

External Impact Assessment VECO Indonesia V1.1

December 2016



Report by NewForesight Consultancy, commissioned by VECO

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Disclaimer: this publication represents the views of the authors in their independent capacity as project impact assessors. In coming to our assessment of the pilot interventions, impact on various levels, structural change agenda and lessons learned, the authors have based their findings on all information which was available at the time of writing.

In assessing impacts, and the degree to which these can be attributed to VECO's activities, we have relied on both quantitative as well as qualitative information obtained through sources such as stakeholder interviews, farmer organization representatives, community leaders, partner organizations, and policy level actors. Insights on the farmer-level situation have been derived from the farmer survey conducted by VECO in 2016. Where data is uncertain, or where lack of data has made it necessary to rely on proxy indicators to draw conclusions, we have highlighted this. Insights and conclusions have been cross-referenced with VECO Indonesia.

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1. Executive summary

Based on the findings in this report, we have created an overview of the topics analyzed and evaluated. The outcome of the evaluation is shown below. We use the same color coding throughout the report to present the main findings per section.

Legend: Fully achieved Partially achieved Not achieved N/A

Indonesia: Flores Pilot, Sulawesi Pilot and SCA Cocoa			
Flores Pilot Intervention	Effectiveness	P1: Facilitation of value chain analysis	
		P2: Organization of trainings with FOs	
		P3: Facilitation of connection with service providers	
		P4: Organization of stakeholder meetings	
		P5: Facilitation of inter-action between chain actors and policy level	
	Relevance of activities (farmer-level)		
Sulawesi Pilot Intervention	Effectiveness	P1: Facilitation of value chain analysis	
		P2: Organization of trainings with FOs	
		P3: Facilitation of connection with service providers	
		P4: Organization of stakeholder meetings	
		P5: Facilitation of inter-action between chain actors and policy level	
	Relevance of activities (farmer-level)		
Structural Change Agenda	SCA 1: Members of CSP (government, private sectors, NGO, research institutions, etc) promote professionalism of FOs in business in the cocoa sector in Indonesia through the Cocoa Roadmap 2020		
	1.1.	Number of private sector actors that implement program promoting FO's professionalism	
	1.2.	Number of initiative taken by Regional Forum in region	
	1.3.	Commitment from CSP Members (budget - policy) to promote farmers' professionalism	
	1.4.	Government commits to implement program for FO's professionalism	
	1.5.	Number of developed business models conduct by CSP Members	
	1.6.	Number of positive public responses on inclusive business principles	Not tested

a. DGD indicators

	Indicator	Target	2016
1. Number of market chains (pilot chains) in which family farmers (m/f) foresee in their livelihood[1] in a more sustainable way (SSD – IMM)	Increasing income		Achieved (mainly due to productivity growth, although this is still subject to swings in international prices and weather events).
	Strengthen position in the chain		Achieved (FOs have increased commercial and policy influence and visibility, and improved market access, with farmers benefitting)
	Increased resilience		Achieved (higher and more diversified income, high vulnerability to weather/climate shocks, strong cooperation between farmers, improved external relations)
	More sustainable use of natural resources		Achieved (good progress achieved with all FOs on both Flores and Sulawesi)
	Improved food security		Achieved (due to crop diversification and improved income from cocoa)
2. The market share (%) of sustainably produced rice...	Average market share in Boylali, Tasikmalaya and Nagekeo districts	3%	Not relevant for this assessment (focus on cocoa)
3. Number of companies that shows through its purchase practice and / or practice that it is more inclusive for family farmers (m/f) (IMM)	# of companies with an inclusive purchase practice / policy	Baseline: 6 out of 18 Target: 14 out of 18	Partially achieved (Within this assessment, 8 companies (all CSP members) implement programs focusing on FO professionalism. Not all companies reached the targeted level. It is noted that due to consolidation in the sector, the number of companies has been reduced in the period covered by this assessment.)
4. Share (in %) of family farmers (m/f) that is organized in economical farmers' organizations to collectively market their (SSD – IMM)		3% of farmers	Achieved (Less achieved on Flores, where few buyers are active. On Flores, both SIKAP and SIKKA were able to establish collective marketing, which has benefited some farmers through increased prices. However, farmer group discussions indicate that many farmers still sell cocoa individually.)
5. Number of new and improved institutional environmental factors that stimulate the inclusion of family farmers (m/f) (SSD – IMM) at the level of: 1/ government: by laws and policy texts 2/ service providers: public and private service provision (BDS)	New, adapted or improved policies, laws or regulations	Target: 5	Partially achieved (Luwu Utara government introduced better regulations within Regional Cocoa Forum; government often lacked understanding of FO operations, and not all aspects of the CSP 2020 roadmap are embraced. CSP and its members have been involved in implementation of 2 government programs on sustainable cocoa, PPKB and CEPAT. Policy and action at the regional level is also noted)
	New, adapted or improved services provided by the government and private players	Target: 12	Achieved (efforts to lobby and promote access to financial service providers; through the work in the CSP identification of new business models, such as for unorganized farmers; VECO-facilitated Sensemaker and ScopInsight methodologies received uptake from the private sector; VECO has facilitated AgriProfocus to promote advanced financial services to FOs on Sulawesi for example)

b. Summary of conclusions

i. Flores pilot

VECO has made a positive contribution to FOs in this pilot intervention. However, performance between the different FOs varied significantly, and external factors—such as the takeover of cocoa grinding companies, resulting in a high degree of consolidation in the market—limited the overall outcomes.

Among the 3 FOs in the pilot intervention, SIKKA showed very limited, or almost no, improvement; whilst JANTAN was the clear high performer, and SIKAP was a medium performer. VECO is recommended to consider which type of FO it should target for the most impact. High performers could generate learnings to be scaled up to enable other well-performing FOs to integrate better into the cocoa markets (market-focused approach), while an alternative focus on lower-performing FOs could support a more development-driven approach. This assessment has found that FOs and farmers on Flores respond well to visible examples of the benefits of applying best practices (e.g. evidenced by JANTAN sharing learnings with other FOs, and young farmers being attracted to an FO to generate the same results as model farmers).

VECO was able to build up the business management capabilities of the Flores FOs. Among other improvements, this was found to have led to the introduction of a new buyer in the second semester of 2016 for the FOs that is ready to give advance payment – removing a bottleneck in the collective marketing business of FOs, as a direct result of VECO’s work. This was a welcome development in a market that has long been dominated by a single buyer, which has reduced the FOs’ abilities to negotiate. Although the further consolidation of the market creates a challenge, VECO’s efforts at strengthening FOs’ capacities and attracting buyers in a difficult market, are notable.

In all FOs, the ability to strengthen FOs’ capabilities to promote sustainable production practices to farmers appears limited, with a key indicator being the absence of established certificates with a sustainability claim, despite visible efforts in this regard (setting up of FFSs, learning gardens, etc.). Meanwhile, at farmer level, sustainable production scores are quite high, and adoption of GAP appears on the increase.

VECO was able to leverage its convening capabilities by improving FOs’ connectedness with financial service providers. Limited impact on connectedness with agri-technical providers, and some impact on connectedness with business management providers, has been achieved. The most visible success here is that VECO’s support helped convince a bank (Bank NTT) to provide loans to FOs without a specific property as collateral. This has allowed FOs to have access to additional sources of funding, in addition to government loans.

The role of women and youth appears to be limited. While women do participate in trainings, farming activities and even take some management positions in the FOs, males still dominate on all fronts. More efforts are required to break the strong cultural boundary related to limited role of women. Limited progress has been made in 2015 and 2016, although one FO (JANTAN) demonstrates a case of successful integration of women into the FO management. Efforts towards the integration of youth have become more visible in 2016 when FOs conducted activities specifically targeting youth (JANTAN).

In terms of enhancing farmer resilience, this pilot intervention appears to be successful. In addition to increasing income from cocoa, VECO staff have worked with farmers to consider how they can (further) diversify their sources of income.

