# Improving Equality, Increasing Cocoa Productivity CSP Annual Report 2020

- • EDITORIAL •

*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.* 

Cocoa Sustainability Partnership 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 cocoas sector players.

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# MILE-Stone



# Achieving the Vision through Equality and Collaboration

ocoa Sustainability Partnership (CSP) and Swisscontact are working together to deliver Equality for Sustainable Cocoa Production (ESCP) Project. The project focuses on enhancing equal participation between men and women in economic and noneconomic activities to improve the livelihood of smallholder farmers that support sustainable cocoa development. The pilot was implemented in partnership with MARS in Luwu Timur district, South Sulawesi.

Although the Covid-19 pandemic has not eased, ESCP continued to implement many activities. In the pilot site, the project continued to facilitate the farmers on the implementation of their action plan at family level as well as at group and community level. The field staff continue to assist the farmers on improving cocoa farms by applying good agricultural practices (GAP), planting more trees for crop diversification, producing organic fertilizers, managing the nurseries, and other related agribusiness activities. Facilitation on technical aspects was done along with facilitation on management aspects in order to strengthen the farmer groups and ensure their sustainability after the completion of the project.

In general, local authorities appreciated the project. Three village authorities have provided support to the farmers group which joined the project and show commitment to provide financial support next year. The Agriculture Agency of East Luwu also has provided support by providing coaching on goat farming and also vitamins and medicine for goats. During the SCPP Completion Event, the Agriculture Agency expressed its appreciation for the project because it applies a comprehensive approach. Although it is a cocoa related initiative, the project applies a sustainable agriculture concept and introduces social and environmental responsibility. There are many parties who can implement cocoa farming activities, but it is rare that parties apply a comprehensive approach like this project. This is the program that the government needs to develop in the future. Thus, the Agriculture Agency expects the project to continue and that the parties involved in the effort, such as MARS and also CSP, can continue this collaboration.

MARS, the private partner, appreciates the partnership and will continue to assist the cocoa farmers in the area. During the SCPP completion event in East Luwu regency, Andi Fitriani



Figure 01. ESCP Pilot Activities, August - October 2020

(MARS) stated that MARS is happy with the collaboration because it has accomplished outstanding achievements for the benefit of the farmers in the area; not only in improvements of skills but also for the welfare of farmers. MARS will continue the project that was implemented in collaboration with Swisscontact by integrating it into their existing program.

From August to November 2020, the ESCP pilot activities focused on completing the field implementation in support of farmers and initiating the document preparation for future lobby and advocacy agenda. The timeline of ESCP activities during the reporting period can be seen in **Figure 01**.

In August, the project implemented a range of community support initiatives to farmers, related to livelihood diversification. In the monitoring and evaluation, ESCP arranged a workshop for the annual review, which was followed by in-group monitoring of action plans and achievements. In September, farmers continued to receive agribusiness coaching via the project. During the same month, the project began its first impact assessment. However, this was halted due to the serious illness of the consultant.

In the following month, ESCP continued its impact assessment activities with a new consultant, who tackled the parts of the first assessment that were incomplete. The project, moreover, organized an internal consolidation workshop with CSP, in order to confirm budgeting and preparation for the lobby and advocacy agenda. For the latter, the project prepared the GALS Mainstreaming Protocol, Brief Paper for Policy Makers; and also the development of communication strategy. In November, ESCP began video production for IEC materials in a future presentation of the pilot implementation. The project team also created a ToC reflection workshop by RA.

## **ESCP** Impacts and Outcomes

In addition to regular monitoring, ESCP also conducted impact assessment in order to gauge the results of the pilot in Luwu Timur, and to assess the overall impact of the project. The findings of the outcome and impact on the triple bottom line (economic, social and environmental dimensions) are summarized below:

#### **Economic Dimension**

Economic considerations are fundamental to supporting sustainable cocoa farm production. This is especially pertinent in relation to the ESCP impact on reducing smallholder vulnerability, thereby allowing for greater family investment in contributions to the improvement of cocoa farm productivity. In measuring this economic dimension, the assessment looked at both household income generation and financial management.

At the outcome level, the project has resulted in 80 households (88% of 91 households monitored) managing finance allocation for the management of cocoa farming. Productivity is expected to increase in response to the subsequent allocation of funds for farm development. In addition, a third of champions (33%) have enhanced production by replanting and expanding their cocoa farms. The impact assessment shows that the champions demonstrated the highest average production, with 874 kg (see Figure 02), followed by control (426 kg) and the first layer (413 kg).



Figure 02. Average Production of All Samples

At the impact level, the impact assessment shows that the champion and first-layer respondents have relatively better income from cocoa than the control group, as 75% of champions and 72% of the firstlayer respondents have an income of more than IDR 5 million (US\$353) in 2020, while only 64% of control respondents generated cocoa income equal to that amount in the same period. In addition, 63% of the champions and 31% of the first layers were shown to have kept financial savings, whereas only 25% of the control group did so. With regards to income generation, the impact assessment highlighted that 74% of all respondents earned an annual income below IDR 10 million (US\$712), 9% of respondents earned more than IDR 20 million (US\$1,430) and 32% of respondents were found to have an annual income below US\$357 (less than a dollar a day). Realizing this condition, the project has provided support for income diversification since April 2020. The champions and the first layers responded positively to this initiative; the assessment revealed that 41% of champions and



Figure 03. Good Agricultural Practices (GAP) Applied by 91 Households Champions and First Layer

first-layer respondents planned to establish a new source of income in 2020, compared to only 13% of respondents in the control group. In addition to cocoa, agricultural farming remains the primary income source for the champions and the first layers. This includes the cultivation of white pepper, patchouli, palm sugar and fruits, in addition to the husbandry of poultry and livestock.

#### **Social Dimension**

At the outcome level, 73 households (80%) have shared the workload among each other in managing productive family assets including cocoa farms, while 58 households (64%) have shared access to asset utilization and succeeded in increasing their quantity. In addition, almost all champions (90%) have facilitated either small workshops or individual coaching in their groups/communities to facilitate exposure to GALS, and as a result 268 farmers have been successfully introduced to the system.

The impact assessment shows that champions and first layers generally display more democratic relationships among family members. This is illustrated in the division of labour for daily tasks; 13% of control respondents said this is defined by parents and husbands, whereas only 6% of champions and first layers made the same statement. With regards to leadership, male champions promoted GALS to 94 women and 114 men, whereas female champions promoted GALS to 65 women and 4 men. The impact assessment shows that male champion respondents were more confident (or perhaps more comfortable) in promoting the tools to both male and female peers, while the female champion respondents generally disseminated information within the boundaries of their gender demographic.

#### **Environmental Dimension**

At the outcome level, the impact assessment revealed that 88 households of champions and first layers (80%) have planted shading trees, the most popular species being fruit trees such as durian and langsat (*Lansium parasiticum*), in addition to timber tree species such as bitti (*Vitex Cofassus*).

Some of the farmers have applied integrated pest management (such as condomization and pest traps). In addition, fifteen champions (83%) have produced organic fertilizers (compost and/or liquid organic fertilizer). Based on the testimony of Pak



### **AO Control Points**

Figure 04. The Percentage of Farmers who Adopted Each Control Point of the Adoption Observation in Q4 of 2019

Masrul, one of the champions, the application of organic fertilizer has reduced the use of chemical fertilizers about half. Currently, the Bahagia groups also plan to produce organic pesticide made from goat urine. The group also plans to test the organic fertilizers in order to get a license for commercialization.

