



The *Sustainable Cocoa Production Program* SCPP

- A successful partnership for sustainable cocoa production in Indonesia



The *Sustainable Cocoa Production Program* (SCPP) seeks to promote sustainable cocoa production in Indonesia. The SCPP is implemented by Swisscontact and funded by a broad-based public-private partnership. As a member of this partnership, SECO supports the SCPP through its Economic Development Cooperation. Given its progressive approach, the importance of the partnership and its sheer size, the SCPP is one of Switzerland's core projects in Economic Development Cooperation. Running from 2012 to 2016, the first phase of the SCPP has already supported some 60,000 cocoa farmers. The second phase will be launched this year and run until 2020.

INDONESIA'S COCOA SECTOR

Cocoa production is an important source of income for around a million Indonesian households. In certain regions, some 80% of households' income stems from cocoa production, with the average household farming an area of only one hectare and generating net profit of less than CHF 900 a year. A sustainable increase in the productivity and quality of cocoa production thus brings long-term improvement to cocoa farmers' livelihood, helping to reduce poverty and disparities.

Indonesia is the world's third-largest producer of cocoa, making it hugely important to the global cocoa and chocolate industry. Growing demand for cocoa worldwide and increased competition for Indonesian cocoa are catalysts for greater private-sector investment and development initiatives like the SCPP.

SUSTAINABLE IMPROVEMENTS IN COCOA PRODUCTION ALL ALONG THE VALUE CHAIN

Against this backdrop, Switzerland, together with Swisscontact, launched its first projects to promote sustainable cocoa production in Indonesia as far back as 10 years ago. Given the promising results of these initial projects, Swisscontact set up the SCPP in 2011 together with SECO and several private-sector partners. The goal is to bring about extensive change in the entire sector, so as to improve both the quality and quantity of Indonesian cocoa production for many years to come.

To attain this, the SCPP is involved at every stage of the value chain, thereby strengthening it as a whole and ensuring that the benefits are reaped by all of those involved. It thus promotes improvements not only in terms of farm inputs, sustainable and certified farming practices, and state-of-the-art post-harvest handling but also with regard to traceable supply chains. To this end, cocoa farmers and producer groups are trained in proven agricultural practices and the sustainable use of resources as well as entrepreneurial skills. In addition, the SCPP supports farmers' organisations so as to set up sustainable service models and increase the transparency of cocoa trading, ensuring cocoa farmers a larger share in the value chain. Particular attention is also placed on international sustainability standards so as to improve the long-term outlook for Indonesia's cocoa sector.

The SCPP's long-term goal is to reduce poverty as well as greenhouse gas emissions in the Indonesian cocoa sector and to improve the competitive standing of an environmentally responsible and inclusive cocoa value chain. The SCPP operates in seven Indonesian provinces and currently supports some 60,000 cocoa farmers and 2,000 cocoa producer groups. By 2020 it hopes to expand to 12 provinces and cooperate with some 130,000 cocoa farmers in 4,500 cocoa producer

groups. These, in turn, are associated with around 1,000 micro, small and medium-sized enterprises and farmers' organisations in cocoa production and 10 multinational cocoa and chocolate firms.

The findings to date have shown a progressive adoption of better farming practices and improved farm economics. One of the most significant results shows an average annual increase in farmers' productivity from 450 to 700 kg per hectare and year.

AN EXTENSIVE PUBLIC-PRIVATE PARTNERSHIP

Such large changes can only be achieved with a wide range of public and private-sector stakeholders working together in partnership. The SCPP thus set about securing the support of various relevant players in implementing its mission in cooperation with each other. Apart from Switzerland, the SCPP now also receives support from the Netherlands, another large consumer of cocoa, as well as the relevant international organisations. It also receives extensive financial and operational support from various private-sector players. This is a key factor in the SCPP's success and also an indication of the importance of the private sector in development cooperation, with private enterprise accounting for more than 26% of the SCPP's programmatic budget. Finally, the cooperation and great commitment shown by the local government and local organisations are crucial to the project. These form a sound basis for its implementation. The SCPP thus constitutes the largest public-private partnership worldwide in the cocoa sector.

THE THREE ASPECTS OF SUSTAINABILITY

Sustainability is an important concept in Switzerland's Economic Development Cooperation. The SCPP thus seeks to address and enhance the three aspects of sustainability:

Environmental: The SCPP fosters ecological cocoa production with measures for climate-friendly farming and environmental protection.

Social: The SCPP strives to achieve inclusive development of cocoa production for the benefit of all and also makes a conscious effort to involve the local communities.

Economic: With measures to improve farming efficiency, cocoa quality and product traceability, the SCPP

contributes to the long-term economic success of Indonesia's cocoa sector.

KEY DATA OF THE SCPP FROM 2012–2015

- **Target group**

60,000 smallholder cocoa farmers, 2,000 cocoa producer groups, 17 farmer organisations, and seven multinational cocoa and chocolate companies

- **Budget**

First phase: CHF 15.8 million, of which CHF 6.45 million was funded by SECO.

- **Duration**

First phase: 2012 – 2016, second phase: 2016 – 2020

- **Regions**

29 cocoa-producing districts within seven Indonesian provinces in Sumatra and Sulawesi

- **Partners**

Donor countries: Switzerland, Netherlands

International organisations: Sustainable Trade Initiative (IDH), International Fund for Agricultural Development (IFAD), Millennium Challenge Account for Indonesia

Private sector: Olam Cocoa, Barry Callebaut, BT Cocoa, Cargill Chocolate, Ecom, Mars Incorporated, Mondeléz International, Nestlé

- **Implementing organisation**

Swisscontact