On the other hand, several limiting factors can be identified. A clear limiting factor has been the difficulties posed by the environment. Though VECO has been active and is seen as successful (including by a potential buyer) in convening and connecting chain actors, the consolidation in the sector has made it difficult to achieve significant results. In addition, the highly varying difference of abilities within FOs has caused further limitations. For instance, one FO (SIKAP) had to have its FO management replaced due to mismanagement of Bank NTT funding. However, this should not divert attention from the fact that the successful establishment of bank loans for the FOs in Flores is a unique result for Indonesia, and would not have been possible without VECO's long term preparation and persistent engagement with all the relevant stakeholders to make these loans a reality.

At the farm level, farmers appear to have benefitted through access to training, access to innovative inputs—such as the PROMI composting enhancer—and certainly from the benefit of increased prices for cocoa through collective marketing. However, adoption of recommended practices appears to be a challenge in all FOs. For instance, FOs shared that only 5% of trained farmers actually tend to immediately implement what they learn through training while the rest implement partially and/or only in small plot of land. VECO could focus on exploring what the drivers are with regards to adoption rates of good practices. This is also a topic in which there is increasing interest among other players in the cocoa sector, and to which VECO could contribute in the broader context.

ii. Sulawesi pilot

VECO has made a positive contribution to FOs in this pilot intervention, and has also worked with a fourth group of unorganized farmers in an innovative and unique pilot. For the three organized FOs and for (unorganized) farmers, both the indicators provided by VECO, and triangulation in the field, support the view that the VECO's intervention has been successful and impactful.

The business management skills of the FOs have improved strongly compared to 2013, and it is noted that this is in part due to VECO's ability to coordinate and facilitate the support services provided by Wasiat and Agriterro, amongst several others. It is particularly interesting to note that a consistent response from FOs and other stakeholders has been that VECO expertise and activities are unique in Indonesia, and that VECO possesses a unique capability with regards to its focus on providing FOs with business and management training. The effective coordination and convening role of VECO in this pilot intervention also extends to other parts of the value chain; for example, working with MARS.

With regards to farmer training and capacity building, VECO was successfully able to:

- Facilitate networking and business meetings with cocoa stakeholders (input/finance providers, buyers)
- Organize and participate in networking efforts, and lobby at local, national, and international levels
- Document and disseminate learnings and best practices

On the farm level, while it is recognized by VECO that income diversification can help farmer resilience, many farmers remain dependent on 1-2 key sources of income, which is overwhelmingly generated on the farm.

As mentioned above, in this intervention, VECO conducted a unique pilot in which it worked with unorganized Parimo farmers, with support from MARS as a partner and buyer. Although not yet perfect due to gender equality challenges, this is an innovative model with potential for duplication in other parts of Indonesia where farmers are not yet organized. It is recommended that VECO explores ways of potentially learning from, and replicating, results achieved (as well as learning from challenges faced) when working with this group of farmers. It would also be fruitful to explore the extent to which working with similar groups (or supporting others in doing so) can allow for impact to be transmitted beyond formally organized farmer groups.

iii. Link between pilots and the SCA

VECO Indonesia works closely with the leading sector-level actors, including the public sector and the Indonesia Cocoa Sustainability Partnership (CSP). Work on the pilots, and learnings related to FO sustainable business models, have been demonstrated to institutional partners, and the professionalization of FOs has been committed to by members of CSP. In addition, linkages have been established to a financial institution (Bank NTT).

VECO Indonesia's pilot interventions have already provided multiple links with the SCA. Most obvious are the sharing of most successful FOs from Sulawesi with the CSP General Assembly, which is usually held in Makassar, South Sulawesi, every four months. Another positive link has been through the ScopeInsight methodology, which has allowed FOs to be able to present their business strengths, and to facilitate their direct connection with buyers. This can be extended towards research institutions, service providers and the government. In the case of Agriterro, at least one FO has already benefitted from their services. VECO Indonesia provided the additional information that *CSP observed the implementation of Sensemaker – Inclusive Business Scan (assess the business inclusiveness using Sensemaker tool) applied in Polman and decided to use the tool to assess the progress against Cocoa Roadmap 2020 indicators.*

An opportunity would be to share the unorganized farmer model (Parimo Farmers) with the CSP community, which has distinctive lessons to learn from this. Even the less successful FOs could be given a chance to express what they experience as their limitations to further advancement. In working with an unorganized farmer group, VECO Indonesia has also shown an ability to explore innovative ways of working.

Another clear connection between pilots and SCA are the regional forums. There is already a level of cooperation (VECO internal partner meetings) between the different pilots on Flores. VECO clarified that *the connection between FOs with the formal Cocoa Regional Forums in Sulawesi is more eminent once the Forums were established that FOs are members of the forums. However, the Greater Luwu Forum is more active than the West Sulawesi Forum.*

The consistent response from FOs and other stakeholders has been that VECO expertise and activities are unique in Indonesia, and that VECO has played a key role in strengthening FOs and creating wider structural impact in Indonesia.

One question is whether the number of FOs within the pilots in Flores and Sulawesi need to have been as high as they were, and in fact, the high number of FOs within each pilot was unusual compared to most of the other regions' external assessments. During this assessment it was observed that the conditions of each FO are very unique and that it is necessary to have a large enough number of FOs to start with in

order to have at least one model FO at the end of the pilot phase. At the same time, there is a risk of a diffusion of efforts and a lack of focus.

iv. SCA Indonesia

One of the main objectives of this SCA is to scale up VECOs work at a national level. This objective has been reached through the engagement in the Sustainable Cocoa Partnership (CSP). VECO has contributed to CSP's Task Forces (VECO participated actively in 3 out of 6 TFs) and has provided key information and unique examples (for example, the unorganized farmer model) towards defining business models. VECO has played an active role in the CSP executive board, as well as taking on the responsibility of CSP treasurer. CSP's responsibility to set up a regional forum in various parts of Indonesia has been supported by VECO with the Sulawesi Luwu area as a success.

The impact at a national level still has been slow but with a potential to grow, while different levels of Government have shown a positive but inconsistent commitment to the cocoa roadmap. Same must be attested towards the private sector: while some companies have contributed significantly to the CSP budget, there are other private sector players who have not taken an equal share in financial support. In this regard, VECO's direct financial contribution towards the CSP has been key in ensuring that this unique platform of pre-competitive collaboration is maintaining its space in the Indonesian cocoa sustainability landscape. More work needs to be done to test the positive public response on inclusive business principles. And VECO has to continue to make sure that FOs can take a more center-stage role during future CSP General Assemblies, or if it can play a more active role in sharing VECO's experiences in the Task Forces.

v. Closing comments

Key successes include:

- At the FO level, VECO's interventions played a key role in strengthening FOs
 - Through business management capacity building; facilitating an improved FO bargaining position towards other chain actors and government, higher production and higher prices; attracting new buyers
- Resulted in growing farmer confidence in FOs, which has encouraged the take-up of FO membership amongst farmers
- VECO's coordination and facilitation of links between financial service providers and FOs is a strong achievement, which has resulted in FOs' greater access to credit, and in some cases has enabled FOs to achieve financial independence.
- In some FOs, found good rates of dissemination of learnings and best-practice examples of sustainable production practices, with higher-than-target adoption rates of GAP, and number of farmers reached.
- These trainings and dissemination efforts have motivated many farmers to adopt crop diversification.

Key challenges include:

- Highly varying difference of abilities within FOs.
- In some FOs, reluctance of farmer's to adopt recommended practices and training outputs.
- Sustainable production, women's participation and youth participation show slow progress

- Despite improved participation rates for females, males still dominate trainings, farming activities and FO management in many FOs.
- Limited impact on facilitating connectedness between FOs and both agri-technical providers and business management providers



2. Introduction

This report by NewForesight is the external impact assessment of the VECO cocoa program in Indonesia, **DGD-funded, 2014-2016**, and was commissioned by Vredeseilanden/VECO (hereafter named VECO). NewForesight performed this independent impact assessment from September 2016 to November 2016, looking at the cocoa strategies and pilots on the Flores and Sulawesi islands (NTT as well as South and West Sulawesi provinces) in Indonesia in order to assess the regional change strategy to develop and ensure the resilience of the cocoa-subsector in Indonesia. During this period NewForesight performed similar assessments for East Africa (rice), West Africa (rice), DR Congo (rice), the Andes region (coffee), and Central America (cocoa) – for which separate reports are available.