## **ESCP Significant Changes**

### Individual Behavioral Changes – Perception and Awareness

After nine months of ESCP Pilot implementation, the project has seen many changes at farm level. Regarding the awareness on the importance of farming management, the project found a lot of changes relating to the sharing of tasks and efforts to increase income, along with efforts to manage financial expenditure and improve the management of additional fixed assets.

**Figure 03** shows the transformation of good agricultural practices applied by the project farmers over a period of nine months. A total of 18 household (HH) champions have disseminated GALS to 84 individual first layers (or 73 household first layers). In the first quarter, many of the first layers changed practices in managing their cocoa farms. Before joining the project, they didn't have any plans to pursue replanting, fertilizing or sanitation. Currently, these plans are already in

place, and are proceeding according to the action plans and schedules implemented in each case.

As a result of the project, several farmers who previously did not care for their farms have since become more motivated to do so. This development is demonstrated in the replanting and farm development planning that is now taking place. In order to solve the issue of prohibitive costs and access to high-quality fertilizers, some champions and first-layer farmers have produced organic solutions, such as compost and liquid organic fertilizers, by utilizing the waste materials from their homes and farms. Figure 04 shows the number of household champions and first layers who have adopted good agricultural practices according to the GAP standard, such as pruning, fertilizing, sanitation, pest and diseases control, replanting, the planting of shading trees, and frequent harvesting. The data shows a cocoa production increase of 44%



Figure 05. Number of Farmers who Diversified their Activities for Additional Sources of Income



(n= 18 household champions + 73 household first layer)

\*Number in bottom-left corner of each box show the number of household champions who have successfully reduced their expenses in each category (daily needs, accessories and apparels, hobbies, billings, other, and cocoa farming and other commodities)

Figure 06. Progress of Changes in Family Expenses

In collaboration with MARS, the project has adopted and implemented measuring protocols using Adoption Observation (AO); a tool developed by MARS and their partners to measure the adoption of GAP and to help farmers develop their farm maintenance plans. Thus far, 24 champion and first-layer farmers have been surveyed for the adoption observation by MARS.

**Figure 05** depicts the champion's promising progress in increasing their income since the beginning of the project. In total, 32% of champions and first layers increased their activity in the animal husbandry (goats, cows, pigs) and poultry (chicken and duck) section. While some farmers have only just initiated the activities since joining the project, others have also increased their number of animals. Some of them have also sold their cattle and/or poultry.

Around 30% of farmers increased their income through crop diversification. They have planted annual plants, such as chili, tomatoes, eggplant, etc.; herbal plants, such as ginger, turmeric, lemongrass; and fruits, including papaya, pineapple, banana, etc. In addition, they have also planted temporary shading trees, such as gamal, lamtoro, etc.; and permanent shading trees, including durian, rambutan, langsat and avocado. In total, 19% of participants increased their income by working as hourly laborers in cocoa farms and other agricultural and non-agricultural sectors.

**Figure 06** illustrates changes in household financial management. The data shown here indicate a significant reduction in expenditure by champions and first layers after joining the project. Although not all farmers provided details of their expenditure and the cost saving, their testimonies have confirmed they have made significant changes to their spending and improved their household financial management.

The most significant change is savings on spending for accessories, cosmetics and clothes. Approximately 60% of champions and first layers - especially the women - have successfully reduced their spending on accessories, by purchasing cheaper alternatives and/or limiting their overall spending. Out of 42 farmers, 27 have successfully reduced their expenditure on daily needs, such as children's snacks, rice and vegetables. The farmers also combined rice and tubers in order to reduce rice consumption. In addition, some have planted vegetables, thereby reducing their need to buy.

In addition to daily needs, around 50% of farmers have also lowered their lifestyle expenditure, by reducing their smoking, coffee and gambling habits. Lifestyle expenditures dropped by 12% on average (from baseline to postline). Other cost savings include spending on phone bills, electricity bills and gasoline. In addition, they have also reduced their consumption of chemical fertilizer by producing organic fertilizers; an action that has lowered the overall cost of farm maintenance.

#### **Group Behavior Changes**

In addition to individual behavioral changes, improvements can also be seen at the group level. The champions and first-layer farmers are distributed in seven sub-villages in Mangkutana subdistrict and Tomoni sub-district of Luwu Timur. During the annual review workshop in August, participants received advanced GALS tools, including Achievement Journey, Empowerment Diamond and Marketing Map. These tools help the participants to analyze their current condition and develop plans for improvement. Each group discussed the topic, and the results were visualized using the tools.



Figure 07. The Number of Farmers in Each Coached Group



Figure 08. Collective Achievement Journey

# **Collective Achievement Journey**

In the Achievement Journey tools, participants shared their activities and achievements in relation to plans that were drawn in the multi-lane highway tools, including household financial management, income diversification and farm management. Figure 07 shows the activities and achievements of 136 farmers (champions and first layers) in three aspects: GAP adoption, household financial management and income diversification. The activities and achievements of each aspect can be summarized below:

- *GAP Adoption*. Almost all participants have conducted pest and disease control (133 farmers), pruning (97), sanitation (80), fertilizing (79), and replanting (42). Most of them have completed harvesting (121).
- Household Financial Management. Savings have resulted from efforts to reduce household expenditures, such

as reduction in the electricity and phone bill (84 farmers). Among this group, many have achieved a significant reduction (31), including a reduction in smoking (26). From these cost savings, four farmers have been able to acquire new productive assets.

- Increased Income. Some farmers increased their income through additional farmland (32 farmers), while others bought new land with loans (10). Many of the farmers have tried to diversify their income sources by planting other commodities (70), and/or other agribusiness activities, such as livestock and poultry (98), and vegetables (100). To achieve better farm management, some hired workers to assist them in farm maintenance (52).
- *Social Empowerment*. The annual review also demonstrates that GALS

methodology promotes social empowerment. This is displayed in the following indicators: better teamwork (78 farmers), group knowledge sharing on cocoa and agriculture in general (65), and bridge repair (21).

During the review, farmers also identified opportunities and challenges for achieving their vision. Examples can be seen in Figure 08 below.

- The Opportunities. Farmer group strengthening is at the top list (76 farmers), followed by access to fertilizer (74), subsidized seedlings (73), insecticides (72). Cooperation (43) and financial access (17) were also identified as opportunities. Some farmers also view MARS and Swisscontact as potential opportunities (67).
- *The Challenges*. Pest & disease are top of the list of respondents' answers (75 farmers), followed by

fertilizers (72), road access (65), working alone (38), seedlings (36) and bridge (5).

## **Empowerment Diamond and Leadership Diamond**

In the Q3 review, the facilitator introduced the Empowerment Diamond tool, aimed at assisting the farmers in identifying what women and men like and dislike, while also developing mutual commitments among them to improve the negative aspects of the findings. They then developed plans for self-empowerment, in order to achieve the collective vision.

In the annual review, the Leadership Diamond tool was introduced in order to assist the participants in identifying leadership characteristics that are deemed to be desirable or undesirable. These priorities were then selected, and groups made a commitment to action plans that could help them to achieve ideal condition, by strengthening the desirable elements and reducing undesirable conditions.

From the 28 participants who joined the annual review workshop, a combination of women and men shared opinions to help determine what should be empowered and not empowered. Based on the voting, it was identified that some key points needed to be supported, such as changes in leadership structure, using teamwork to solve problems, participation in training sessions, commitment, and knowledge sharing. Negative issues in need of attention were related to internal conflict, lack

of discipline in terms of time management, unwillingness to cooperate, frequent criticism or naysaying, and differences in overall vision.

#### Marketing Map

The marketing map was introduced in the annual review. This tool assists the farmers in identifying the market and value chain, analyzing the cost and benefit of each option, and developing marketing strategies for their products.

