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PRESS RELEASE

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Indonesia has Chocolate on its Mind: Help for Cocoa Smallholder Farmers

Indonesia launched the PEKA (Peningkatan Ekonomi Kakao Aceh) Program in July 2010 in collaboration with international cocoa industry and NGOs to increase and improve revenue, productivity, and quality standards of the Aceh cocoa sector, a Tsunami recovery area.

International cooperation includes Swisscontact, the World Cocoa Foundation, Armajaro Trading Ltd (UK), and Mars Incorporated (US).

21-month US\$6.8 million pilot program trains 12,500 farmers directly. Goal: Increase productivity by 50%. 75% of cocoa beans will meet the Indonesian national standard versus 25% currently.

Indonesia is the world's third largest cocoa producer. Cocoa is the main source of income for more than one million farm households. While demand for cocoa is steadily increasing, production of cocoa in Indonesia as well as worldwide has been declining. Since the early 2000s, pests and diseases, tree senescence and deteriorating soil fertility have affected the cocoa production in Aceh and Indonesia and contributed to a fall in production.

In 2009, the Aceh government launched a three-year program, of which PEKA is part, to revitalize cocoa farms. "PEKA seeks to apply national and international best practices for improving cocoa yields and increasing productivity. The program will strengthen and improve the cocoa value chain. PEKA will be working with all market players including the Aceh Cocoa Forum to secure sustainable results," says Mr. Iskandar, Head of the Aceh Province Planning Agency. Aceh, with a population of about 4.5 million, is located in the northwestern tip of Sumatra and was strongly affected by the 2004 Boxing Day Tsunami. The Aceh cocoa sector provides income for around 90,000 smallholder farmers, more than 10% of the farmer population.

A consortium of international NGOs and companies, led by Swisscontact, the Swiss Foundation for Technical Cooperation, will implement the PEKA program and provide their expertise:

- **Swisscontact** provides training on farming practices to improve yields, reduce pests and provide consistent cocoa of exportable quality. "Predominately a smallholder crop, cocoa has great potential to increase rural incomes if productivity and quality can be improved. The root problems are related to a lack of knowledge on best practices in sustainable cocoa production, including skills on how to handle infestations such as the cocoa pod borer that threatens the entire Indonesian cocoa production," comments Manfred Borer, PEKA Project Manager, Swisscontact Indonesia.
- The **World Cocoa Foundation** supports the program with its expertise and coordinates a cocoa research scientist fellowship program. "Two Acehnese cocoa scientists will have a chance to complete a fellowship at an internationally-recognized research institute or university. This way we



connect Aceh researchers with the broader cocoa scientific research community and create opportunities for longer-term collaboration,” says Bill Guyton, President, World Cocoa Foundation;

- **Mars Incorporated** provides resources from their existing network of field facilitators to ensure that the latest research is available to Aceh cocoa producers. “Increasing cocoa production by productivity improvements and therefore increasing farmer income is a critical goal at Mars,” says Ian Pople, PT Mars Symbioscience Indonesia;
- **Armajaro Trading Limited** facilitates direct purchasing from farmers and local traders for direct export to cocoa processors and end manufacturers. “Since 2007, 85% of the cocoa purchased by Armajaro in Aceh is directly destined for Europe, US, and Asia markets,” says Jasbir Singh, Armajaro Kl sdn Bhd, a subsidiary of Armajaro Trading Limited.

PEKA is a sub-project of the Aceh Economic Development Financing Facility (EDFF) Project. EDFF received US\$50 million from the [Multi Donor Fund for Aceh and Nias](#), a partnership of the international community, the Indonesian Government and civil society, to promote post-tsunami economic recovery. Sub-projects will be implemented by entities of non-government organizations (NGOs) and supervised by the World Bank. The fund consists of two components; the first component is to support the implementation of sub-project valuing to US\$44.5 million, while the second component is to fund facilities and capacity building of Aceh Government staff and the State Ministry of Development of Disadvantaged Regions (KPDT) in project management for economic development.

About the PEKA International Cooperation Members:

- [Swisscontact](#) has worked in Indonesia since the 1970s. Founded in 1959, Swisscontact, the development organization of the Swiss private sector, provides support to entrepreneurial individuals in developing and transition economies. By helping develop vocational training and skills development programs, assisting the SME sector, and environmental projects, Swisscontact empowers people to improve their living conditions and gradually escape from poverty;
- The [World Cocoa Foundation](#) is a membership-based organization with approximately 70 member companies involved in the cocoa and chocolate industries around the world, representing over 80% of the global market. The Foundation actively supports a range of farm-level programs harnessing sustainable agriculture practices to improve the quality of life for the millions of independent smallholder farmers growing this unique crop;
- [Armajaro Holdings](#), a London-based company has a diversified portfolio of activities. Its cocoa activities are managed through its subsidiary Armajaro Trading Limited. It has offices in London, New York, Kuala Lumpur, Singapore, Indonesia, Côte d’Ivoire, Nigeria, Ghana and Vietnam for procuring and trading cocoa and other commodities;
- PT [Mars Symbioscience](#) Indonesia is part of Mars Symbioscience, a division of Mars Incorporated with its head office in McLean, VA. PT Mars Symbioscience Indonesia has been operating a factory in Makassar for 14 years and has played an important role in helping to improve cocoa farmer livelihoods through field research and farmer training. PT Mars Symbioscience Indonesia today has over 28 local associates working in the field as trainers and is supporting many government and private initiatives. PT Mars Symbioscience Indonesia directly supports over 30 demonstration plots and six cocoa clinics.



PEKA – Brief Project Description

Swisscontact has designed a project to address three main aspects of the cocoa sub-sector in the Aceh Province, which are as follows:

1. **Define a cocoa development strategy:** As cocoa has been identified as a major priority crop by the Government of Aceh, a strategic vision for the sub-sector with clearly defined roles and responsibilities to promote the sub-sector is needed to guide its development. The private sector and representatives of producers need to be involved from the beginning in the definition of the policy framework.

Swisscontact will support the Government of Aceh in this process by using a leading sector planning tool – Triple-A (Atlas, Aturan Main, Agenda), that provides a platform for the public and private sectors to develop a district-based Cocoa Master Plan (DCMP) for Aceh.

2. **Improve cocoa-farming skill levels and increase participation in farmer organizations:** The first step to increase farmer incomes in the cocoa sub-sector is to raise productivity from presently around 445 kg per ha to at least 667 kg per ha in the short term. This increased average productivity in the selected districts in the Aceh Province is feasible if cocoa farmers adopt best practices in crop husbandry known in other parts of Indonesia. However, at present, most of the more than 38,000 cocoa farmers in the selected five districts of Aceh do not have access to information about best practices for managing cocoa and quality enhancement methodologies.

The project will improve human resources in cocoa research and the cocoa supply chain, at the district, sub-district, and farm level in cooperation with Dishutbun. Through the project, 12,500 farmers will receive a total of 210,000 person days of training on good crop husbandry practices.

3. **Improve key business services in the cocoa value chain:** The cocoa sub-sector in Aceh requires a well-developed network of business support services, such as input supply (e.g. quality seedlings, appropriate and organic fertilizers, pruning tools, microfinance) services for quality improvement (e.g., fermentation, drying, transparent bean grading), and better access to markets (e.g. direct export and certifications for specialty markets).

Swisscontact has global expertise in facilitating business service development in a number of sectors, and will develop the key services to the cocoa sub-sector of input suppliers, quality improvement, market access, and agriculture finance.