as *Kredit Usaha Rakyat (KUR)*. Within the scheme, the allocation of the program is also dedicated to the farmers.

The number of farmers, particularly cocoa farmers, who have accessed the micro credit program is still low. Because most of the farmers are unable to fulfill the administrative requirements of credit facilitation from banking institutions. And adding to the problems, the banking institutions itself are not interested in investing to the farmers, specifically to the cocoa farmers and other long period crops.

Therefore, CSP has initiated some micro credit piloting at cocoa production centers by inviting the participation of banks and private sectors. CSP also has proposed to the Indonesian Coordinating Ministry for Economic Affairs to encourage the bank institutions under national bank association such as *Himpunan Bank Negara (HIMBARA)* to provide facilitation to the smallholders farmers in form of agricultural inputs, or non-cash micro credit program.

CSP estimates that in the first year of implementation, it must be allocated approximately IDR 799,782,900,000. The number is divided into three main scopes as planting materials, fertilizers for rejuvenated cocoa plants, and fertilizers for productive or intensified cocoa plants. This investment is the responsible of all engaged stakeholders such as national government, local governments, private sectors, and cocoa-related associations.
During the CSP General Assembly Meeting on December 2021, the Indonesian Minister of Agriculture mentioned that CSP had shown its existence as government partners in accelerating the cocoa development in Indonesia. CSP had worked with the local governments in the cocoa production center areas to establish action plans to increase the livelihood of smallholder cocoa farmers through the improvement of national cocoa productivity.

In this collaboration, the local governments stated their supports to CSP in the provision of subsidized cocoa-specific fertilizer and qualified cocoa planting materials. CSP assisted the local governments in providing their farmers data and needs of agricultural inputs to be allocated by the government in each financial year. The data was collected together with the CSP members whom their working areas were related to the certain local governments. CSP also linked the local governments in providing technical training on cocoa-related issues in the training facilities owned by the government and private sectors.
Tim Mamuju
Sulawesi Barat
Mamuju, 20 Januari 2022

Kepada Yth.
Sdr. Direktur Eksekutif Cocoa Sustainability Partnership (CSP)
Jakarta Pusat

Dalam

Memiliki

Nomor
520 /0012 /BUP

Penting
2 (Dua) Lembar

Penyampaian Dukungan untuk Dalam Perencanaan Program Pengembangan Kakao di
Kabupaten Luwu Timur

Memperhatikan
Yang bertanda tangan di bawah ini:

Nama
Jabat-

Dr. DRS. KASMAN LA
Bupati Donggala

Surat Direktur Eksekutif
tanggal 04 Januari 2022 perihal
pengembangan Kakao Program Nasional Program Nas
nasuk di dalam
lah daerah da-
tan 2023.

Mali, 13 Januari 2022

Kepada
Yth. Direktur Eksekutif Cocoa
Sustainable Partnership (CSP)

Jakarta

Surat Direktur Eksekutif CSP Nomor: 59/SKU/CSPN/2022

*Perihal Permohonan Surat Dukungan untuk CSP dalam
*ProvinSI Sulawesi Selatan.
Kepada Yth. Direktur Eksekutif Caca Sustainability Partnership di - Jakarta

Dukungan Untuk CSP dalam Program Pengembangana Kakao Berkelanjutan

PEMERINTAH KABUPATEN BANGGAI
DINAS TANAMAN PANGAN,
HORTIKULTURA DAN PERKEBUNAN

Kawasan Kantor Dinas Banger Bungai Kelurahan Siring
Jl. Raya Siring, Kecamatan Siring, Luwuk, 93111 Luwuk

Luwuk, 13 Januari 2022

Kepada Yth :
Kementrian Pertanian
Wisma Pusaka
Jakarta

Nomor : 04/2022
Dalam Lampiran Surat dari Cipta

Menerima Surat dari Cipta
2022 tanggal 4 Januari 2022

Untuk memperkuat program
Lampiran Surat dari Cipta
Perkebunan dan Hortikultura
Pengembangan Pertanian

Lampiran : 2
At the Cocoa Sustainability Partnership, we believe that the development of sustainable cocoa sector in Indonesia requires underlying. We also have established coordination with the national government, through several ministries, to tie the knots into one node. It is an important effort in aligning the cocoa development roadmaps of other parties in Indonesia into one applicable and tangible roadmap. Because we believe that by joining the cocoa stakeholders’ roadmap, it will coordinate the development of sustainable cocoa sector in Indonesia.
Dear Members, Strategic Partners, and other Cocoa Stakeholders,

During the last year, we had experienced another tough moment tested our strength and collective action in every part of our journey. With the impacts and risks on health and safety, as well as challenges to the cocoa supply chain, COVID-19 pandemics spread widely globally. It also indirectly affected the productivity of our smallholder cocoa farmers who inhibited the cocoa development areas across the nation.