Based on the above three tools, the champions and first layers developed group action plans for their activities and businesses, including the production of organic fertilizers, planting vegetables, regular meetings, nursery management and the collective marketing of their products.

### Social Empowerment

Champion farmers have voluntarily introduced GALS methodology to their peers through group and individual meetings. Almost all of them, comprising 19 champions in total (8 women & 11 men), have facilitated either small workshops or individual coaching in their groups and communities, and in total they have disseminated GALS to 268 peers. However, the level of information and skills shared varies among champions. Most visits were limited to introducing the GALS concept, while nearly half of the visits involved outlining the vision, family tree and action plan. The champions acknowledged that encouraging their peers to draw their vision was challenging, as they preferred an informal discussion.

Among 268 first-layer farmers who were exposed to GALS, there were 115 who drew visioning and/or other GALS tools. This tallies up the number of active participants in applying GALS tools to 136 farmers in total (including 21 champions). Among 136 farmers, there were 123 farmers (91%) whose vision journey focused on their coccoa farm improvement over other crops or activities in their livelihood sources.

Among the 115 first layers who drew GALS tools, 84 farmers (60 women and 24 men) drew all four main GALS tools. Some of them shared GALS tools with their families. About 15% of those monitored shared GALS with their immediate families, including parents, siblings, sistersand brothers-in-law and mothersand fathers-in-law.

The dissemination of GALS tools among peers is depicted by the social empowerment map in Figure 09. From the color



Figure 09. The Social Empowerment Map of GALS Tools Dissemination

classification, it can be seen that most farmers (77%) applied complete sets of GALS concepts, consisting of four key tools and two complementary tools. GALSsharing networks of farmers with nearly complete drawings are farmers who shared with four household champions (see the map from bottom-left to topcenter: Murni, Haslinda-Masrul, Hania and Jamaludin). The latter was the latest network cluster and immediately shared GALS tools with the people around them. Moreover, 73% of GALS dissemination occurred in Q4 of 2020 (indicated by the red lines in the map), rather than in Q1 of the project period, since champions required more time to experience GALS for themselves before sharing with others.

GALS methodology provides tools for the champions to analyze their conditions and develop action plans to achieve their vision. The peer sharing allows the champions to share their vision and discuss how to achieve their aspirations. The social interaction process empowers the community to help themselves, driving them to develop action plans that can alter conditions according to their shared vision. As the plans come from within the community itself, this creates a dynamic sense of ownership, agency and responsibility. Those who formulate these plans are more likely to commit to their implementation, and more inclined to use their own resources to bring their vision into being. This allows the community to operate without dependence on outside help from private companies, government or other public funding such as NGOs and other projects. Any external support from other parties, e.g. private sector, NGOs, will therefore complement existing initiatives with supplementary resources; accelerating the process without being key to its ignition.

Several changes in the community have been initiated by the champions. Hasnawi (45 years old), a champion from Kasintuwu village, shared the GALS and his vision with his social network. The interaction with his peers led to an idea of reviving their group, which had been inactive for years. With support from the village authority, they finally were able to establish a new farmer group called Mattirodeceng (meaning "follow the goodness") and have already been legally registered as farmers' group. They expect the group to be a place for communal learning, where technical assistance and other government programs can be accessed.

During the Q2 review, most of the champions revealed plans to diversify their income. The project provided support for this initiative by assigning an agribusiness consultant, who commenced work in April by facilitating a needs assessment. The assessment



identified four agribusiness activities that they wanted to develop: nursery, organic fertilizer, horticulture and goat farming. Based on these findings, the project developed a capacity building program that included the provision of materials and equipment, with the intention of stimulating and complementing their initiative, and ultimately supporting the group in realizing its shared vision.

The capacity building program related to a combination of technical issues and management. The technical aspects were provided in order to assist the group in the implementation



of agribusiness activities, while the management elements were needed to improve their capacity in managing these activities. The management group is a crucial resource in ensuring the development and sustainability of the group.

To date, these agribusiness activities have already begun to generate additional income for the farmers, especially via the horticulture activities. To support the marketing of their products, the farmers are supported in identifying suitable markets using market map tools. In addition, the development of collective marketing is also being facilitated. Champions who have shown an interest in and capacity for marketing have coordinated the marketing of the horticulture products produced by the group members and helped to sell them at the local market. These group activities have received attention from local village authorities and government agencies. Several groups have received support from the village authorities and the Agriculture Agency. In addition, several groups have also been invited to submit a proposal for the development of agribusiness activities.

Organic fertilizers produced by the champions have been applied

in their farms with some positive results, with the implementation of organic fertilizers reducing the consumption of chemical alternatives by around 50%. This application has reduced the cost of farming and increased support for environmentally friendly practices. In order to support fertilizer business development, the project intends to facilitate collective marketing and provide support, including testing of fertilizer products and standardization of organic fertilizer produced by the groups.



# IN-SIGHT

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# PELATIHAN MONITORING, EVALUASI & PEMBELAJARAN (MEP)

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KOLABORASI KALIMAL

AN 652 10-13 AGUSTUS 2020

INDEM NIRABILE

# Increasing the Capacity of a Public-Private Partnership

s for the sector platform, there were several activities carried out from August to October 2020. Following the success of the ESCP, future implementation of the GALS approach and other efforts toward Indonesian cocoa sustainability that were largely dependent on successful government collaboration, CSP has been chosen as the entity to spearhead these efforts. With that in mind, one component of the ESCP was to equip the CSP Executive Office with the skills and experience needed to do so effectively. This process of equipping consisted of a series of strategic capacity building activities, along with application of skills gained. CSP will continue the Project implementation for the time remaining, especially with regards to dissemination of the ESCP results, along with other lobbying and advocacy activities.

One important aspect of ESCP was to equip the Cocoa Sustainability Partnership (CSP) Executive Office (EO) to spearhead efforts toward continuing the impact of lessons learned from the implementation of the GALS approach. To this end, a comprehensive capacity building program was administered over the twoyear duration of ESCP. Areas of weaknesses among CSP EO personnel were identified and targeted, especially areas relating to the ability of CSP as an organization to influence government policy and coordinate the sustainability programs of Indonesian stakeholders, adhering to the CSP EO key performance indicators (KPI).

Another element of ESCP is supporting the institutional level to uptake the gender approach through government regulation and academic institutions. CSP as a cocoa sector platform plays a key role in disseminating the GALS pilot result, not only to its members but also to related ministries as mandated in the proposal document of the Project.



Figure 01. Timeline of CSP Activities, August - October 2020

## Lobbying and Advocacy

Lobbying and advocacy are a high priority category for capacity increase, as this area not only reflects perhaps the most important function of the CSP EO, but also directly relates to the ability of the CSP EO to help influence government policies related to the GALS approach. Through workshops, value proposition development and strategy sessions, CSP has been able to achieve unprecedented coordination between all levels of public and private Indonesian cocoa stakeholders and has seen important outcomes come to fruition.

# Private Sector Lobbying and Advocacy Outcomes

Over the last two years, CSP has experienced unprecedented progress due to the efforts of the CSP EO in gaining and applying lobbying skills.

- 1. The CSO EO was able to initiate a data sharing agreement between CSP members who are normally hesitant to share data. The EO formed a system of aggregating data with which members were comfortable to agree.
- 2. Over the duration of the two-year capacity building program, the CSP EO put their skills and preparation to use by securing four new CSP members: Pupuk Kaltim, TMCI, JB Cocoa, and Save the Children, furthering the building of a core of members with various functions in the world of cocoa sustainability.

