



COORDINATING MINISTRY
FOR ECONOMIC AFFAIRS
REPUBLIC OF INDONESIA



Implementation of the Global Cocoa Agenda:

Indonesia Cocoa Development

AMSTERDAM, 10TH JUNE 2014



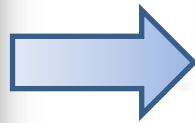
9-13 June 2014
Amsterdam Rai,
The Netherlands

Musdhalifah Machmud
Assistant Deputy of Plantation and Horticulture

Indonesia 2014



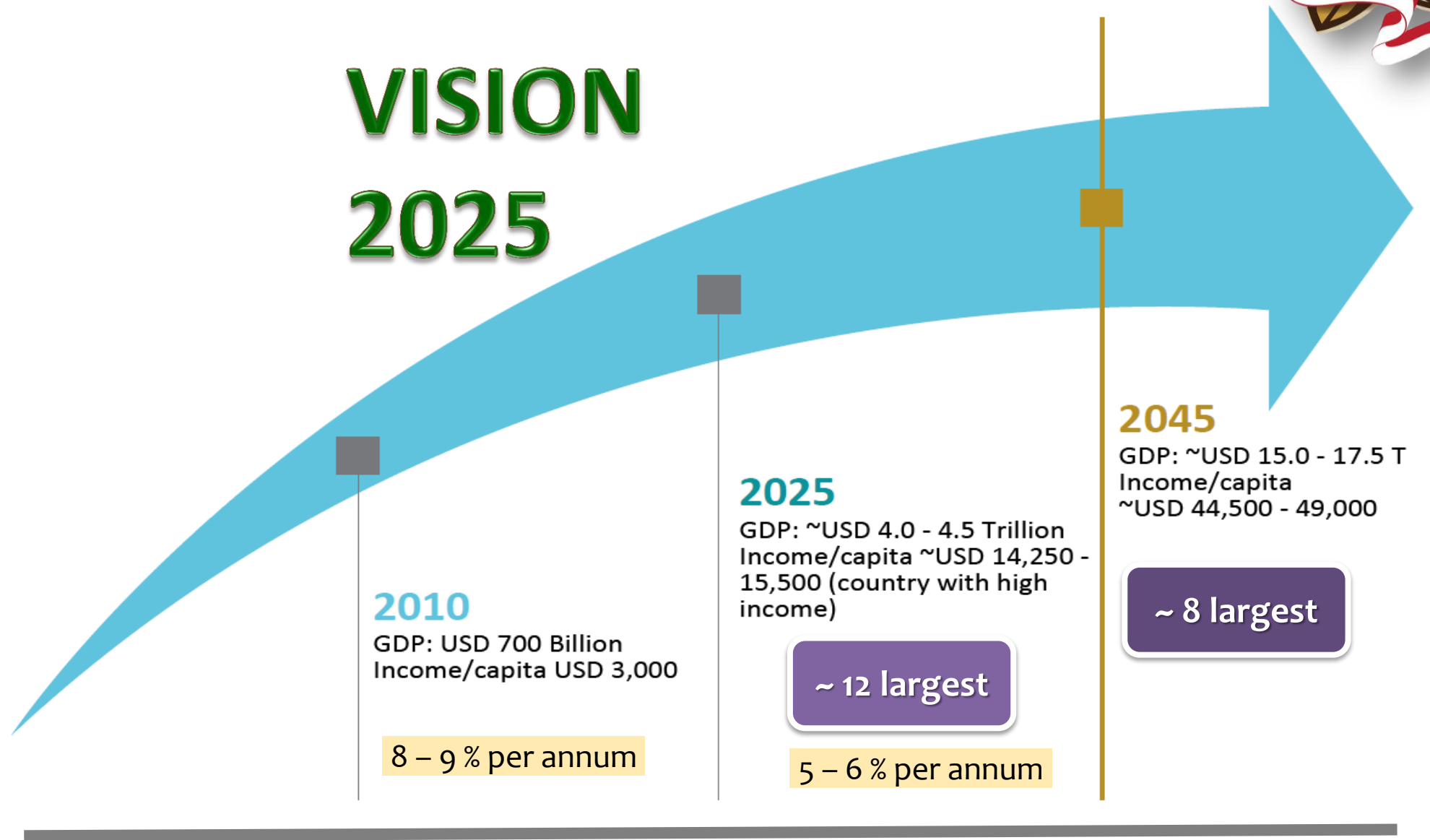
- 9th April 2014 → Legislative Election
- 9th July 2014 → Presidential Election