But, by working hand-in-hand with cocoa farmers, governments, companies, research and university institutions, NGOs, and cocoa-related associations, Cocoa Sustainability Partnership (CSP) showed its continuous support and facilitation to the cocoa farmers and its communities. In enabling them to produce cocoa beans in safer and sustainable ways. In doing so, we coordinated direct support to the cocoa farmers who experienced barriers in their livelihoods due to COVID-19 pandemics.

Throughout the year, we received supports and commitments from the national and local governments in aligning the collective efforts in increasing the national cocoa productivity and empowering smallholder cocoa farmers in Indonesia. With commitments and sharing-budget allocation from the governments, we could mark the pins through the paths to Indonesian sustainable cocoa sector. Viable, measurable, and tangible targets had been located and referred as collective action plans.

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We also want to express our highest appreciation to some donor institutions in supporting what CSP has believed as applicable and tangible approaches to boost national cocoa productivity and to increase the farmers’ income from cocoa plantation. In order to strengthen the foundation for more effective interventions related to farmer livelihood, Rikolto and CSP have initiated a Living Income Visibility and Equality Study in partnership with the Swiss Secretariat for Economic Affairs (SECO), the Sustainable Cocoa Production Program (SCPP/Swisscontact), Social Accountability International (SAI), The Anker Research Institute (ARI), and Partnership for Indonesia Sustainable Agriculture (PISAgro), while commissioning Bridgewater International Services and Hasanuddin University as consultants and SRP Payo-payo for field data collection. The Pupuk Indonesia Holding Company also supported the smallholder cocoa farmers with the provision of subsidized NPK fertilizer through the coordination of national and local governments, and CSP members in the distribution areas.

In this year, we also welcome Lingkar Temu Kabupaten Lestari (LTKL) and Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) to this national cocoa partnership platform in Indonesia. We believe that the contribution of CSP members and its strategic partners will enrich the way to improve the livelihood of smallholder cocoa farmers in Indonesia.

Wahyu Wibowo
Executive Director
CSP DASHBOARD DATA AND KPI

The Roadmap is an ambitious answer to a difficult context of declining national production, with many (of the more talented) farmers leaving the sector for other crops. CSP members recognize that the Indonesian cocoa sector can regain its vitality only by building a strong business case for the farmer. Otherwise farmers will continue to switch to other crops. That business case is to be built on productivity foremost.

CSP members will work toward a thriving, sustainable Indonesian cocoa sector, to enable cocoa farmers with professional farmer package and enabling environment. It is also expected to continue increasing productivity and business profitability in cocoa sector beyond 2020.

Based on the Supervisory Board Meeting conducted on July 25th, 2018, at Aryaduta Hotel Jakarta, Supervisory Board Members decided that the agreed measurement of cocoa productivity is to use tree units, not per land area. Given that the tree populations per unit area are different. For example, in one hectare there could be less than 1,000 trees; or based on SCPP Dashboard average population is 579 trees per hectare; or vice versa as found in West Sumatra (for example) with a population of 1,400 plants within an area of one hectare. The CSP intervention target includes 200 million cocoa trees with a production of 2 kg of dried cocoa beans per tree by 2030. These consensuses also approved by General Assembly Members during the GA meeting conducted on August 8th, 2018 at Directorate General of Estate Crops meeting room, Ministry of Agriculture.
The 2020 Roadmap is focusing on two tracks, which consists of “Professional Farmer Package” and “Enabling Environment”. Furthermore, the two tracks are defined by cross cutting building blocks: Agro-inputs, Planting Material, Knowledge Management, Access to Finance, Service Delivery, as well as Government Support and Member Outreach.

The activities of the 2020 Roadmap are translated into Key Performance Indicators (KPI) with the “Outcomes” are as follows:

- 20 million trees use appropriate fertilizer and minimum additional of 20 million trees year on year.
- 15 million clonal seedlings used by farmers per year.
- Increased productivity to 2 kg per tree.
- 20,000 farmers adopting Professional GAP and minimum additional of 20,000 farmers year on year.
- 10% of farmers fit with eligibility criteria to get loans and increase 10% year on year.
- 10% of the cocoa business loan (in total) is distributed for youth.
- Farm outlook for diversification covering 20% of cocoa farmer in 2019 and minimum additional of 20% year on year.
- All cocoa farms are defined by polygon and not located in the protected forest and conservation area (Deforestation-Free).