- 3. The CSP EO successfully coordinated agreement from all private sector members regarding a cocoa-specific fertilizer formulation.
- 4. In addition to membership fees, the CSP EO lobbied and successfully proposed projects, receiving additional funding from companies and organizations including IDH, Rikolto Indonesia and Rainforest Alliance.
- 5. Overall satisfaction of private sector members regarding the performance of CSP according to all CSP EO KPI areas of focus has increased noticeably over the course of the ESCP.

## Public Sector Lobbying and Advocacy Outcomes

The relationship between CSP and the public sector has also improved significantly, as seen by lobbying outcomes and increased recognition of CSP by the Indonesian Government.

- 1. A cocoa-specific fertilizer was approved, allocated and subsidized by the Government, as initiated by CSP toward increased cocoa productivity.
- 2. Regional governments from the four regencies who participated in the first year of cocoa fertilizer distribution gathered to sign an MoU in support of the initiative.
- 3. Fertilizer demonstration plots established with support from The Indonesian Agency for Agricultural Research and Development



(Ballitri) and The Indonesian Coffee and Cocoa Research Institute (ICCRI).

4. Cocoa planting material regulation revisions are in development and additional cocoa clonal varieties are being tested based on recommendations by CSP.

# **Capacity Building**

The CSP capacity building process is illustrated in **Figure 02**. After baseline capacity establishment and identification of needs, CSP executive personnel underwent several skills-building activities as described in the detailed information above.

## **Building and Applying Skills**

The capacity building program for the CSP Executive Office was designed to build skills and then see those skills applied to consolidate new knowledge, while simultaneously achieving organizational objectives. These activities were called 'applied skills initiatives.' An applied skills initiative includes a skills/ knowledge building activity (workshops, training, etc.) along with a related activity in the field.

## **Capacity Building Result**

Baseline, mid-term, and final assessments were conducted by the external consultant team in January 2019, January 2020, and November 2020, based on interviews (Executive Director, Executive Staff, Members) observations, and surveys broken down into the four Key Performance Indicator (KPI) categories of Government Engagement, Platform Legitimacy, Organizational Facilitation, and Financial Sustainability. The graph below shows the perceived capacity increase of the CSP EO according to three separate parties over two years, when averaging all KPI categories:

The matrix above shows an overall summary of perceived capacity increase when combining all surveyed parties and KPI categories.

Progress is described in the table below based on data from all surveyed parties from the beginning of the ESCP CSP EO Capacity Building Project until the end of the two-year Project. 
 Table 01. ESCP CSP EO Capacity Building Project Progress

KPI Category	Baseline	Final	% Increase
Government Engagement	3,1	4,3	24%
Platform Legitimacy	2,9	4	22%
Organizational Facilitation	3,1	4,2	22%
Financial Sustainability	2,6	3,9	26%
Overall	2,9	4,1	24%

To the extent that we are able to quantify organizational capacity, the CSP Executive office has improved by approximately 24% as a result of the ESCP capacity building efforts.



Figure 02. CSP Capacity Building Program Cycle





Figure 04. Summary of Perceived Capacity Increase

# MILE STONE

# Developing Access of Farmers to Qualified Planting Materials

n the middle of 2020, an achievement has also L been made by the Cocoa Sustainability Partnership in efforts to develop a sustainable cocoa sector in Indonesia. Together with the Research Institute for Industrial and Refreshments Crops (BALITTRI), the Ministry of Agriculture of the Republic of Indonesia, signed a memorandum of understanding. The Cooperation Agreement was signed directly by Wahyu Wibowo, CSP Executive Director, and Dr. Tri Joko Santoso, S.P., M.Sc., as the Head of BALITTRI.

The purpose of this Cooperation Agreement is to support the development of sustainable Indonesian cocoa commodities by, among other things, developing superior seeds, mentoring rootstock and seedlings gardens, evaluating fertilizers and fertilizing activities, assisting cocoa cultivation according to Good Agricultural Practices (GAP), and pest and disease control technology, in order to increase the production and productivity of cocoa commodities. This is in line with CSP's key performance indicators which target the achievement of 200 million cocoa plants with an average production of 2 kilogram per tree, so that it can contribute to Indonesia's total national cocoa production and increase exports

of processed cocoa products.

In the description of the cooperation agreement, it is stated that in the process of submitting candidate clones to be included as rootstock sources, a research and technical testing will be carried out. The research will look at the compatibility of the 5 (five) half-sib superior rootstocks clones and 5 (five) superior clones of cocoa. This activity will be carried out by the Research Institute for Industrial and Refreshments Crops (BALITTRI), Center for Plantation Research and Development, Agricultural Research and Development Agency, Ministry of Agriculture of the Republic of Indonesia. And all activities are fully supported by the Cocoa Sustainability Partnership.

This research was conducted in two stages, namely: a). evaluation of the character and quality of the half-sib progeny cocoa seeds to be used as rootstock; and b). Compatibility test of 5 clones of superior planting material scion with half-sib progeny rootstock. The experimental design for the first stage was a completely randomized design (CRD), with 6 treatments, namely 5 half-sib progeny of superior cocoa clones and F-1 hybrid as control. Each treatment uses 20 cocoa seeds with 3 months old and was repeated 3 times (@ 60 seeds in a

polybag), so that the total seeds used were  $60 \ge 6 = 360$  seeds. The parameters observed were: plant height, stem diameter, number of leaves, flush color, root length and root character.

The experimental design for the second stage was a two-factor completely randomized design (CRD) with three replications. The first factor is the type of rootstock (6 types), namely halfsib progeny clones of Sulawesi 1, Sulawesi 2, MCC 01, MCC 02, BL 50, and F-1 hybrid as controls, and the second factor is the type of scion (5 types). Namely entries clones of Sulawesi 1, Sulawesi 2, MCC 01, MCC 02, and BL 50. The total treatment was  $6 \ge 5 = 30$ combinations. Each experimental unit consisted of 20 grafted plants, and was repeated 3 times (@ 60 grafting seeds), so that the total seed needed was 1,800 trees. Given the large number of seeds that must be observed, this activity will be carried out in 3 periods, each with 600 seeds as replications.

Observations were made on the characters of plant height, shoot diameter, number of leaves, percentage of surviving joint seeds, percentage of grafted joint seeds, speed of shoot emergence and percentage of successful grafting starting on the 14th day after grafting (HSP), the 21st HSP until the 28th day of HSP. Observation of network morphology was carried out at the junction. The data were analyzed by ANOVA and followed by a difference test in the average value using the least significant difference test (LSD) at the 5%

level. Data analysis was performed using statistical software IBM SPSS ver. 25.0.

To support this activity, the Cocoa Sustainability Partnership and its members and partners also formed two task forces with members from organizational representatives and member companies. The first task force is tasked with supervising the implementation of the compatibility test carried out, and the second task force is in charge of lobbying and advocacy at the government level in the process of submitting a central government policy update on regulating cocoa rootstock clones.

# Results and Recommendations

Compatibility Study of Superior Progeny Half-Sib Five Cocoa Clones with Upper Stems of Five Superior Cocoa Clones.

The research was carried out at the Pakuwon Experimental Garden, Research Institute for Industrial and Refreshments Crops (BALITTRI), Sukabumi, West Java, at an altitude of 450 m above sea level, with Latosol soil type and B-type climate (Schmidt & Ferguson). During the research and observation, the rootstocks materials were half-sib progeny clones of Sulawesi 1, Sulawesi 2, MCC 01, MCC 02, BL 50, and F1 hybrids (ICCRI 06H and ICCRI 08H) as controls.

Meanwhile, as for the upper stems (entries) were clones of Sulawesi 1, Sulawesi 2, MCC 01, MCC 02, and BL 50.