The report is structured as follows: chapter 3 explains the evaluation method, chapter 4 assesses the effectiveness and relevance of the Flores pilots, chapter 5 assesses the effectiveness and relevance of the Sulawesi pilots, and chapter 6 assesses the Structural Change Agenda for Indonesia.



3. Evaluation method

VECO aims to unlock smallholder potential by creating change across the value chain with a critical mass. Their strategy is to pilot promising interventions across the chain on a small scale (reported in the Chain Intervention Reports - CIR), and identify which lessons learned are to be utilized to influence the institutional environment, in order to create lasting structural change (reported in the Structural Change Agenda Report). We therefore first evaluate the effectiveness and the relevance of the pilot interventions, and then follow this with an evaluation of the structural change agenda, including its link with the pilot interventions.

VECO works with the Theory of Change model (both for pilot interventions and structural change agendas), referred to here as Pathways of Change (PoC), given that there are multiple pathways to achieve the desired impact. We have taken the Pathways of Change as starting point of our analysis – evaluating each pathway separately, before drawing conclusions on the total impact.

VECO focuses its pilot interventions on supporting Farmer Organizations (FOs). For our evaluation we look at the (direct) outcomes at the FO-level, in order to assess the effectiveness of VECO's interventions; followed by the (indirect) impact at the farmer-level, in order to assess the relevance of VECO's interventions.

In order to report a balanced perspective on the obtained impact, we make use of mixed methods evaluation, looking at both quantitative as well as qualitative data. As the data was primarily provided by VECO, we have triangulated the findings with key informant interviews (with FO and community leaders and policy-level partners), and focus groups discussions (with farmers) obtained through field visits in October and November 2016.

For the **pilot interventions** we used the following approach:

1. We requested VECO to define the Pathways of Change (PoCs) for those interventions where it was not yet defined.
2. We extracted the FOs' business capacity indicators from VECO's Chain Intervention Reports, and wrote initial hypotheses on the effectiveness of the interventions.
3. We requested VECO to comment on the initial hypotheses, providing insights and pointing us towards additional explanatory data sources.

4. We extracted quantitative (result indicators) and qualitative observations from the Chain Intervention Reports (CIRs), summarizing the observed evidence.
5. We reformulated the hypotheses and made a list of questions for the key informant interviews and focus group discussions in order to triangulate our findings.
6. We visited the pilot interventions and held key informant interviews and focus group discussions.
7. We evaluated all evidence and wrote main conclusions on the effectiveness of each pathway of the pilot intervention.
8. We analyzed farmer survey data (obtained by VECO with capacity building support by NewForesight), in order to assess the relevance of VECO's interventions.
9. We identify comparable data from the VECO 2013 baseline reports, where possible.
10. We evaluated all evidence (including FGD outcomes) and wrote main conclusions on the relevance of VECO's interventions.
11. We reviewed the findings on effectiveness and relevance, concluding the impact assessment of the pilot.

For the **Structural Chain Agendas (SCAs)** we used the following approach:

1. We requested VECO to define the Pathways of Change (PoCs), for those SCAs where it was not yet defined.
2. We reviewed the relevant progress indicators in the Structural Change Agenda Reports (SCARs), defining initial hypothesis on the effectiveness of the SCA.
3. We extracted the relevant qualitative information from the SCAR.
4. We extracted the relevant qualitative information from the Chain Intervention Reports (CIRs).
5. We reformulated our hypotheses on the effectiveness of the SCA and made a list of questions for key informant interviews.
6. We interviewed key informants from partner organizations.
7. We evaluated all evidence and wrote main conclusions on the effectiveness of the SCA activities
8. We evaluated the link between the pilot interventions and the SCA, assessing VECO's ability to create structural change.
9. We reviewed the findings on the effectiveness of the SCA, and the link between the pilots and the SCA, and concluded the impact assessment of the SCA.

VECO Indonesia was sent a full draft of this document and had an opportunity to provide comments and feedback.

A note on causality

Throughout the assessment, NewForesight has continuously tried to identify to which extent the outcomes can be contributed or attributed to VECO's activities. In some cases this was clear as, for example, a partnership was set-up after introduction by VECO. In these situations we explicitly mention the outcomes and impact which can be attributed to VECO's activities. In most cases, however, VECO's activities were only one of the factors possibly causing the observed change. We have tried to assess to our best ability if the outcome could be contributed to VECO's activities in our focus group discussions and key informant interviews. However, it is important to note that this identification strategy does not allow us to infer causality with certainty – it only provides us with a likelihood of causality. If, in the future, VECO would like to obtain more certainty on the attributable impact of its activities, it should define an identification strategy that measures outcomes of a (preferably randomized) control group.

Sources of input for the assessment:

External Impact Assessment VECO Indonesia

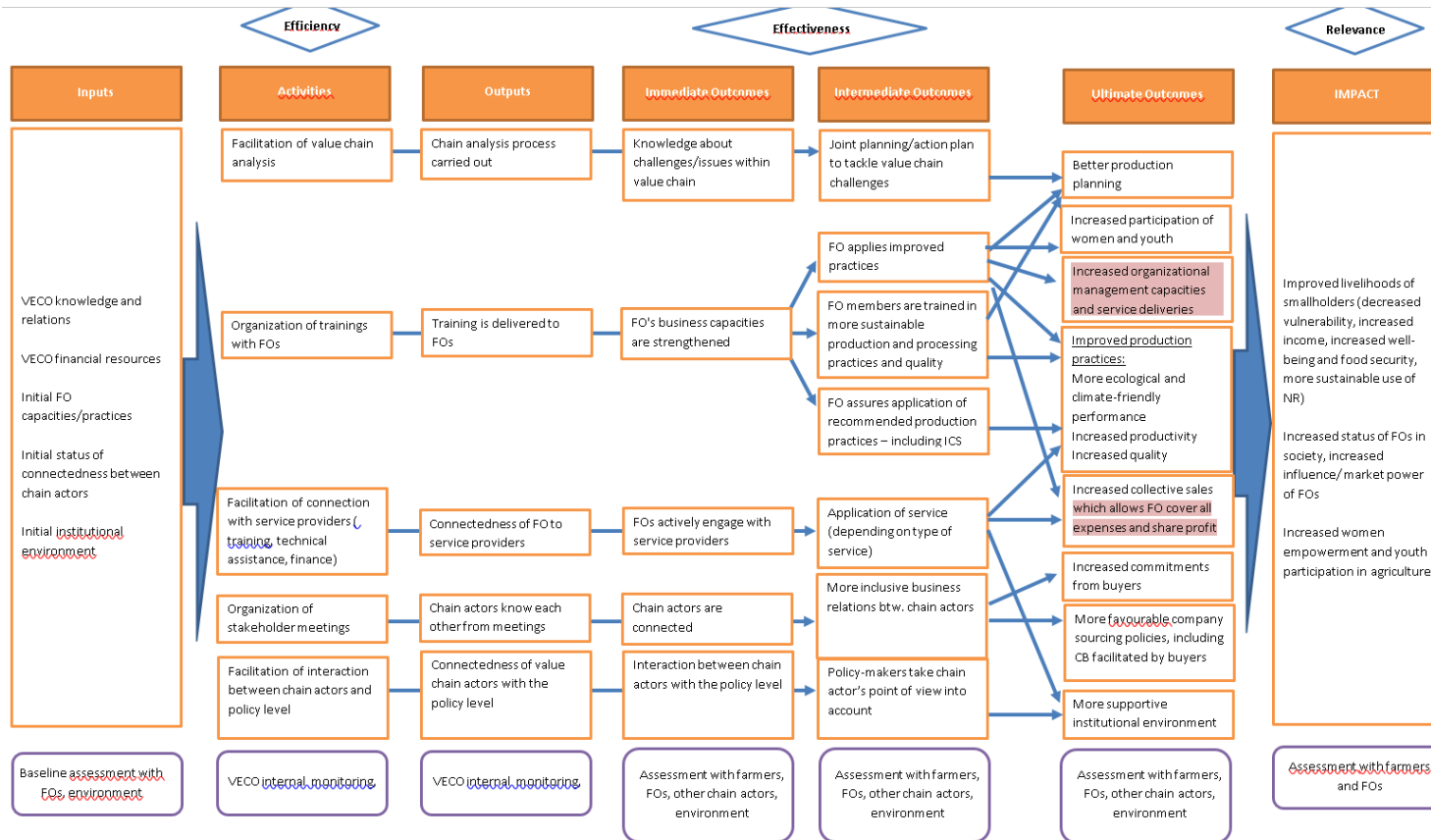
Level of analysis	Source	Date
Farmer livelihoods	Farmer Survey	October 2016
	Baseline reports	2013
	Focus Group Discussions (FGDs)	October 2016
Farmer Organizations (FOs)	Chain Intervention Framework (CIF)	Revised 2015
	Chain Intervention Report (CIR) 2014- Semester 1 2016	2014-2016
	Key informant interviews	October 2016
Policy level	Structural Change Agenda Framework (SCAF) 2014-2016	Revised 2015
	Structural Change Agenda Report (SCAR) 2014- Semester 1 2016	2015 and 2016
	Chain Intervention Report (CIR) 2014- Semester 1 2016	2014-2016
	Key informant interviews	October and November 2016