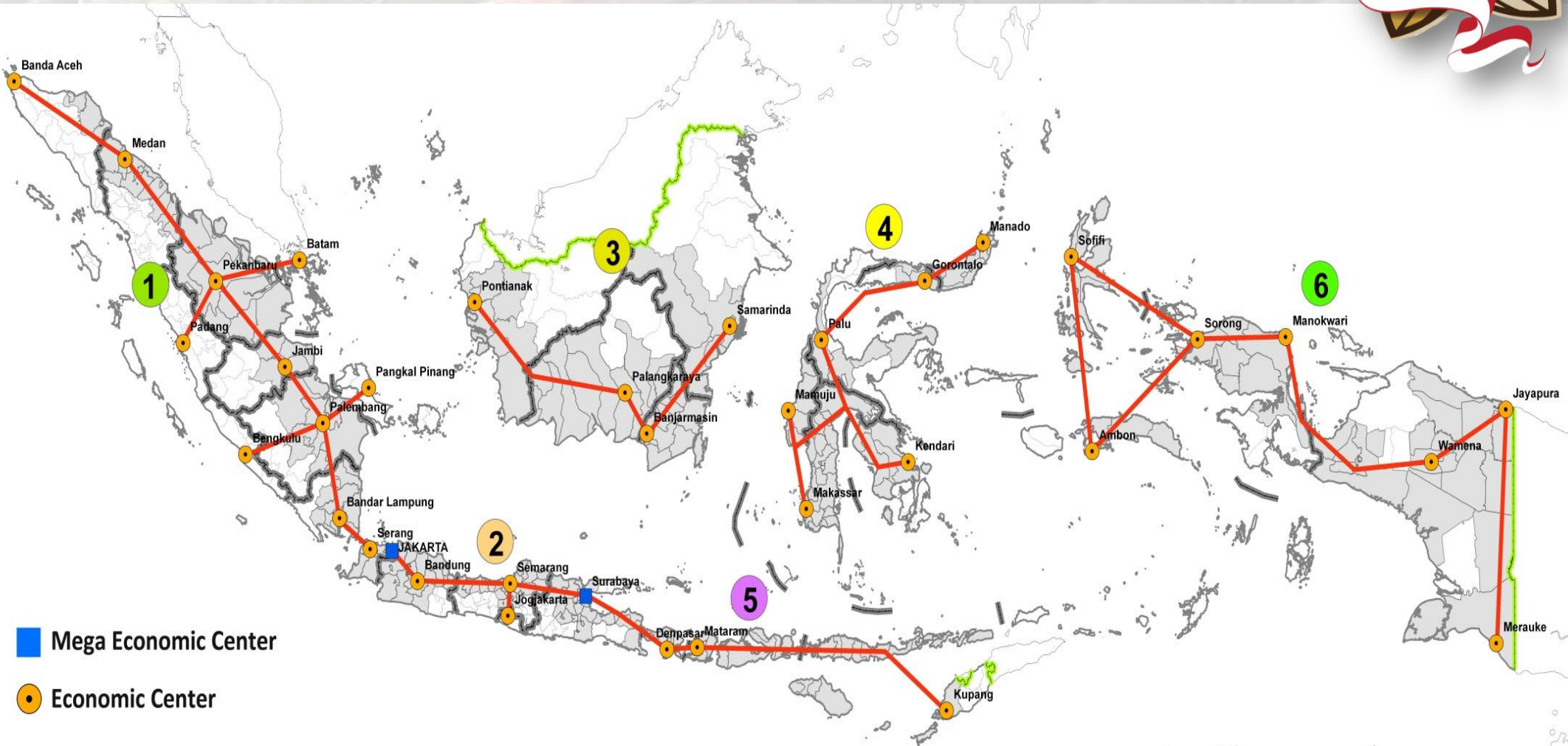
Where We Are Headed



VISION 2025

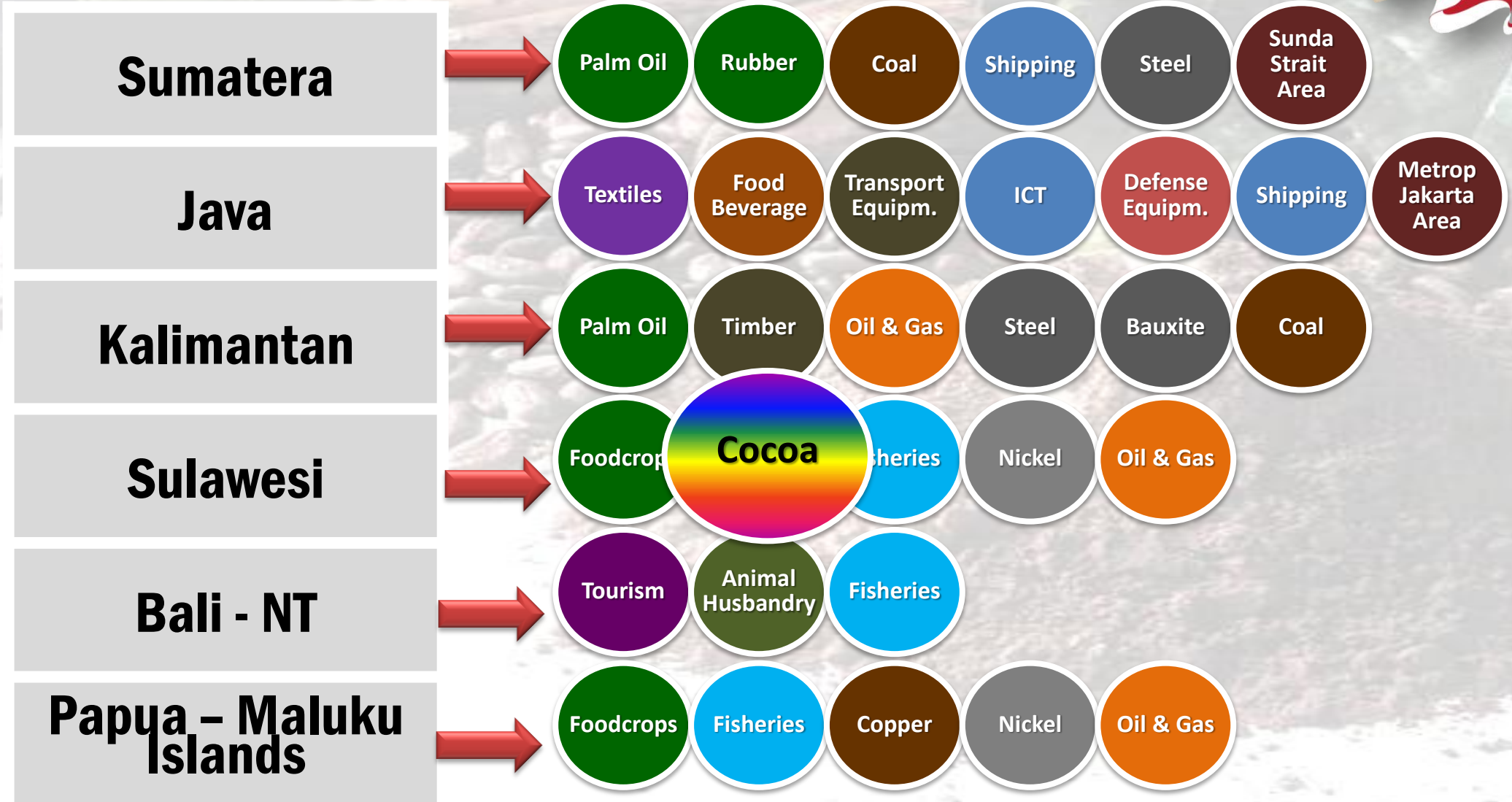


6 Economic Corridors (EC)



- 1 Sumatra EC
- 2 Java EC
- 3 Kalimantan EC
- 4 Sulawesi EC
- 5 Bali - Nusa Tenggara EC
- 6 Papua - Kep. Maluku EC