The rootstocks used were aged 2-6 months cocoa plants, which came from half-sib cocoa seeds Sulawesi 1, Sulawesi 2, MCC 01, MCC 02, BL 50, and hybrids from gardens that had been designated by General Directorate of Estate Crops, Indonesian Ministry of Agriculture, as control. The used cocoa seeds were in the form of beans that have been selected properly to obtain similar seeds. The selected seeds were immersed for two hours and separated from floating beans. Drained pithy seeds (good seeds) planted in a polybag that had been prepared in the seed station. Planting the seeds into the polybags was carried out by way of burying the seeds, and covered with fine soil. All of the seeds would be maintained in order that the planting medium of the polybags would not lack water.

Top grafting was a method of vegetative rejuvenation by planting superior clones. Usually done on three months old seedlings. It was intended to obtain new seeds that had advantages of high production, resistant to pests and diseases, and easy to care for.

The research and observation were implemented in the mid of August 2020. The first activities were the land preparation, filling the polybags, procurement of cocoa beans, and first phase of seedling and planting. And the observation results of these cocoa clones of ICCRI 06H (control 1), ICCRI 08H (control 2), MCC 01, MCC 02, BL-50, Sulawesi 1, and Sulawesi 2 are as follows: Table 01. Growing Ability of Seedling

Clone	Amount	Growing Seedling	Growing Ability (%)
ICCRI 06H	410	408	99,51
ICCRI 08H	460	455	98,02
MCC 01	520	511	98,85
MCC 02	404	398	98,51
BL-50	430	430	100
Sulawesi 1	230	228	99,13
Sulawesi 2	280	276	98,57

All of seedling management and maintenance activities were performed intensively, accordingly to the standard of procedures for cocoa seedling production.

# Resistance Test Methods for Superior Clones of Cocoa as Rootstocks Against *Phytophthora palmivora* Causes of Stem Cancer

*Phytophthora palmivora* is a plant pathogenic fungus that causes major disease in cocoa plants worldwide. This pathogenic fungus attacks all parts of the cocoa plant. If it attacks the stem and base of the stem, it will cause stem cancer. If it attacks the cocoa leaves, it will cause pod rot disease (rotten pod) which is very worrisome. It is very important to test the resistance against stem cancer caused by the fungus *P. palmivora* on cocoa seeds to be used as rootstock.

#### Phytophthora palmivora Pathogen Isolation

The isolation of stem cancer-causing pathogens followed the method of Harni et al. (2013). *P. palmivora* would be isolated from diseased cocoa pods with blackish brown spots. The surface of the cocoa pods was sterilized with a tissue that has been moistened with 70% alcohol. The pulp of the fruit skins between those symptomatic and healthy was taken about 0.5 cm, then planted into 2% water agar (WA) medium and incubated for four days at room temperature. After four days, the growing fungal mycelia were purified on V8 agar medium (200 ml of V8 juice, 800 ml of distilled water, 1 gram of CaCO3, and 20 grams of agar) and identified using the standard *P. palmivora* identification protocol. After positive that the isolates obtained were *P. palmivora* isolates, the fungi were propagated on V8 agar medium and incubated at room temperature for six days.

*Testing of Cocoa Seed Resistance to P. palmivora* The cacao seeds used for this test were cocoa seeds that were five months old, which came from half-sib cocoa seeds of Sulawesi 1, Sulawesi 2, MCC 01, MCC 02, BL 50, and F1 hybrids (ICCRI 06H and ICCRI 08H) as a control.

The experimental design used was a completely randomized design (CRD), with seven treatments, namely five half-sib progeny of superior cocoa clones and two F-1 hybrid clones as control. Each treatment used five cocoa seeds and repeated three times plus a control (without *Phytophthora* treatment) for each clone of five seeds (@ 20 seeds in a polybag), so that the total seeds used were 20 x 7 = 140 seeds.

Each cocoa seedling would be wounded using a special tool made of a toothbrush with four 2 mm needles with 3 mm distance between the needles. The wound was carried out at the base of the stem by pressing the tool against to make a 2 mm deep wound with a 4 mm diameter. Then pieces of agar





with a diameter of 0.5 cm which had been contained with mycelia and Phytophthora sporangia were attached to the wounded parts. The agar slices were attached first to the tissue and drop two drops of cold sterile water (40 C) to trigger sporangia germination by removing the zoospores that were active in motion. As a control, each of five cocoa seedlings from each clone were wounded and affixed with agar that did not contain *mycelia* and *Phytophthora* sporangia. The pieces of mycelia and tissue were tied using tape. Incubation was carried out for one week, then symptoms of stem cancer were carried out every day for seven days. The parameters observed were the length and width of the rot symptoms at the base of the stem which were inoculated and compared with the control.

# ACHIEVE-MENT





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# "RAPAT KOORDINASI TPAKD KABUP/ DALAM RANGKA PELAY ASUR JSAHA TERNAK VKERB



## Plant Visit to PT. Pupuk Kalimantan Timur

The Indonesian Coordinating Ministry for Economic Affairs with Cocoa Sustainability Partnership were welcomed by this national fertilizer company. In his remarks, the Production Director of PT. Pupuk Kalimantan Timur stated that the company would be functioned as the pioneer for precision agriculture in increasing the national cocoa production. Furthermore, the company also had established strategic partnership with the government and private sectors, and with strong emotional connections to move forward together with farmers by focussing to the national main commodities with export-oriented, accordingly to the national midterm plan 2020-2024 and master plan of Indonesian Ministry of State-Owned Enterprises.

### **Implementation of ESCP**

Cocoa Sustainability Partnership (CSP) and Swisscontact are working together to deliver Equality for Sustainable Cocoa Production (ESCP) Project. The project focuses on enhancing equal participation between men and women in economic and noneconomic activities to improve the livelihood of smallholder farmers that support sustainable cocoa development. The pilot was implemented in partnership with MARS in Luwu Timur district, South Sulawesi.

### Coordination Meetings for Subsidized Cocoa-Specific Fertilizer

Some successes of Cocoa Sustainability Partnership and its members in the efforts of increasing cocoa productivity still need supports from various stakeholders. The full coordination and supports for the implementation in 2020 are the collective actions in improving the smallholder cocoa farmers welfare in Indonesia. This national partnership will establish the collaboration with all stakeholders in ensuring that the government policy and private sector participation will be able in outreaching all sustainable cocoa development in all areas of Indonesia. And this good news in the beginning of the year will be functioned as positive locomotive in wider development and facilitation in the upcoming years.

#### **Planting Material Compatibility Study**

In the description of the cooperation agreement, it is stated that in the process of submitting candidate clones to be included as rootstock sources, a research and technical testing will be carried out. The research will look at the compatibility of the 5 (five) half-sib superior rootstocks clones and 5 (five) superior clones of cocoa. This activity will be carried out by the Research Institute for Industrial and Refreshments Crops (BALITTRI), Center for Plantation Research and Development, Agricultural Research and Development Agency, Ministry of Agriculture of the Republic of Indonesia. And all activities are fully supported by the Cocoa Sustainability Partnership.

## Distribution of Covid-19 Response to Farmers

As responses of this issue, Cocoa Sustainability Partnership with its members are working handin-hand to provide supports for cocoa farmers in the cocoa production centres in Indonesia. The supports are expected to encourage the spirits to keep working in producing and taking care their cocoa commodity. With the supports of its members, CSP distributes thousand packages of hand washing soaps, facemasks, t-shirts, and biscuit products in two districts of South Sulawesi Province.