4. Flores Pilot

a. Pathway of change

There are 5 different ways through which the Flores pilot tries to achieve its outcomes and impact. The different pathways of change are mapped in the figure below.



We have focused on the DGD-funded activities and performed an assessment of each pathway in order to determine the effectiveness of the activities, i.e. their ability to achieve the intended change.

b. Effectiveness of VECO intervention

i. Pathway 1

Activities	Outputs	Immediate Outcome	Intermediate Outcome	Ultimate Outcome
Facilitation of value chain analysis	Chain analysis process carried out	Knowledge about challenges / issues within value chain	Joint planning / action plan to tackle value chain challenges	Better production planning

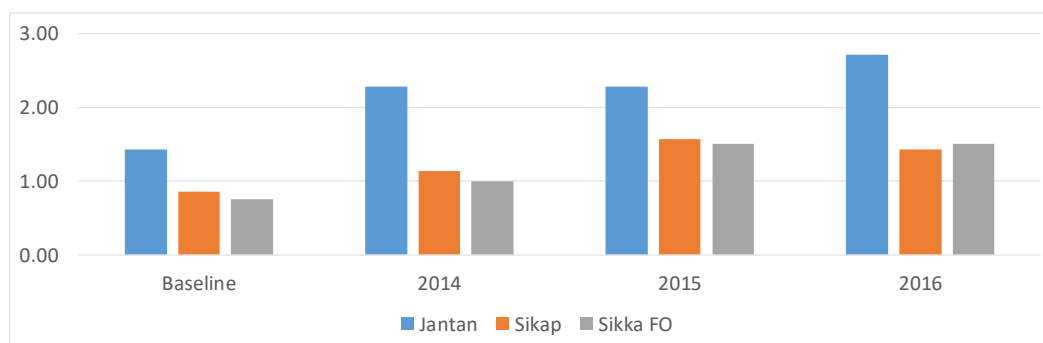
Main findings

VECO as well as external service providers gave trainings on business management as well as marketing skills towards the FOs on Flores. The established buyer (Comextra Majora) is working with the FOs on a regular basis and is sharing daily price information. At least one additional buyer, UD Suryaning Galang Kangin, was introduced by VECO and has been buying cocoa with an advance payment towards FOs. The anticipated establishment of BT Cocoa as a buyer on Flores did not materialize. The reason that BT Cocoa did not establish their buying station is related to the process of company mergers in the Indonesian cocoa sector, with companies like OLAM, Cargill and Barry Callebaut/Comextra (who all have recently built large processing factories in Indonesia) taking over other international or Indonesian processors. There is a prospect of new buyers entering Flores, but this will clearly depend on FOs' abilities to increase overall volumes (for OLAM or Cargill), or meet specific quality expectations (for POD Bali). The evaluated FOs are at different levels of mobilizing their members to take the mind shift towards maximizing the business potential of their farms. Overall, the trend is positive, with Flores providing an alternative source of purchasing compared to the very competitive market on Sulawesi, for example.

Observed evidence (source: CIR)

Evidence from business capacity indicators:

Average of Value	Column L	2014	2015	2016
Row Labels	Baseline			
[-] Jantan		1.43	2.29	2.29
2. To what extent has the FO acquired business management skills?		1.00	2.00	2.00
3. To what extent has the FO acquired marketing skills?		2.00	2.67	2.67
[-] Sikap		0.86	1.14	1.57
2. To what extent has the FO acquired business management skills?		0.75	1.00	1.50
3. To what extent has the FO acquired marketing skills?		1.00	1.33	1.67
[-] Sikka FO		#DIV/0!	0.43	0.57
2. To what extent has the FO acquired business management skills?		#DIV/0!	0.50	0.75
3. To what extent has the FO acquired marketing skills?		#DIV/0!	0.33	0.33



Relevant *business management skills* indicators have **improved** compared to the baseline, but relevant *marketing skills* show **mixed results**. This indicates that the immediate outcome—*knowledge about challenges/issues within value chain*; and the intermediate outcome—*joint planning/action plan to tackle value chain challenges*, have likely improved.

Main conclusions from CIR:

There seems to be some progress due to cooperation with buyer Comextra Majora (CM), but there is room for improvement, especially at SIKAP and SIKKA. VECO's activities with regard to value chain analysis seem limited.

- VECO measured/assessed the linkage between chain actors using LINK Methodology in 2014.
- Production planning improved due to signed commitment letter from CM in 2015.
- CM sends daily price information to FOs, which has likely allowed business planning.
- VECO supported some business management training in 2014, and Significant Training Provider gave business planning training in 2015.
- VECO held a number of value chain analysis related activities and trainings.

Triangulation (source: key informant interviews and FGDs)

It was a consistent statement during interviews that Flores would develop a diverse value chain once the production could be increased. Comextra Majora (CM) however remains the only large buyer, which reduces FOs' potential to negotiate with different buyers. This has reduced the opportunities for FOs to establish inclusive business relations.

JANTAN expressed that increased productivity will be the key to develop their value chains. As an incentive to produce volume, JANTAN pointed out that a higher price (500IDR /kg additional) can be reached if two tons of cocoa are delivered. In previous years, Comextra paid above the local market price, but in 2016, cocoa production dropped and competition between buyers increased. Local traders offered competitive prices which made the prices offered by JANTAN—based on prices offered by Comextra—unattractive. As a result, JANTAN cannot buy as much as it plans because it cannot compete with the local traders. Daily price information is shared with the head of JANTAN.

During the FGD discussion it was shared that there is one new buyer, UD Suryaning Galang Kangin, who is buying from FO JANTAN and SIKAP directly. UD Suryaning Galang Kangin provided JANTAN with a 75 million IDR advance payment which is an advantage. This was a direct connection facilitated by VECO Flores’ team staff (Pak Toni) and it is unlikely that this buyer would have entered Flores without VECO’s support.

There were also promising field visits of VECO staff with BT Cocoa staff. However, in late 2016, BT Cocoa stopped their buying operations, which are in the process of being taken over by OLAM. BT Cocoa nevertheless praised VECO’s role in a November 2016 interview: *“VECO’s on the ground assistance has been a great help in helping us (BT Cocoa) make those decisions (about opening up warehouses in cocoa producing areas), and connects us with reliable farmer organizations.”* The fact that BT Cocoa is closing down its purchasing units across Indonesia, and is therefore not getting established on Flores, should not be seen as a sign of lack of VECO’s support. It is more a sign of the strong cocoa business takeover process in Indonesia.

Background information:

As a result of an increasing export tax over the last 5 years for unprocessed cocoa beans, several large international companies (Cargill, Barry Callebaut, OLAM and the Malaysian BJ Cocoa) have invested in processing facilities in Indonesia, which have pushed local processors out of business. Comextra Majora is already part of the international buyer network, following a minority share merger with Barry Callebaut in 2011, called *PT Barry Callebaut Comextra Indo*, which includes a long term cocoa sourcing agreement.