Distribution of 22 Main Aktivitas into 6 Economic Corridor



Map of Cocoa Production in Indonesia



SUMATERA:
428.547 Ha
168.872Ton

KALIMANTAN:
45.049 Ha
11.124 Ton

SULAWESI:
960.159 Ha
511.941 Ton

**MALUKU &
PAPUA:**
118.706 Ha
35.662 Ton

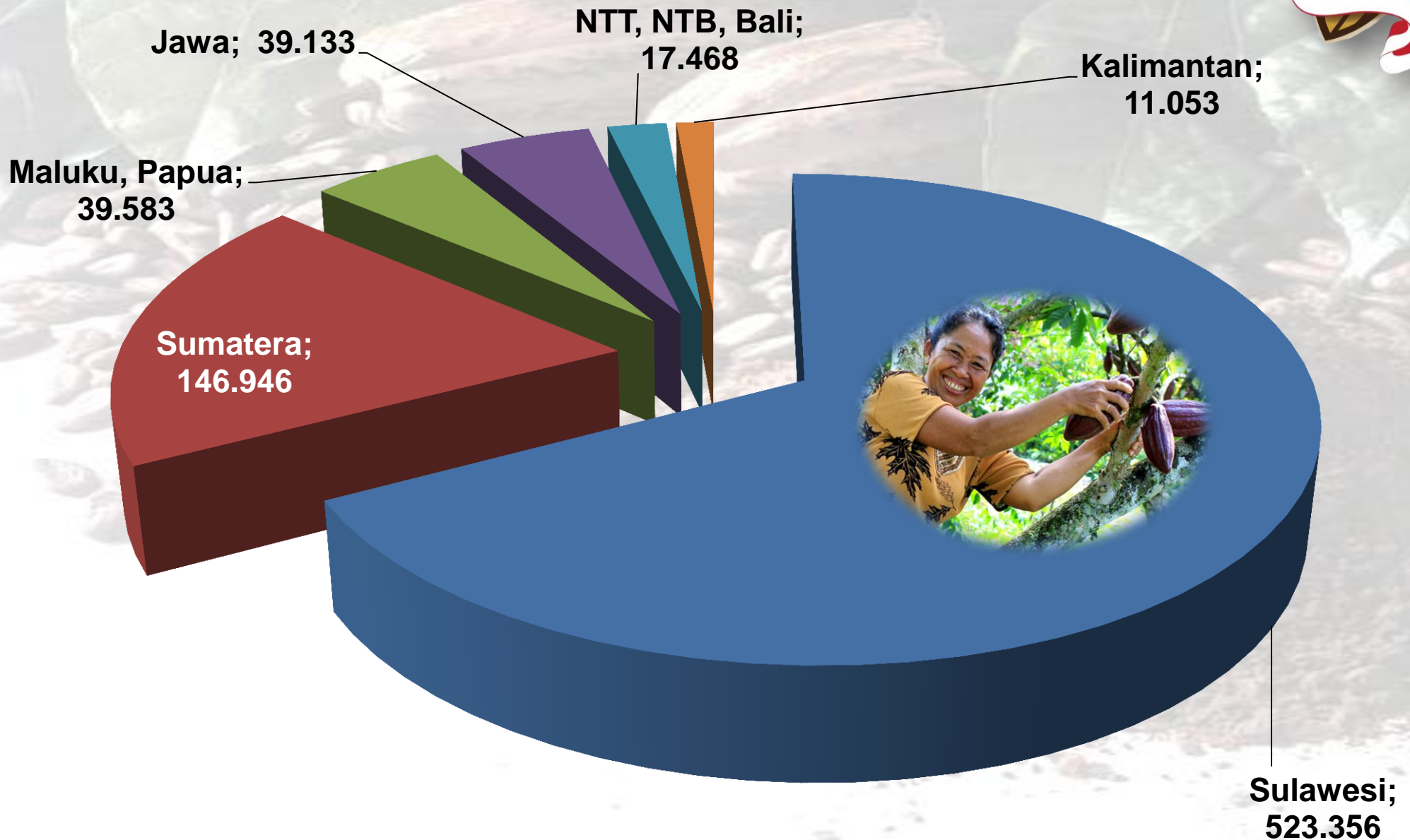
JAWA:
104.467 Ha
35.245 Ton

BALI:
14.840 Ha
4.004 Ton

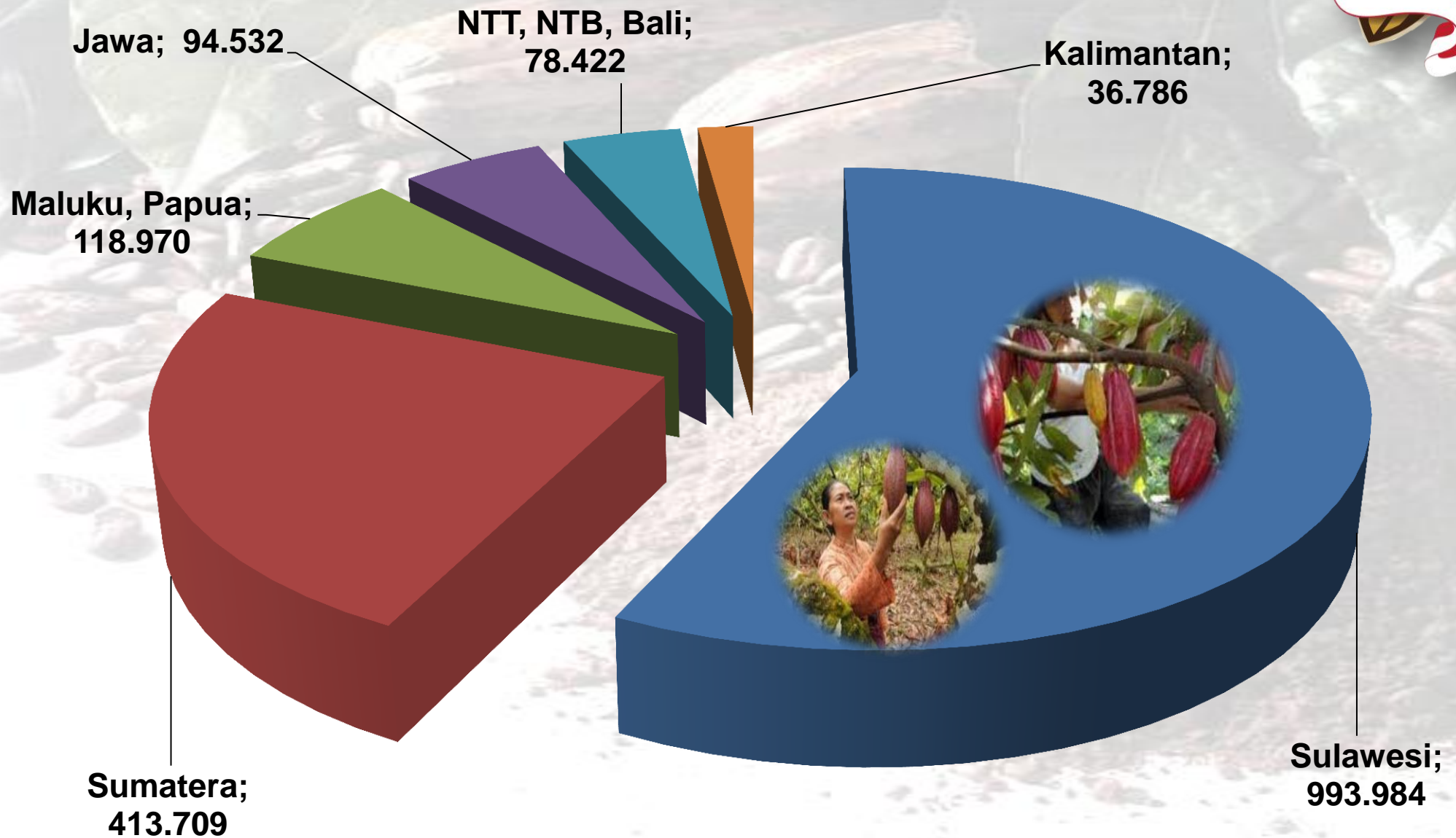
NUSA TENGGARA:
64.634 Ha
10.688 Ton

Google

Indonesian Cocoa Production By Province (Ton)