## **Cocoa-Specific NPK Fertilizer Distribution Monitoring and Evaluation**

From September until December of 2020, CSP succeeded in gathering data, feedback, and lessonslearnt in order to answer some questions. CSP Executive Office personnel and a consultant team facilitated focus group discussions, distributed and collected questionnaires, interviewed various stakeholders, held government coordination meetings, and discussed with CSP members in the regencies which received fertilizer allocation. In addition, this study had already aided CSP in their lobbying efforts, as the Ministry of Agriculture had agreed to increase allocation in current areas, while expanding into West and Southeast Sulawesi in 2021.

## Inorganic Fertilizing Demo Plot Workshop

CSP will initiate the development of inorganic fertilizing demo plot for cocoa plantation as the follow-up activities of NPK Specific Fertilizer for Cocoa initiative. As agreed on behalf of CSP and PT. Pupuk Kalimantan Timur, there are 10 cocoa demo plots that will be constructed in each district of Luwu, North Luwu, East Luwu, and Pinrang in South Sulawesi Province), and Poso and Parigi Moutong in Central Sulawesi Province.

CSP members has submitted the details of prospective demo plot locations which are the data of facilitated farmers. As well as the local governments' data. But there are some regulations that restrict this initiative, particularly the issue of subsidized fertilizer that can not be used as fertilizer in demo plot development.

## Southeast Sulawesi and West Sulawesi as New Distribution Areas

The initiative of subsidized cocoa-specific fertilizer in creasing national cocoa production is expanded to two provinces in Sulawesi. The national government agrees that in 2021 fiscal year, Southeast Sulawesi and West Sulawesi will share the amount of subsidiary budget in form of NPK Specific Formula Fertilizer for cocoa.

# EXECU-TIVE DIRECTOR

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<sup>tal</sup>idonesia Maju <sup>talint</sup>uk Negeri <sup>atiga KaliEk</sup>spor

# Letter from Executive Director

2020 is a year with full of challenges and achievements. The Covid-19 pandemics had impacted all sectors of life, including cocoa sector in Indonesia. The CSP Secretariat gathers and coordinates the donations from members and other cocoa association (Indonesian Cocoa Association) in supporting the farmers and its communities in the cocoa production centers of Sulawesi. The donations are in form of chocolate products from CSP members, face-maskers, hand sanitizers, and cocoa bar soaps.

In the time of pandemics, the secretariat office proudly facilitates the coordination of activities with increasingly achievements, such as the application of cocoa-specific fertilizer, the distribution of qualified planting materials, and the initiation of farmers access to financial services; thus the average production rate nationally of facilitated smallholder cocoa farmers under CSP members outreaches is elevated from 0,68 kilograms to 0,77 kilograms cocoa dry beans per tree.

The challenges in upcoming days, fortunately, will be bigger. But I do believe that with the supports from all cocoa sector stakeholders in Indonesia, particularly both of national (the Coordinating Ministry for Economic Affairs, and the Ministry of Agriculture), and local governments (provincial and district level), the collaboration in achieving the targets of CSP Road Map to Indonesian Sustainable Cocoa Sector will be associated with this expected target. In other hand, the demand of global market, especially Europe and United States of America who prioritize the label of "sustainability" with products free from deforestation, child worker exploitation, and the income rate of cocoa farmer families; are the challenges that can be fulfilled by the cocoa sector in Indonesia.

I would equally like to thank our CSP members; new members who had joined this national platform ((Yayasan Sayangi Tunas Cilik and JB Cocoa), donors (Rainforest Alliance, RIKOLTO, Yayasan Inisiatif Dagang Hijau, and SCPP-Swisscontact), and the real contributions of CSP Supervisory Board which is led by Ani Setiyoningrum (Barry Callebaut).

Salam KAKAO,

Wahyu Wibowo Executive Director



# Decent Access of Farmers to Cocoa-Specific Fertilizer

ocoa Sustainability Partnership, as national platform for the development of Indonesian sustainable cocoa, had been identified as proven partner for government and other cocoa stakeholders to initiate the collective action in improving the welfare smallholder cocoa farmer. This objective can be achieved with the improvement of national cocoa production. And during the decades, it had been gathered that in order to increase the cocoa productivity, the needs of appropriate fertilizer which was designated for cocoa plantations.

Since its establishment, this public-private partnership had conducted series of researches and collected the best experience and lesson-learnt from all parties to initiate the seek of cocoa-specific fertilizer. The result was a national document entitled as recommendation of nutrient replenishment for cocoa plantation and summarized into a formula for appropriate fertilizer to be created.

In 2019, the government welcomed this initiative into action. The cocoa-specific fertilizer was produced by stateowned fertilizer company and would be included in government subsidiary scheme for fertilizer. Since then, the distribution of subsidized cocoa-specific fertilizer was started in six districts of South Sulawesi and Central Sulawesi.

This Subsidized cocoaspecific NPK fertilizer had now completed the first year of distribution to farmers. CSP realized the necessity to conduct a study on farmer receptiveness to this new product in order to rectify any present issues in anticipation of the second year of distribution and expansion of allocation. The results of this study were important to the improvement of Indonesian cocoa sustainability because this new fertilizer showed great potential to increase productivity on cocoa farms, however if issues arisen that prevent proper distribution, or if farmers were not using the product, then impact potential would not be achieved, and the Indonesian government could discontinue subsidization.

From September until December of 2020, CSP succeeded in gathering data, feedback, and lesson-learnt in order to answer some questions. CSP Executive Office personnel and a consultant team facilitated focus group discussions, distributed and collected questionnaires, interviewed various stakeholders, held government coordination meetings, and discussed with CSP members in the regencies which received fertilizer allocation. In addition, this study had already aided CSP in their lobbying efforts, as the Ministry of Agriculture had agreed to increase allocation in current areas, while expanding into West and Southeast Sulawesi in 2021.

The results of this study were described in this report with the intention that the compiled information would be applied to secure continued distribution of subsidized cocoa fertilizer toward the ultimate goal of better farmer livelihoods from increased cocoa productivity and a more sustainable Indonesian cocoa sector.

## **Summary of Activities**

Qualitative and quantitative data was gathered and analysed through the use of the following mechanisms:

#### Focus Group Discussions (FGD)

By gathering farmers and farmer organizations in participating regencies, the team was able to obtain direct feedback through organized and dynamic discussion, while having the opportunity to answer farmers' questions and further promote the new fertilizer. The discussion was focused around the following items:

- Participant understanding of subsidized cocoa fertilizer,
- Participant general opinions regarding the product,
- Discussion on product specifications,
- Participant experience during the socialization process,
- Any existing issues with product accessibility/distribution,
- Factors that determined participants' decision whether to purchase the product,

• Suggestions on how to better promote and distribute the product in the future.

FGD's were held in the Luwu Timur (Cahaya Sehati Farmer Organization) and Luwu Utara (Masagena Farmer Organization) regencies of South Sulawesi, as these were in areas where in the midst of a pandemic, social gathering was limited, yet not restricted at the time. Questionnaires were also completed and collected at these meetings to supplement documentation of the discussions. Two further FGD's were planned in the Pinrang and Parigi Moutong regencies of South and Central Sulawesi, respectively. Due to barriers related to the Covid-19 pandemic, these meetings did not occur in person, however were replaced with direct personal interviews and questionnaires collected via distance.

#### Questionnaires

Farmer questionnaires were successfully distributed and collected in participating regencies and form the basis of the quantitative data referenced in the report below. Selection of respondents was carefully determined so as to provide a complete picture of farmers who registered (e-RD-KK) and purchased the product, farmers who registered but did not purchase the product, and farmers who were unregistered or unaware of the existence of the product.

#### Interviews

After conducting the Focus Group Discussions, in some cases the team felt that it was necessary to verify reports from the farmers. For example, comments from farmers regarding distributors and retailers needed to be clarified and strengthened by hearing the perspectives of distributors and retailers. The interviews consisted of questions designed to better understand potential barriers along the supply chain, and to add to the body of qualitative data to be reported in this study.