In late 2015, VECO facilitated the connection with the Bali-based POD Bali, which in late 2016 finally visited Flores to explore direct purchasing and direct training on quality. There is, therefore, still a level of optimism that stakeholder meetings with buyers will show the desired result. VECO has an opportunity to continue to focus on value chain development through scaling up and increased productivity as well as improved quality to capture a mix of buyers, both large international and small local ones.

ii. Pathway 2

Activities	Outputs	Immediate Outcome	Intermediate Outcomes	Ultimate Outcomes
Organization of trainings with FOs	Training is delivered to FOs	FO's business capacities are strengthened	FO applies improved practices FO members are trained in more sustainable production practices and quality FO assures application of recommended production practices	Better production planning Increased participation of women and youth Increased organizational management capacities and service deliveries Improved production practices Increased collective sales which allows FO cover all expenses and share profit

Main findings

Overall, there is recognition of the key role VECO has played in facilitating an improved business bargaining position for FOs, helping them to reach a higher price and to promote higher production. However, the actual performance of the individual three FOs are not consistent. The equal participation opportunities for women are well displayed at FO JANTAN, less so in the other FOs. The CIR report lists the work that VECO has done in terms of providing training on sustainable production practices (e.g., by FFS activities). Interviews and observations in the field show that good progress was achieved on this front.

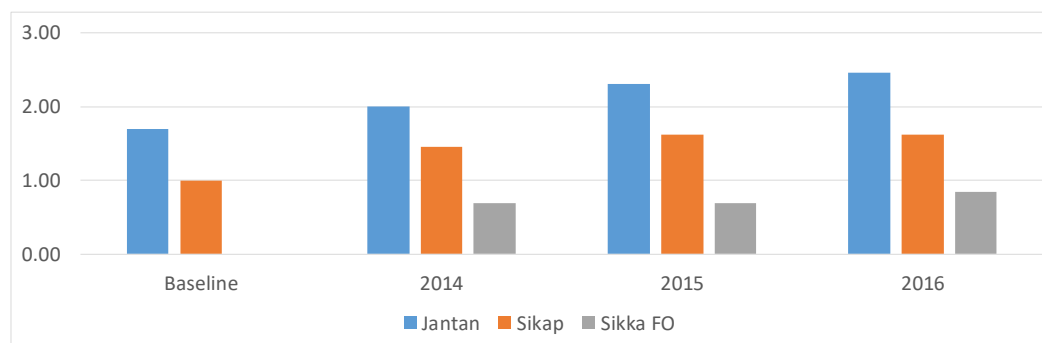
VECO has been setting an example of farm management which does not depend on high agrochemical inputs. The natural composting enhancer (PROMI) is recognized for its positive impact of costs and yield. FOs have taken PROMI as a reward mechanism to attract members. Natural resources management is a new concept in this context but, at least, water management has seen some positive uptake. Although productivity was lower in 2016, this is related to the El Nino global weather pattern.

It appears that, overall, farmers have seen growing confidence in the FOs. This can be seen through growing membership and growing volumes marketed collectively. In particular, JANTAN seems to be a model of a well-functioning FO with a good capacity and value proposition to farmers.

Observed evidence (source: CIR)

Evidence from business capacity indicators:

Average of Value	Column L	2014	2015	2016	
Row Labels	Baseline				
☒ Jantan		1.69	2.00	2.31	2.46
1. To what extent has the FO acquired group management skills?		2.00	2.17	2.67	2.83
2. To what extent has the FO acquired business management skills?		1.00	2.00	2.00	2.00
3. To what extent has the FO acquired marketing skills?		2.00	2.00	2.33	2.67
4. To what extent the FO promotes sustainable production and natural resource man-agement skills to its members?		1.00	1.50	1.50	1.50
☒ Sikap		1.00	1.46	1.62	1.62
1. To what extent has the FO acquired group management skills?		1.00	1.83	2.00	2.17
2. To what extent has the FO acquired business management skills?		1.00	1.00	1.00	1.00
3. To what extent has the FO acquired marketing skills?		1.00	1.33	1.67	1.33
4. To what extent the FO promotes sustainable production and natural resource man-agement skills to its members?		1.00	1.00	1.00	1.00
☒ Sikka FO		#DIV/0!	0.69	0.69	0.85
1. To what extent has the FO acquired group management skills?		#DIV/0!	1.00	1.00	1.00
2. To what extent has the FO acquired business management skills?		#DIV/0!	0.50	0.50	0.50
3. To what extent has the FO acquired marketing skills?		#DIV/0!	0.33	0.33	0.67
4. To what extent the FO promotes sustainable production and natural resource man-agement skills to its members?		#DIV/0!	0.50	0.50	1.00



Relevant *business management skills* indicators have **improved** compared to the baseline, but relevant *marketing skills* and *promotion of sustainable production and natural resources* indicators have **not improved**, at least not in the sense of external certificates with a sustainability claim being issued. This indicates that the immediate outcome *FO's business capacities are strengthened* and intermediate outcomes *FO applies improved practices, FO members are trained in more sustainable production practices and quality, FO assures application of recommended production practices* have probably not improved.

Input from VECO:

There is only one cocoa buyer for FOs in Flores; however, one FO (JANTAN) also sells other commodities to other buyers. The marketing and business skills of JANTAN and KOPAN SIKAP have improved over time, but the marketing and business capacities of SIKKA farmers are still low. This situation will be repeated until pathway 4 if an average of the scores from the three organizations is calculated. The progress of JANTAN and SIKAP will be undermined by SIKKA farmers who are still struggling in the production and organizational aspects.

Main conclusions from CIR:

Some progress has been made on business capacities, but this progress has not been very strong. Sustainable production (measured in terms of issued certificates with a sustainability claim), women's participation and youth participation show only slow progress. Recommended production practices show better progress due to successful Farmer Field Schools (FFS), learning gardens, Cocoa Learning Centres (CLC) and key farmers / cadres. However, farmer organization certification was not yet reached and external factors (weather) had negative influence on overall productivity, making it difficult to monitor

progress. The certification was not obtained because no buyer requested for certification. However, JANTAN has established an Internal Control System that can be activated when such a buyer comes.

- Each of the cooperatives has received training, for instance in business planning.
- Improvements have been made with regards to sustainable production (e.g. P3S technologies [regular pruning, fertilizer, harvesting and sanitation]; the introduction of the PROMI enzyme-based composting enhancer since 2014 at JANTAN and SIKAP; training in land conservation technique, experiments with integrated farming and organic fertilizer). No large scale change has been observed and some challenges have been observed. As detailed in the CIR, these include an application system (Cocoa Trace) which did not function properly, internal program management by VECO that did not function optimally and in a coordinated way, late transfer of funds to partners in Flores, and lack of approval for the cocoa program from the central government.
- Women do participate in trainings, farming activities and even take some management positions in the FOs. However, males still dominate on all fronts and no progress has been made in 2015 and 2016. It should be noted that changes at the FO organizational level only occur every 3-4 years, therefore it may be too soon to witness results.
- Some progress was made with youth participation as KSU JANTAN cooperated with a school (SMK) and organized training for village youth group in 2016. Also, agriculture is promoted as business opportunity to college students in collaboration with other organizations. Besides this, no progress was seen prior to 2016 (or at other FOs).
- With regard to recommended production practices, several institutional centers were scaled-up, namely Farmer Field Schools (FFS), Learning Gardens, Cocoa Learning Centres (CLC). On top of that, the number of key farmers and trainers in Good Agricultural Practices (GAP) and Good Environmental Practices (GEP) increased. Lastly, there seems to be a high introduction of superior clones. Progress seems to have been made throughout all years.
- Establishment of learning gardens and processing units was successful (above target).
- Productivity declined, probably due to external factors (weather) and rejuvenation of farms
- Limited amount of new cocoa trees were planted due to insufficient funds and lack of seedlings. FOs have started to encourage key farmers to make nurseries.
- The number of farmers reached and adoption rates of GAP seems to be higher than targets. This is due to FOs actively targeting and focusing on new members, and good facilitation of learnings between farmers. There is significant and effective learning and motivation from farmers who have already adopted.
- Various trainings were organized by VECO for the FOs in which FO board and management members received business planning and other trainings.

