

**Direct partnership on cocoa processing
in Papua Island, Indonesia
For improving farmers' access to Japan market**

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Background

- Market became more dynamic, more innovations in technology and institutional, new roles for society, the private sector and the state → influenced by the tightening relationship between producers and consumers along the value chains.
- Increased smallholder farmers' opportunity to access to the global market and develop their livelihood and income.



Intervention initiatives

- To address the challenges, cocoa stakeholders has conducted intervention initiatives:
 - A. The GOI has imposed several policies, such as:
 - a. GERNAS for improving productivity
 - b. Export tax supported growth of cocoa processing in Indonesia for improving added value
 - B. Several actors have initiated partnership activities for capacity building of smallholder farmers.

Case study in Papua



- Papua is one of the cocoa producing regions in Indonesia.
- The majority of cocoa is grown under forest.
- Cocoa is grown in about 39,000 ha; 31,000 farmers → one of the most important source of income for the farmers.
- Involved complex supply chain



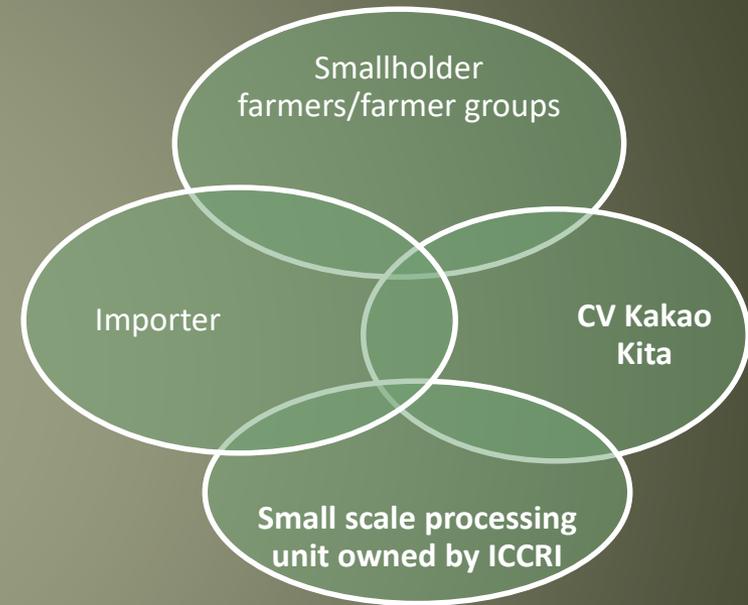


Processing Partnership on Papua Cocoa

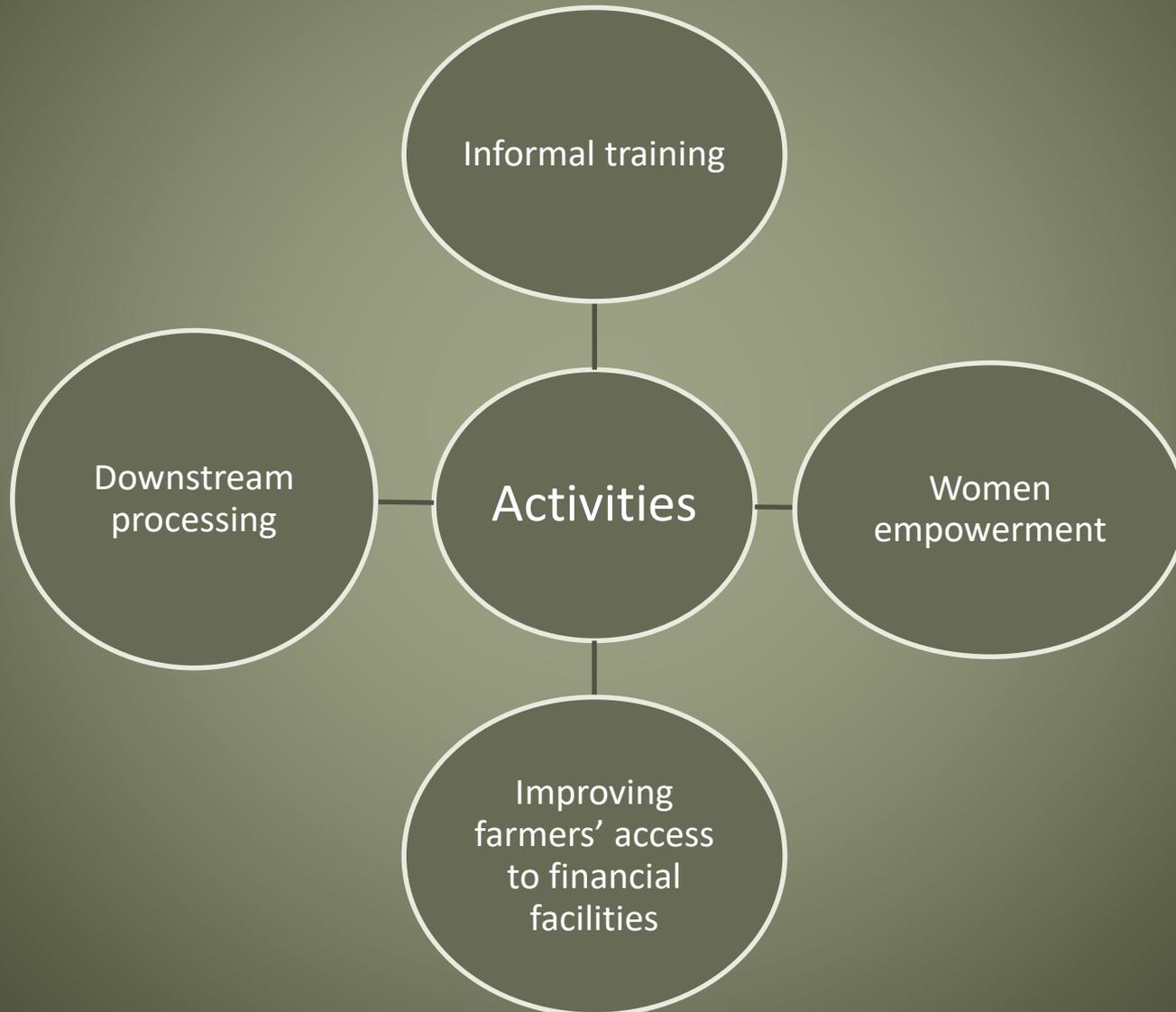
- Background partnership:
 1. Increasing demand of single-origin of cocoa products in Japan.
 2. Supporting business activity of micro, small and medium enterprise.

The partnership has been initiated since 2012.

Products : single-origin intermediate and finished products.



Activities provided by the partnership