#### Government Audiences/Meetings

CSP Executive Office personnel engaged in various meetings to discuss and problem-solve issues that were occurring in distribution of subsidized cocoa fertilizer, including at the national level. In addition, the team met with various levels of regional governments and other stakeholders in areas where the fertilizer has not yet been allocated in order to discuss potential expansion and assess receptiveness issues based on their growing understanding of issues in currently participating areas. These meetings helped complete the team's insight regarding perspectives of various stakeholders, while providing an opportunity to further the expansion efforts of the initiative.

## Accessibility of Product

As previously stated, the goal of this study was to compile lessons learned regarding three primary questions related to farmer receptiveness of subsidized cocoa-specific fertilizer, the first of which being:

"What are the current barriers related to the availability of subsidized cocoa fertilizer for





qualified cocoa farmers?"

In terms of product availability, we found no major overarching problems. However, in isolated cases, there were three accessibility-related issues mentioned by respondents which should be noted in anticipation of expansion efforts in 2021.

> 1. Some farmers were not registered in time to receive subsidized fertilizer.

> > Indeed, not every farmer can be registered, but regarding this topic, there are some underlying factors of which we should be aware. Farmers want to receive subsidized cocoa fertilizer, yet are unable to do so, can be grouped into two categories:

> > **Category 1:** No allocation in their area. Yes, this is very obvious, but we did find a case in the Sigi Regency of Central Sulawesi where farmers and the local government

expressed disappointment since they were initially designated for allocation at the beginning of 2020, but it did not come to fruition. The explanation is that they did not gather and organized farmer registration before the e-RDKK deadline, but there is something that we can learn from this situation.

**Lesson:** There is a risk of "rushing" the e-RDKK registration process, resulting in a lack of clarity in the field.

#### Category 2: In a

participating area, but their farmer group was not selected. Again, there is a reasonable justification for this since not every farmer group can be selected for allocation in the first year. Yet at the same time, complaints from farmers in this category become more legitimate considering that there are farmers in their area who were selected, but did not buy the product. This fact draws our attention to perhaps one of greatest lessons to be learned from this study.

**Lesson:** The farmer group selection process is not optimized and is prone to error.

### 2. Qualified farmers cannot buy the product because of a problem at the retail level.

In some areas both farmers and retailers are confused about the purchasing process, in particular related to the implementation of the kartu tani system. In both the Luwu Utara and Luwu Timur regencies, farmers were very negative about this system, albeit probably due to lack of information. Also, although it has not been verified, there were some rumors about retailers trying to abuse to system to gain extra profit. In some cases, retailers are not carrying stock of the product, so the farmers have to pay the retailer in full and it can take a month or more for the product to arrive, making the farmers nervous. Farmers in the Luwu Timur Regency, particularly in the Tomoni district, feel that the process is unclear and that they are receiving no support from the local government who is prioritizing other crop sectors. Although some of these claims are hearsay, they are appropriate to mention for the purposes of this study.

**Lesson:** Some farmers want it, but can't get it. Other farmers can get it, but don't want it.

In summary, there were no glaring systemic issues identified related to accessibility. Selection of farmers, however, and some local issues must be dealt with moving forward to ensure continued success of this fertilizer initiative.

#### Acceptance of Product

Assuming that the product is accessible, it is necessary further explore the farmer perspective on subsidized cocoa fertilizer, with an emphasis on understanding why as we approach the end of the year, not all of the product has been sold in accordance with allocation and registration.

What factors negatively impact farmer receptiveness to subsidized cocoa fertilizer, especially regarding farmers who signed up but failed to purchase?

First and foremost, it should be pointed out that 99% of questionnaire respondents said plan to buy subsidized cocaspecific fertilizer at some point in the future. The other one percent cited reasons related to adopting a "wait and see" approach before they decide to purchase the fertilizer. These were mostly farmers who currently purchase non-subsidy single nutrient fertilizers, so their level of professionalism makes them hesitant to switch to a multi-nutrient compound fertilizer without adequate proof of effectiveness.

61% of respondents said that the number one reason they were interested in the product because the price is attractive (The other 39% said that the nutrient ratio was attractive). In fact, 91% of all respondents said that the price of the product is fair and attainable.

**Lesson:** The price of the fertilizer is not a problem for farmers, in fact it is a primary selling point.

Yet in reality, as seen in the table below, many registered farmers have failed to purchase the product.

In light of the above data, the question then becomes, *why have only 57% of registered farmers* 

#### actually purchased the product?

It should be noted that reallocation efforts are still in progress, and the above numbers are not yet final. Yet, even when considering that fact, 57% is still a number below expectations.

As we collected the pieces to this puzzle, we found that registered farmers who did not purchase the product in 2020 fall into three groups:

- Registered farmers who intend to purchase the product if it is available in 2021, but for various reasons have not purchased the product this year.
- 2. Registered farmers who purchased the product, but did not purchase their entire quota.
- 3. Farmers who were registered by a local extension worker, but are not focused on cultivating cocoa.

Province	Regency	Allocation (MT)	Sales (per 21/12) (MT)	Realization
South Sulawesi	Luwu Utara	3,655	2,218	61%
South Sulawesi	Luwu Timur	2,548	2,147	84%
South Sulawesi	Luwu	2,732	2,071	76%
South Sulawesi	Pinrang	1,287	187	15%
Central Sulawesi	Poso	3,823	1,186	31%
Central Sulawesi	Parigi Moutong	1,955	903	46%
South Sulawesi	Soppeng	500	500	100%
South Sulawesi	Wajo	300	300	100%
South Sulawesi	Enrekang	200	200	100%
Totals	9	17,000	9,712	57%

Table 01. Allocation vs. Purchase

In order to answer the critical question regarding farmer receptiveness of this product, we provide an explanation below regarding these three categories of farmers.

# Category 1: Farmers Intending to Purchase

For the first group, we were able to gather the information we needed during Focus Group Discussions and through questionnaires as shown in the graphic below.

Explanations of the above reasons:

**Timing:** Either these farmers did not receive information in time and did not register, or they were registered but the fertilizer was not yet available at their preferred time of application.

**Economic Factors:** Mostly due to economic issues arising from the Covid-19 pandemic, but others simply did not have funds prepared to buy fertilizer.

84% of respondents said they would utilize credit if there was an available avenue, with 75% of those respondents requesting a 6-month term (the time from fertilization to harvest).

Lack of Product Knowledge: These respondents commented on the lack of promotion and socialization at the time they needed to make their decision.

**Other:** Many farmers in the Luwu Utara regency of South Sulawesi experienced damage to their farms from excessive flooding. The condition of their land was deep in mud and sediment and they therefore deemed fertilization useless.

# Category 2: Farmers not Purchasing their Entire Quota

We learned about the second group of farmers during interviews – farmers who did not purchase their entire quota. We were unable to gather specific reasons, but we did note that they may be waiting to purchase more as they plan to fertilizer at the year's end, but we are waiting for the data to support this theory.

# Category 3: Registered Farmers not Farming Cocoa

Finally, as we come to the third group, we find again arguably the most significant issue to be resolved. It was already mentioned above that proper farmer selection is crucial during the e-RDKK registration process. Although we did not find any farmers of this type in our focus group discussions or in our questionnaires, this problem became evident during our meetings with distributors and local government officials.

In most cases the problem was that the extension workers who inputted the farmer data on the e-RDKK, were either in a hurry or they were negligent. In most cases, the farmer data used was outdated (even up to several years), where the farmer groups entered are no longer cultivating cocoa, or they are more focused on other crops. As a result, there are hundreds of farmers slated for allocation who have no intention to purchase cocoa fertilizer, or perhaps they are unaware that they are even registered.