CSP baseline data will be established and monitored by adoption measurement and maintains database as an aggregated result.
Facilitated Farmer

211,593 farmers

Farmer’s Land Area

201,923 hectares

Tree Population

165,972,755 trees
Appropriate Fertilizer Application

**45.890.821** trees
60.000.000 (2021)
240.000.000 (2030)

Clonal Seeding

**41.797.557** polybags
45.000.000 (2021)
180.000.000 (2030)

Cocoa Productivity

0,82 kilograms/tree
0,92 (2021)
2,00 (2030)

Trained Farmers

**179.546** farmers
60.000 (2021)
240.000 (2030)
As mandated from the Supervisory Board Meeting on January 02, 2021, Cocoa Sustainability Partnership (CSP) must establish some working groups whose members are the representatives of CSP members, and other cocoa-related-stakeholders if needed. The working groups are established in order to discuss correlating issues to the Indonesian cocoa sector development, and to seek any possibilities and opportunities to be referred as recommendations to solve those issues in the field.

Any CSP member could be designated to one or more of the thematic areas of working groups. With the objectives of each working group will be focused in seeking the opportunities, challenges, lesson-learnt, progresses, and any related issues on cocoa development in Indonesia. Furthermore, the members of group will be actively engaged into series of meetings and discussions.
Cocoa Planting Materials Working Group
The CSP Working Group for Cocoa Planting Materials focused in designing and carrying out the compatibility tests for five cocoa clones as rootstock, reviewing the existing research in the field, and providing academic paper to be proposed to the General Directorate of State Crops, the Ministry of Agriculture.

The compatibility test was performed by the Indonesian Industrial and Beverage Crops Research Institute, Plantation Research and Development Center, Agriculture Research and Development Institute of the Ministry of Agriculture with coordination with CSP and its member representatives. The results of this activity were the report of compatibility test of five cocoa clones as rootstock and academic paper to be submitted to the government. Both of the documents had been delivered and reviewed by the Ministry of Agriculture.
Cocoa-Specific Fertilizer Working Group

The CSP Working Group for Cocoa-Specific Fertilizer will focus in issues on subsidized and non-subsidized cocoa fertilizer. Given we have the formulation ready and it is about quality management and roll-out in cocoa clusters, the objectives are:

1. Cocoa-specific fertilizer can increase smallholder farmer productivity.
2. The smallholder farmers have decent access to cocoa-specific fertilizer.
3. Both subsidized and non-subsidized cocoa-specific fertilizer can be widely distributed to other areas in Indonesia.
4. Coordination with CSP Access to Finance Working Group to ensure that relevant farmers are able to purchase non-subsidized cocoa-specific fertilizer.
Access to Finance Working Group

The CSP Working Group for Access to Finance will focus in issues on financial supports for smallholder cocoa farmers, especially micro-finance for plantation sector (KUR Khusus Kakao). It will also cover the learnings from the application of similar schemes in other commodities and countries. Furthermore, the members of group will be actively engaged into series of meetings and discussions regarding the applicable scheme and system of micro-finance programs which are recommended by the government and private sectors with these following objectives:

1. The smallholder cocoa farmers can access the micro-credits and other financial supports from banking institution.

2. The smallholder cocoa farmers can access KUR Khusus Kakao program from appointed national bank.

3. The smallholder cocoa farmers can utilize the micro-credits and other financial supports in purchasing agriculture inputs, such as non-subsidized cocoa-specific fertilizers, planting materials, and other inputs in cocoa farming.
European Union Policy Working Group

The CSP Working Group for European Union Policy for will focus on understanding and complying with new EU forest-related policy. Primary objectives are as follows:

1. Anticipate the impact of EU regulations in the cocoa sector.
2. Share knowledge and updates regarding compliance.
3. Coordinate with the EU Policy working group from the Ministry of Foreign Affairs and other national platforms regarding EU forest-related policy.
Landscape Approach Working Group
The CSP Working Group for Landscape Approach will focus on identifying successes, challenges, and opportunities related to multi-sector, multi-stakeholder, public-private collaborations in any given shared geographical area in regard to sustainable land use initiatives. Primary objectives are as follows:

1. Help stimulate the formation of cross-commodity collaborations toward locality-based sustainable land use.

2. Provide framework and resources toward regional government engagement regarding landscape initiatives.
# CSP Financial Statement

## 2021 Revenue Summary

**IDR 4,834,756,751**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Membership Fee</td>
<td>IDR 1,629,116,100</td>
</tr>
<tr>
<td>Donor</td>
<td>IDR 3,205,640,650</td>
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<td><strong>Total</strong></td>
<td><strong>IDR 4,834,756,751</strong></td>
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## 2021 Expense Summary