Triangulation (source: key informant interviews and FGDs)

BT Cocoa confirmed in a November 2016 interview from one of their trips with VECO to Flores that *“we realized that in 2009 due to limited market access, farmers in Flores are only being paid Rp9,000/kg. Comparing that to the current (2016) situation after working with VECO, farmers in Flores are able to receive 3x that price now. That directly incentivize farmers to grow and produce more cocoa which is also what the industry requires, and price is still the best fertilizer after all”*.

BT Cocoa therefore confirms that the role of VECO has been key in reaching improved business bargaining position, reaching a higher price and promoting higher production.

However, the fact that BT Cocoa is unable to maintain a purchasing station on Flores (or the fact that MARS pulled out of Flores some years ago) raises questions as to whether Flores has reached a high enough level of overall production.

JANTAN has demonstrated some successful signs of integration of women in the FOs management, as the manager is a woman. However, there is still a traditional separation of tasks along gender lines. There are positive exceptions: for example, one visited female SIKAP farm member took a diversified role in the household together with her husband. However, she was the only woman participating in the SIKAP group meeting that day, which is a sign that more improvements are possible in strengthening women's roles in the FO management and farm practices. Another promising sign is VECO's field team having experienced women as lead trainers.

The benefit of the composting enhancer PROMI was confirmed during the field visit at SIKAP. Two young farmers joined the SIKAP group last year with the motivation to apply PROMI. The young farmers had noticed from one of the SIKAP farmers using PROMI that production was higher, and SIKAP only sells PROMI to group members. This is a clear contribution by VECO, as it has a field team which has made PROMI available, and has supported FO members to test PROMI. Government extension workers, or the current buyers, would not have provided this type of service.

Another positive development was recorded following visits to the learning garden during the field inspection. It was confirmed that this on-the-ground demonstration garden is an effective way to motivate other farmers to change habits of growing cocoa, especially in the rehabilitation of the age and variety of cocoa.

There was indeed a change in weather in 2015, which was influenced by the global El Niño pattern, and this resulted in more dry conditions on cocoa farms in Flores. Sufficient shade is a way to mitigate climate change impact on farms, and this is in line with Indonesian Cocoa Research Institute (ICCRI) recommendations, the Sustainable Agriculture Network (SAN) Standard, as well as the CSP best practices manual. VECO has been promoting practices of growing cocoa with a protective shade tree canopy layer. Those farms with more shade suffered less from drought conditions, resulting in more stable production. This is a direct contribution of VECO, because ICCRI, CSP and SAN do not have a presence on Flores to promote their recommendations.

iii. Pathway 3

Activities	Outputs	Immediate Outcome	Intermediate Outcome	Ultimate Outcome
Facilitation of connection with service providers (e.g. training, finance, inputs, transport)	Connectedness of FO to service providers	FOs actively engage with service providers	Application of service (depending on type of service)	Improved production practices Increased collective sales which allows FOs to cover all expenses and share profit More supportive institutional environment

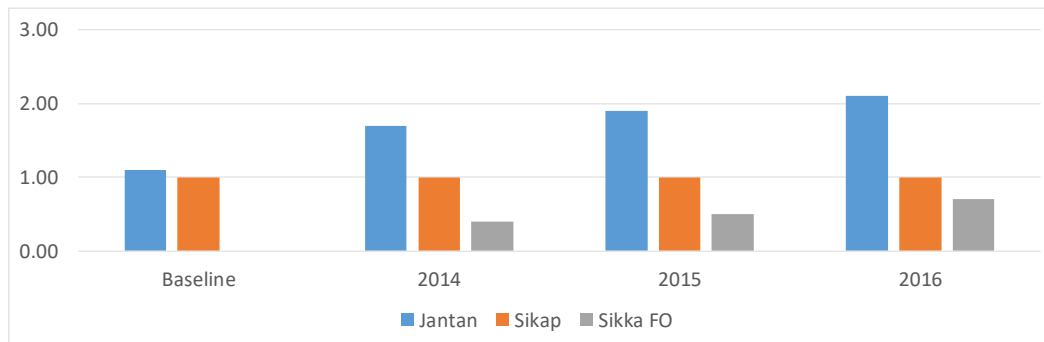
Main findings

Engagement between service providers and FOs is a strong achievement of VECO’s work, with loans of Bank NTT as the key outcome. These loans would not have happened without VECO’s facilitation. VECO has also been key in managing a difficult situation within SIKAP when the financial management system and group management were failing. JANTAN has demonstrated that banks are not the only way to access financing. Both a government loan, Bank Rakyat Indonesia, Credit Union loan and advance payments by a new buyer have helped the FO to build a financial situation which is closer to the ideal proportion of internal vs. external capitalization of 30:70. Training providers (such as the local NGO Tananua) still play an important role in strengthening the development of SIKAP. Overall, many results on connectedness to service providers can be attributed to VECO who invited many different business service providers and external technical consultants (often paid by VECO).

Observed evidence (source: CIR)

Evidence from business capacity indicators:

Average of Value	Column L	2014	2015	2016
Row Labels	Baseline			
☒ Jantan	1.10	1.70	1.90	2.10
1. To what extent has the FO acquired group management skills?	2.00	3.00	3.00	3.00
2. To what extent has the FO acquired business management skills?	1.00	1.57	1.86	2.14
4. To what extent the FO promotes sustainable production and natural resource man-agement skills to its members?	1.00	1.50	1.50	1.50
☒ Sikap	0.80	1.10	1.50	1.10
1. To what extent has the FO acquired group management skills?	1.00	1.00	1.00	1.00
2. To what extent has the FO acquired business management skills?	0.71	1.14	1.71	1.14
4. To what extent the FO promotes sustainable production and natural resource man-agement skills to its members?	1.00	1.00	1.00	1.00
☒ Sikka FO	#DIV/0!	0.40	0.50	0.70
1. To what extent has the FO acquired group management skills?	#DIV/0!	1.00	1.00	1.00
2. To what extent has the FO acquired business management skills?	#DIV/0!	0.29	0.43	0.57
4. To what extent the FO promotes sustainable production and natural resource man-agement skills to its members?	#DIV/0!	0.50	0.50	1.00



Both relevant *group management skills* and *business management skills* indicators have **improved** compared to the baseline, and relevant *promotion of sustainable production and natural resources* indicators show **limited improvement**. This indicates that the immediate outcome *FOs actively engage with service providers* and intermediate outcome *application of services* have likely improved.

Input from VECO: VECO also invited other business service providers such as Significant Training Centre, AGRITERRA and Bank NTT. External consultants were hired to facilitate FOs on several technical aspects, such as Internal Control Systems, GIS Training, and Farmer Business School. Combat Grakindo, the Sustainability Unit of Comextra Majora, also provided services to FOs. A group of cadres were trained in Mars' Training Centre in Sulawesi to become 'cocoa doctors'.

Main conclusions from CIR:

Progress seems to have been made on connectedness with financial service providers, while there has been limited impact on connectedness with both agri-technical providers and business management providers.

- Growing support from local government and financial institutions to develop SIKAP and JANTAN businesses, especially Bank NTT which offered SIKAP and JANTAN access to IDR 500m in loans (p.20).
- In addition to the Bank NTT loan, several government schemes and loans from Bank Rakyat Indonesia and Credit Unions are active.
- Limited impact on agri-technical aspects (through trained cadre famers) in 2014. The cadres continued to perform tasks in 2015 or 2016, and the MCA project officially started at the end of 2015. A bulk of work at the beginning of the project was concerned with farmers' data gathering with regards to major technical issues on the user-friendliness of the Cocoa Trace application in Flores, but this halted progress. The execution of farmer training on GAP has been intensively done from the last quarter of 2016.
- Some trainings provided by VECO to FOs on business management

- The Bank NTT loan is a clear result which is based on VECO's training and lobbying activities. This is a unique activity in Indonesia which is clearly in line with what farmer organizations demand. Therefore, VECO has provided significant activities / trainings on connectedness with service providers
- Improved processing capacity of FOs (processing units in place) has increased during the course of the pilot, to a total of 18 in 2016 across the FOs, allowing FOs to produce quality fermented cocoa

Triangulation (source: key informant interviews and FGDs)

It is a clear contribution of VECO to have convinced the service provider Bank NTT to provide loans to FOs without a specific property as collateral. Bank NTT confirmed in interviews that they value VECOs' unique long-term work with farmer organizations in the absence of collateral. It was confirmed in FGDs that Bank NTT has made it easier for FOs to finance their collective sales. There is a good chance that Bank NTT will continue to provide credit to FOs, because VECO has provided important follow-up with SIKAP at a time when they were falling behind in paying back their loans, due to FO internal management issues. During the field visit at SIKAP, it was confirmed that VECO stepped in and has provided key support when SIKAP's business management was not working well.