Indonesian Cocoa Areal By Province (Ha)



Cocoa in Indonesia



One of the major commodities and seed plantation

as a source of foreign exchanges, the source of farmers' income, job creation, formation of growth centers, encourage agribusiness and agroindustry of cocoa

Areal 1.736.403 ha

Production 450 000–700 .000 ton

Dominated by smallholders (94,55%) and involving farmers directly as much as 1.705.450 households

Export

Volume 414,1 thousands ton
Value 1.151,5 US\$ million

the third largest foreign exchange after palm oil and rubber in agriculture sector



Cocoa Area & Production by Farming Category



Export and Import



No	EKSPORT	2009	2010	2011	2012	2013
1	Cocoa Beans (thousand ton)	439,3	432,4	210,1	163,5	188,4
2	Cocoa Processed (thousand ton)	95,9	120,4	200,1	224,3	225,7
TOTAL		534,9	552,8	410,2	387,8	414,1

No	IMPORT	2009	2010	2011	2012	2013
1	Cocoa Beans (thousand ton)	27,2	24,8	19,1	23,9	30,7
2	Cocoa Processed (thousand ton)	19,6	22,6	24,6	24,2	32,4
TOTAL		46,8	47,4	43,7	48,1	63,1

Sumber: BPS diolah Kementerian Perdagangan

Important Issue at This Time



- ☐ Plantation growing old
- ☐ The competition of price (with other commodities)
- ☐ The quality of cocoa beans
- ☐ The various of International standard / certification for cocoa
- ☐ The Lack of infrastructure
- ☐ Validity of data collection
- ☐ Pests and plant diseases

ACCELERATION AND EXPANSION OF INDONESIA ECONOMIC DEVELOPMENT 2011- 2025 : MP3EI



Present Status and The Future Challenges

	Present Status	Future Target
Area (000 ha)	1700	1700
Location	Sulawesi (70%)	Sulawesi, Sumatra, Java, Papua
Production (000 tonnes)	450-700	1700
Productivity, kg/ha	400-800	1000
Fine flavor	1%	10%
Fermentation	Unfermented	Fermented
Management	Smallholder (>90%)	Partnership Nucleus (20%) & Smallholder (80%)

ACCELERATION AND EXPANSION OF INDONESIA ECONOMIC DEVELOPMENT 2011- 2025 : MP3EI



Present Status and The Future Challenges

	Present Status	Future Target
Program	Replanting, Rehabilitation, Intensification, Quality improvement	Replanting, Rehabilitation, Intensification, Quality improvement, GAP, GMP, Sustainable Standard
Industry	Intermediate product	End product
Industry	Big Company & Cooperative/SME run independently each other	Partnership of Big Company (as Nucleus) & Coop/SME
Consumption, kg/caput	0.3	3 (50% of total production)
Government	Regulation, Infrastructure, Grant	Regulation, Infrastructure, Grant
Bank	Soft Loan	Soft Loan, Nucleus Company as Avalis
Authority/ Regulator	Spread in many institutions	Hold by one institution

Progress Implementation



In order to support quality improvements for added-value of cocoa production, :

1. Providing active support during the rehabilitation and rejuvenation of plants, provision of cocoa cloned seeds, and controlling cocoa plant pests;
2. Increasing the implementation of financing schemes for fermentation of cocoa beans to produce higher quality processed products (butter, powder, cake) for export;
3. Diversifying export markets for refined products (butter, powder, cake), which will provide added-value in the value chain;
4. Performing Cocoa Bean Fermentation National Movement as a commitment and approval for a joint action for the increasing and improvement of production, productivity, and quality;
5. Developing industry and home industry, which will absorb food products of processed cocoa;

Progress:



6. Providing one-stop service for investors;
7. Conducting the application of international standards for cocoa products in order to build awareness for the high quality of Indonesia cocoa products;
8. Increasing business partnerships between industry and cooperatives and SMEs (Small and Medium Enterprises), to promote higher productivity, higher quality cocoa products and effective marketing to targeted demographics;
9. Developing and strengthening farm groups and cooperatives;
10. Promotion to increase cocoa consumption → Indonesia Cocoa Day 16 September

PUBLIC PRIVATE PARTNERSHIP PLATFORM (PPP)



1. To improve cocoa development in Indonesia – more effective and efficient use of resources.
2. To create alignment on understanding of issues, targets, solution findings in cocoa development
3. To create one national cocoa policy for Indonesia.