**IDR 4,276,127,157**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Focus 01: Roadmap Implementation</td>
<td>IDR 1,776,915,002</td>
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<tr>
<td>Focus 02: Members and Stakeholders Engagement</td>
<td>IDR 224,295,293</td>
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<tr>
<td>Focus 03: Effectiveness of Platform</td>
<td>IDR 414,693,972</td>
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<tr>
<td>Focus 04: CSP Secretariat</td>
<td>IDR 1,490,767,639</td>
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<td>Overhead Cost</td>
<td>IDR 369,455,251</td>
</tr>
<tr>
<td>Office Operational Cost</td>
<td><strong>IDR 4,276,127,157</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
</tr>
</tbody>
</table>
Kami telah mengaudit laporan keuangan Cocoa Sustainability Partnership selanjutnya yang terdiri dari laporan posisi keuangan pada tanggal 31 Desember 2021, serta laporan aktivitas dan laporan arus kas untuk tahun yang berakhir pada tanggal tersebut, dan suatu khtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in accompanying notes, and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the accompanying financial statements of Cocoa Sustainability Partnership as of December 31, 2021 and for the year then ended, present fairly, in all material respects, in accordance with the basis of accounting described in the accompanying notes, the financial position of Cocoa Sustainability Partnership and its subsidiaries as of December 31, 2021 and the changes in the financial position of Cocoa Sustainability Partnership and its subsidiaries for the year then ended.

Basis of accounting and restriction of use and distribution
Without modifying our opinion, we draw your attention to Note 2 to the accompanying financial statements, which describes the basis of accounting. These financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than Indonesian Financial Accounting Standards. These financial statements and our report are solely for the donor and may not be used for any other purpose, nor may it be distributed to any other parties than the donor.

Amir Abadi Jusuf, Aryanto, Mawar & Rekan

Maxson Hakim Wijaya
Nomor Izin Akuntan Publik: AP.1680/
Public Accountant License Number: AP. 1680

Jakarta, 12 April/April 12, 2022
We want to acknowledge each and every member and strategic partner of Cocoa Sustainability Partnership who had worked together, hand-in-hand, to establish thriving sustainable cocoa sector in Indonesia. We believe that the coordination and communication with the stakeholders, through our collective actions and initiatives, we can lift the livelihood of smallholder cocoa farmers.
Acknowledgments

The Coordinating Ministry for Economic Affairs
The Ministry of National Development Planning/National Development Planning Agency
The Ministry of Agriculture
The Ministry for Foreign Affairs
The Ministry of Environment and Forestry
The Ministry of Women Empowerment and Children Protection
The Ministry of Industry
The Ministry of Village, Development of Disadvantaged Regions, and Transmigration
The Government of Aceh Province
The Government of Lampung Province
The Government of North Sumatera Province
The Government of West Sumatera Province
The Government of Central Java Province
The Government of East Java Province
The Government of Yogyakarta Province
The Government of Bali Province
The Government of Central Sulawesi Province
The Government of South Sulawesi Province
The Government of Southeast Sulawesi Province
The Government of West Sulawesi Province
The Government of East Kalimantan Province
The Government of North Kalimantan Province
The Government of West Kalimantan Province
The Government of East Nusa Tenggara Province
The Government of West Papua Province

Balai Penelitian Tanaman Industri dan Penyegar Hasanuddin University
IPB University
Perkebunan Nusantara XII
Pusat Penelitian Kopi dan Kakao Indonesia

Cocoa Association of Asia
European Cocoa Association
Indonesian Cocoa Association
Indonesian Cocoa Board

Bank Rakyat Indonesia
Bank Negara Indonesia
Bank BPD Sulselbar
Bank Sinar Mas
Barry Callebaut
Cargill
Ecom Trading
JB Cocoa
Mars Incorporated
Mondelēz International
Olam Food Ingredients
Pupuk Indonesia Holding Company
Pupuk Kalimantan Timur

Forum Kakao Aceh
Forum Kakao Kolaka
Forum Kakao Sumatera Barat
Forum Komunikasi Kakao Sulawesi Tengah
Forum Masyarakat Kakao Luwu Raya
Better Than Cash Alliance
Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
Grow Asia
Keling Kumang Group
Lingkar Temu Kabupaten Lestari
Partnership for Indonesian Indonesia’s Sustainable Agriculture
Proforest
Rainforest Alliance
Rikolto Indonesia
SRP Payo-Payo
State Secretariat for Economic Affairs
Swisscontact
Tropical Forest Alliance
Wahana Visi Indonesia
Wildlife Conservation Society
World Agroforestry
World Cocoa Foundation
Yayasan Inisiatif Dagang Hijau
Yayasan Kalimajari
Yayasan Sayangi Tunas Cilik