Results of the partnership



1. Increased farmers' access to knowledge and skills on cocoa quality, fermentation, and drying.





Results of the partnership

2. Increased quality of cocoa beans and added value through producing intermediate and finished products

3. Increased farm-gate price of cocoa dried beans.

CV. Kakao Kita : IDR 24,000 – 32,000/kg

Village Collectors : IDR 18.000 – 25.000/kg





4. Increased farmers' access to financial facility, particularly saving and credit in local bank.

5. Market certainty, particularly Japan market.



Photo by Yoshimura

Conclusions



- The processing partnership offer :
 - a. Better opportunity for farmers to access knowledge, skills and information, saving, and credit,
 - b. Higher quality dried cocoa beans
 - c. Higher farm-gate price, and
 - d. Buyer certainty
- A significant aspect in the processing partnership program involved the development of direct market links of single-origin cocoa products with cocoa buyer in Japan.
- The partnership on cocoa processing offers insights on the potential of smallholders to improve their livelihood through links to the partnership and higher value markets.



Way forward

- Focusing on both on-farm and off-farm aspects at the same time might greater impacts.
- The improvement of human resources and investment on small scale cocoa processing unit in Papua is required to increase the impact of cocoa processing partnership program.
- The processing partnership has improved the quality of cocoa beans produced by smallholder farmers → might be adopted as intervention initiatives to encourage quality improvement in Indonesia.

Thank you