PROGRESS TO DATE



1. Gol has established Indonesian Cocoa Board as government led initiatives for PPP.
2. CSP is acknowledged as private initiative for PPP.
3. Gol – Dekaindo – CSP have agreed to work together on harmonization of roadmaps and to initiate the creation of a national cocoa policy. This will involve other established platforms.

PLAN FOR NEXT SIX MONTHS



1. Harmonization of Cocoa roadmaps – Gol, CSP, WB, etc.
2. Assigned task force to create a National Cocoa Policy – led by Indonesian Cocoa Board and coordinating Ministry of Economy.
3. CSP to facilitate stakeholder discussion on cocoa development issues to improve alignment and working together among stakeholders

WHAT IS CSP (COCOA SUSTAINABILITY PARTNERSHIP)



1. Established in 2006, CSP is a multi-stakeholder forum of cocoa stakeholders in Indonesia.
2. Its purpose is to increase communication, cooperation, and coordination between stakeholders.
3. Private sector driven initiative
4. The mission is to create synergies and leverage resources through pre-competitive collaboration among stakeholders in order to provide solutions to the challenges faced by the cocoa sector in Indonesia

Creating the Business Case for Farmers is Key to Achieve the 2020 Targets



2020 Targets

Productivity



Farmer productivity should be doubled...

Target: double productivity

Farmer of the Future



...which will make cocoa a profitable business that will attract a young generation of cocoa farmers.

Target: maintaining an average farmer age of 40 across the sector

I. Professional Farmer Package

Agro-inputs

Planting Material

Knowledge

II. Enabling Environment

Modes of delivery and organization

Access to Finance

Role of the government

Cooperations Between Farmer, Gov and CSP



Farmer and farmer groups



BRIDGING FARMERS VOICE TO A GLOBAL LEVEL

Village level

Regional Cocoa Forums



- Local stakeholders: Farmer groups, government, traders, LNGO, academics, input suppliers, etc.
- Meet 4 times a year to discuss and find solutions on local issues on cocoa

Sub-national
level
(district/province)

CSP & National Government through Coordinating Ministry of Economic Affairs



- National stakeholders: Rep. from Regional Forum, multinational and national companies, research institutions, associations, NGOs, etc.
- Meet 3 times a year to discuss and find solutions on issues at national level
- National Government member of CSP Advisory Board coordinated by Coordinating Ministry of the Economy

National
level



- GoI member of ICCO
- Multinational members of CSP are also members of WCF

Global level

ROADMAP RECOMMENDATIONS (1)



Focus Areas

Recommendations

Agro-inputs

- Fertilizer needs to be rolled out at scale
- Address knowledge gap and trigger product innovation
- A coalition should be made, including fertilizer companies

Planting material

- Roll out of better clones for farmers and nurseries to graft at scale
- Build on farmers' capacities

Knowledge

- Integrate business principles into GAP modules

ROADMAP RECOMMENDATIONS (2)



Focus Areas

Recommendations

Modes of delivery and organization

- Stimulate and integrate farmer entrepreneurial spirit into delivery models
- Develop large scale farmer organization for more efficient delivery

Access to Finance

- Involve financial institutions at scale and at broader value chain

Role of the government

- Organize and mobilize resources at provincial and district level
- Create beneficial policy framework
- Have a more active national government role in CSP

Cocoa Powder and Chocolate



CSP Members



FORUM KAKAO ACEH



ASKINDO



ICCRI



Australian Government
Australian Centre for
International Agricultural Research





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**WORLD
COCOA
CONFERENCE
2014**

9-13 June 2014
Amsterdam Rai,
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Thank You