Upon becoming aware of this reality, CSP rushed to coordinate with the heads of several districts and provinces to approve the reallocation of the remaining stock. In the meeting, 700 metric tons were requested by the agriculture department in the Sigi Regency along with an additional 3 metric tons for 12 demonstration plots, while 14 metric tons were by representatives from the the Banggai Regency. E-RDKK data is in the process of synchronization for reallocation, and we hope to see the remaining fertilizer sold to farmers who need it, while noting this as valuable lesson learned looking ahead to 2021.

In addition, based on the recommendation given by the Director General of Estate Crops, Ministry of Agriculture in a meeting with the CSP Executive Office, 1000 metric tons have been reallocated from the Luwu Regency to the regencies of Soppeng, Wajo, and Enrekang, South Sulawesi.

## In Conclusion

The Final Question: What can be improved in the second phase of distribution to help ensure the effectiveness of subsidized cocoa fertilizer related to cocoa sustainability?

#### **Selection of Farmers**

- 1. Improve the farmer selection process by CSP members committing to submit farmer recommendations to be coordinated with the regional government by the CSP Executive Office.
- 2. Recommendations for qualified farmers include considerations such as fertilizer ready farms, sufficient purchasing power, etc..
- Provincial agricultural departments facilitate better coordination between their dedicated extension workers (Tenaga Kontrak Pendamping - TKP) and local extension workers (PPL).
- 4. Local agricultural extensionist agencies are encouraged to provide personnel who are dedicated to estate crops (perkebunan) and not only food crops (pangan).

#### **Promotion of Product**

- Procure agreement from local governments to allocate budget to properly socialize the product.
- 2. Activate PT. Pupuk Kaltim as a better promoter by sharing the contents of this report and receive an agreement that they will boost promotional activities in all of their

distribution channels.

- 3. Encourage CSP members to be more involved in recommending the product and offering an opportunity to their key farmers to becoming sub-agents.
- 4. Continue to stimulate and monitor the development of demonstration plots in every sub-district if possible

#### Access to Finance

1. Facilitate a pilot project to establish criteria for creditworthy farmers and see banks implement a new customized credit scheme in allocation areas.

#### Kartu Tani Confusion

- 1. Monitor the process and ensure clear and seamless implementation.
- 2. Encourage CSP members to help resolve localized issues including non-scrupulous retailers and farmer confusion about the process.
- 3. PT. Pupuk Kaltim must provide EDC "swipe" machines to all of their retailers in line with the conversion to the kartu tani system.

#### **Timing of Distribution**

- 1. CSP members provide farmer selection recommendations well before the e-RDKK submission deadline.
- 2. Coordinate with Pupuk KalTim to ensure timely distribution.
- 3. Communicate with local governments and extension workers ahead of time so that they are not rushed to



#### Figure 02. Reasons Interested Farmers did not Purchase in 2020

share farmer data among distribution parties.

## Storage of Product

- 1. Activate CSP members including PT. Pupuk Kaltim and local governments to ensure that the fertilizer is being stored properly during every step of the distribution process.
- 2. Encourage local stakeholders to assure farmers that any "clumping" of the product is not detrimental to its effectiveness

In conclusion, the first year of distributing subsidized cocoaspecific fertilizer was a moderate success. Through this study, CSP have identified all apparent issues that could become detrimental for the sustainability of this initiative moving forward. All relevant stakeholders have been brought into the discussion and the picture has become clear regarding challenges that we face moving forward. It becomes essential that stakeholders internalize these findings and apply solutions in the field to anticipate future problems and make 2021 a banner year for cocoa-specific fertilizer, for the livelihoods of cocoa farmers, and for improved sustainability in the Indonesian cocoa sector.

# ACHIEVE-MENT

# The 2020 Road Map to Sustainable Indonesian Cocoa

I n 2013, the CSP developed a road map to guide its members towards a thriving, sustainable Indonesian cocoa sector by 2020. The members decided that for this to happen, farmers needed to double their productivity (and increase their quality) in a sustainable waywithout deforestation. This would attract the next generation of cocoa farmers, halting the rising average age of cocoa farmers in the sector.

The road map 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 Road Map 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 road map 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.









★ Achievement in 2020★★ Target in 2030



# Summary of Revenue

Source of Revenue	Amount (IDR)
Membership Fee Donor	2.211.729.011 1.798.410.925
Total	4.010.139.936

# Summary of Expense

Description of Expense	Amount (IDR)
Focus 01: Road Map Implementation	940 929 162
Focus 02: Membership and Stakeholders Engagement	39.300.250
Focus 03: Effectiveness of Platform	1.070.131.475
Focus 04: CSP Secretariat	
Overhead Cost	1.569.170.242
Office Operational Cost	169.557.723
Total	3.789.088.853

# RSM Amir Abadi Jusuf, Aryanto, Mawar & Rekan

Amir Abadi Jusuf, Aryanto, Mawar & Rekan Resistered Public Accountants

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#### Laporan Auditor Independen/ Independent Auditor's Report

#### Donor Cocoa Sustainability Partnershipl The Donor of Cocoa Sustainability Partnership

Kami telah mengaudit laporan keuangan Cocoa Sustainability Partnership terlampir, yang terdiri dari laporan posisi keuangan pada tanggal 31 Desember 2020, serta laporan aktivitas dan laporan arus kas untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

# Tanggung jawab manajemen atas laporan keuangan

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan ini sesuai dengan basis akuntansi berbasis kas yang dimodifikasi seperti yang dijelaskan dalam catatan terlampir, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

#### Tanggung jawab auditor

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan ini berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan bebas dari kesalahan penyajian material. We have audited the accompanying financial statements of Cocca Sustainability Partnership, which comprise the statement of financial position as of December 31, 2020 and the related statements of activities and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### 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.

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Arrier Abaci Jusuif, Jaryanto Mawar & Rekants a member of the RSM network. RSM to the trading name used by the members of the RSM network is not itself. Each member of the RSM network is an independent accounting and consulting form which practices in its own-sight. The RSM network is not itself a separate legal entity in any jurisdiction. Licence: KMK No.477-XM.1/2015 Registered at the indenesia Financial Services Authority (OIK)



### Amir Abadi Jusuf, Aryanto, Mawar & Rekan

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan, baik yang disebabkan oleh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektivitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan secara keseluruhan.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

#### Opini

Menurut opini kami, laporan keuangan Cocoa Sustainability Partnership terlampir tanggal 31 Desember 2020 dan untuk tahun yang berakhir pada tanggal tersebut, disajikan secara wajar, dalam semua hal yang material, sesuai dengan dasar akuntansi berbasis kas yang dimodifikasi yang dijelaskan dalam catatan terlampir.

#### Basis akuntansi dan pembatasan dalam penggunaan dan distribusi

Tanpa memodifikasi opini kami, kami membawa perhatian pada Catatan 2 atas laporan keuangan terlampir, yang menjelaskan basis akuntansi. Laporan keuangan disusun menggunakan basis akuntansi kas yang dimodifikasi, yang merupakan basis akuntansi komprehensif selain Standar Akuntansi Keuangan di Indonesia. Laporan keuangan dan laporan kami ini semata-mata ditujukan untuk donor dan tidak digunakan untuk tujuan lain, dan tidak didistribusikan kepada pihak lain selain donor. 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 of 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, 2020 and for the year then ended, are present fairly, in all material respects, in accordance with the basis of accounting described in the accompanying notes.

#### 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

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

Jakarta, 5 April/April 5, 2021





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# Advisory Board



# Supervisory Board



# General Assembly







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