During the FGD, it became clear that FOs are not limited to Bank NTT as a financial service provider. SIKAP also received a loan from BRI, and JANTAN was able to obtain initially a government loan and credit unions. By now, JANTAN has enough savings to be independent from external loans.

It was obvious during the FGD that the participating FOs were operating at different levels of business management professionalism. It was clear that there is a peer pressure between the different FOs, and that good groups (such as JANTAN) are eager to share their experience with the less developed FOs. This exposure, which VECO facilitates on a regular basis, is a very strong learning process. FOs can learn from top-in-class examples that can have the effect of enhancing beliefs with regards to FOs' potential.

Sustainable production and natural resource indicators might not have improved if the certification with a sustainability claim is taken as the key indicator. However, Flores as an island does not face extension of monocultures—such as palm oil or rubber—and the use of chemical inputs for cocoa plants are minimal. On the contrary, during the FGD and field visit, it was clear that farmers are thinking about diversification of crops (to vanilla, for example). It has been thanks to VECO's field team that farmers are motivated to diversify their gardens. VECO's field team expressed that the ideal cocoa farm management system is a diversified one, where the farmer can get a reward (fruits, vegetables, nuts, fodder, firewood, etc.) whenever they visit the cocoa garden. Regular visits to cocoa gardens are necessary in order to practice cocoa tree sanitation. With regular sanitation, there are less pests and diseases, and therefore less pressure to use pesticides. It was not possible to assess to which extent these practices have been taken up by the majority of farmers that VECO is working with. Yet, the cadre farmers have clearly started to receive attention from fellow farmers because the benefits have become clearly visible. Nonetheless, this remains an area where continuous improvement and well documented scaling up are necessary to achieve further adoption of practices.

With the support of a consultant in 2014, JANTAN set up the Internal Control System (ICS) group to be prepared for certification on sustainability or organic. However, until 2016, there is no buyer in Flores that requires—and is ready to—pay premium fees for the certified products. Since 2015, Comextra Majora even stopped paying a higher price for the fermented beans.

iv. Pathway 4

Activities	Outputs	Immediate Outcome	Intermediate Outcome	Ultimate Outcome
Organization of stakeholder meetings	Chain actors know each other from meetings	Chain actors are connected	More inclusive business relations btw. chain actors	Increased collective sales Increased number of long-term sales agreements More favorable company sourcing policies More supportive institutional environment

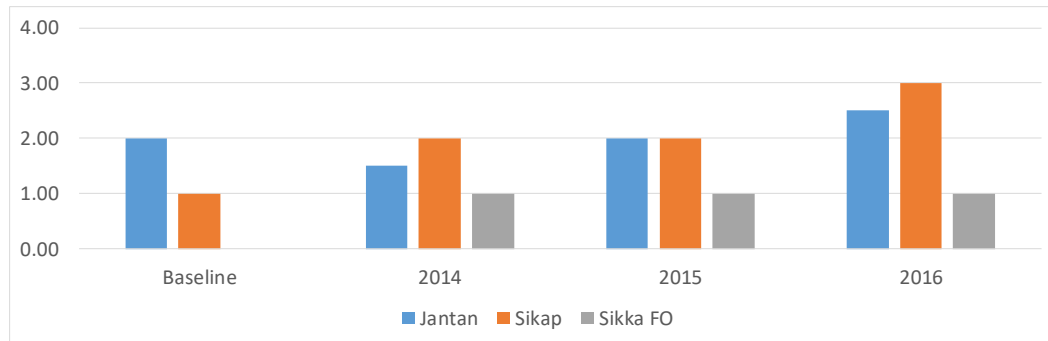
Main findings

The potential buyer BT Cocoa identified VECO as the key factor in assisting the private sector to engage with FOs. For reasons outside of VECO’s control, BT Cocoa did not establish a buying station. Swisscontact, on the other hand, chose VECO as the implementing partner for their Sustainable Cocoa Program on Flores, recognizing their expertise in working with farmer organizations: *“VECO’s clear program strategy to work with smallholders through farmer organizations has put the value of cooperatives as a feasible business model on the radar of the private sector.”* VECO facilitated stakeholder meetings through participation in the Cocoa Exchange and Farmers at Cocoa Day/Trade Fair events. While it is clearly CSP’s role to set up a regional forum on Flores, VECO did however not provide the CSP with enough support to ensure that the CSP can establish a Flores Cocoa Regional Forum within the CSP framework. The different areas in Flores have to reach a common agenda first before this union of cocoa FOs on Flores can be established. As a first step VECO can be given great credit for bringing cocoa farmer organizations in East Flores, Sikka, Ende and East Manggarai together. VECO provided the further clarification: *For Flores, CSP relied on the information provided by another NGO working in cocoa sector, claiming Flores Regional Cocoa Forum exists. Only after VECO (Flores team) provided inputs that the claim did not reflect reality, that in the second half of 2016 CSP went to Flores to do fact finding mission.*

Observed evidence (source: CIR)

Evidence from business capacity indicators:

Average of Value	Column L	2014	2015	2016
Row Labels	Baseline	2.00	2.00	2.50
[-] Jantan				
3. To what extent has the FO acquired marketing skills?		2.00	1.00	2.00
5. To what extent does the FO builds up and maintains external relations?		2.00	2.00	3.00
[-] Sikap				
3. To what extent has the FO acquired marketing skills?		1.00	2.00	2.00
5. To what extent does the FO builds up and maintains external relations?		1.00	2.00	3.00
[-] Sikka FO				
3. To what extent has the FO acquired marketing skills?	#DIV/0!	1.00	1.00	1.00
5. To what extent does the FO builds up and maintains external relations?	#DIV/0!	1.00	1.00	1.00



Improvement can be seen from the baseline to 2016 for JANTAN and SIKAP. However, it appears that the impact has been more challenging to achieve at SIKKA.

Main conclusions from CIR:

A number of activities were conducted specifically at organizing stakeholder meetings, but there are limited observed results, which are not entirely within VECO's control:

- Established trust of Comextra Majora to FOs: it provides daily price information to JANTAN and SIKAP (previously information was given to VECO staff); it released a buying agreement for JANTAN and SIKAP—an important document for the tri-parties agreement with Bank NTT; it gives 'special treatment – fast track' in the cocoa warehouse; and it has provided services through Combat Grakindo.
- Volume of sale increased in 2014 and 2015 but is expected to drop due to tough price competition and the internal management problem in SIKAP.
- The buyer BT is committed to working directly with cocoa cooperatives in Flores from the 2016 harvest season, through the Sustainable Cocoa Programme Consortium, which has been implemented by VECO, led by Swisscontact and funded by MCA.
- Plan to establish a Regional Flores Cocoa Forum within the Cocoa Sustainability Partnership (CSP), or a similar forum outside the CSP regional forum format. A number of activities directly related to stakeholder meetings have been conducted, but more of these meetings are needed to show the desired result.
- The volume of cocoa marketed through FOs has increased strongly compared to the baseline, indicating that FOs have in general become more effective professional business organizations, more attractive, and more capable both towards their members and to other value chain actors

Triangulation (source: key informant interviews and FGDs)

It is the CSPs role to establish a regional forum on Flores. VECO did not provide the CSP with enough support for the CSP to establish a Regional Forum for Cocoa on Flores, which was the plan under the CSP engagement (see SCA section and SCAR 2016 for details). According to interviews with VECO, the different External Impact Assessment VECO Indonesia

areas on Flores have different levels of development and interests, including competing positions by the local governments. VECO did not build a Regional Forum for cocoa on Flores, but has been providing the CSP with information. It was confirmed during the FGD interviews that the different areas (Ende, Sikka, East Flores) are at different levels of development, and that VECO is providing the first effort to establish some connectivity. The VECO NTT Area Manager is still convinced that a union of cocoa exporters (to sell cocoa outside the island – not out of the country) from Flores can be established over time. VECO Indonesia highlighted in this discussion that *FA Flores does not plan to create Flores Regional Forum – like those developed by CSP in other cocoa regions. Indeed it is the intention of FA Flores to link cocoa FOs (same is true for coffee), for exchange and learning purposes and in the longer term to have stronger position to the other chain actors and government. So it is more of informal type (content) of work instead of formalizing it. This is initiated from FOs that are VECO’s partners.*

At the same time, VECO has involved FO leaders in various activities, such as in the 2015 cocoa exchange on Sulawesi and Java, involving participants from VECO and cocoa cooperatives from Central and South America. VECO has therefore facilitated the participation of Flores FO cocoa representatives in tradeshows at regional and national level, the National Cocoa day in Yogyakarta, and during CSP events.

The Swisscontact-led *Sustainable Cocoa Programme Consortium* has given VECO a great opportunity to scale up their work. This is a sign that Swisscontact respects and appreciates the role VECO has played in the cocoa sector on Flores. However, FOs and training service providers (YTNF/Tananua) during the FGDs raised their concern that different donors have caused VECO to implement different approaches, which have not been clear from the beginning. VECO has been operating without a program manager throughout 2016, and the already-replaced country director may have lacked effectiveness in communicating and facilitating coordination between different donor activities. Nevertheless, the director of Swisscontact stated in a written interview that *“VECO’s clear Program strategy to work with smallholders through farmer organizations has put the value of cooperatives as a feasible business model on the radar of the private sector.”*

VECO did introduce new chain actors, such as UD Suryaning Galang Kangin and POD Bali, as mentioned further above. These (potential) buyers would not be on Flores or getting sufficient supply without VECO. BT Cocoa concluded that *“most of the industry players have always focused their projects mainly in Sulawesi, but BT’s vision to look beyond and develop cocoa supply chain in the eastern part of Indonesia such as Flores has been very much dependent on VECO’s assistance.”*

v. Pathway 5

Activities	Outputs	Immediate Outcome	Intermediate Outcome	Ultimate Outcome
Facilitation of inter-action between chain actors and policy level	Connectedness of value chain actors and the policy level	Interaction between chain actors and the policy level	Policy-makers take chain actor’s point of view into account	More supportive institutional environment

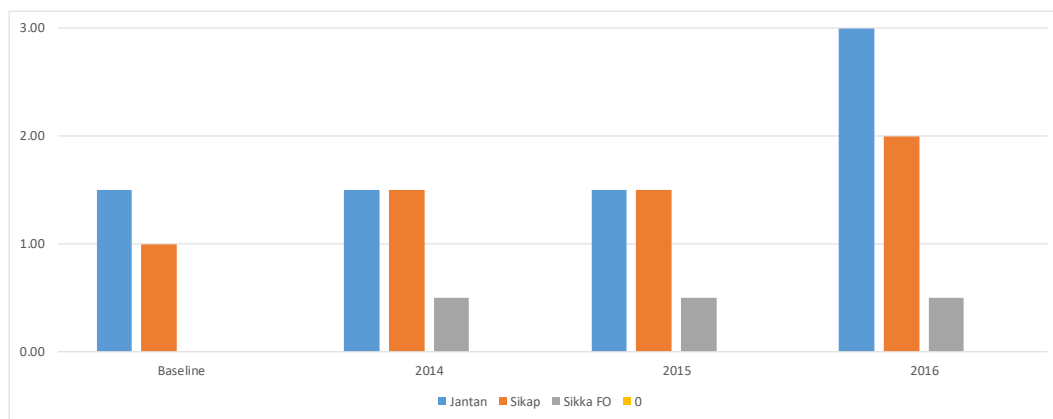
Main findings

There are signs of positive development in the cooperation between FOs and the Government, most significantly in the case of JANTAN who took Rp.20million financial assistance from the Department of Cooperatives. There is a close degree of cooperation which involves government representatives or government extension workers visiting demonstration farms. Legal recognition has not been consistent with all FOs. While district governments take an active role in promoting cocoa in their own district, there is lack of unity among district governments to develop a Flores-wide strategy. VECO has good relations with the provincial government which can potentially help to unite the different districts and FOs.

Observed evidence (source: CIR)

Evidence from business capacity indicators:

Row Labels	Baseline	2014	2015	2016
☐ Jantan	1.50	1.50	1.50	3.00
5. To what extent does the FO builds up and maintains external relations?	1.50	1.50	1.50	3.00
☐ Sikap	1.00	1.50	1.50	2.00
5. To what extent does the FO builds up and maintains external relations?	1.00	1.50	1.50	2.00
☐ Sikka FO	#DIV/0!	0.50	0.50	0.50
5. To what extent does the FO builds up and maintains external relations?	#DIV/0!	0.50	0.50	0.50



Relevant *building up and maintaining external relations* indicators have **improved** compared to the baseline. This indicates that the immediate outcome—*interaction between chain actors and the policy level*; and intermediate outcome—*policy-makers take chain actor's point of view into account* has improved. In particular, JANTAN shows strong improvement, while SIKKA shows no improvement.

Main conclusions from CIR:

Progress seems present in connecting value chain actors and the policy level, especially with regards to more governmental financial support.

- There is a positive development in the relation between JANTAN and SIKAP with the respective district governments. The Cooperatives Agency of Ende has facilitated SIKAP to access credit from BRI and allowed SIKAP to rent its storage hall for a cheap rent, the Cooperatives Agency of East Flores facilitated JANTAN to get a grant for processing cocoa from the Ministry of Cooperatives.
- There is growing district government support for development of the cocoa sector and cocoa cooperatives supported by VECO Indonesia in East Flores, Sikka, Ende, West Manggarai and South

West Sumba. This support takes the form of: motivation through meetings organised by the program; learning visits to established Cocoa Development Centres in Indonesia, such as in Sulawesi (visitors were the East Flores district government); visits to cocoa buyers (Ende district government); facilitating the strengthening of cooperatives, and providing support facilities as required by the cooperatives.

Triangulation (source: key informant interviews and FGDs)

During FGD interviews, it was confirmed that cooperation with local and regional government is steady and intensive. In 2014, JANTAN took Rp.20million financial assistance from the Department of Cooperatives. Ms. Leni pointed out that government representatives, such as extension workers, have visited the demonstration gardens. According to Mark, government representatives from the province capital Kupang visit demonstration gardens as well. JANTAN staff participated in government training programs in East Flores.

Not all FOs received their legal registration but JANTAN mentioned that they received legal recognition by the local government. This can be attributed to VECO's work building government relationships (the current governor used to be the head of a former VECO NGO partner), and the way they have gained respect through their decade long support on the ground.

District governments take an active role to promote cocoa in their districts, but the challenge remains in the way different political districts on Flores appear to be in competition with each other, rather than looking for a united Flores cocoa strategy. VECO's connections with the provincial government in Kupang can help to overcome the political limitations for individual FOs in this regard.

c. Relevance of VECO intervention

In this section, we evaluate the relevance of VECO's interventions by looking at the farmer-level impact. We investigate whether the VECO interventions at the FO-level have also created notable differences (positive or negative) on the farmer impact level. This is done in two ways: by reviewing the results of the focus group discussions, and by comparing the farmer survey (2016) with baseline data (2013). It must be noted that comparison is difficult at times, as indicators differ significantly over time.

Main conclusion of focus group discussions (FDG) with farmers

The FGD confirmed that the representation of women is only well established in one FO (JANTAN). The same is true for engagement of youth, which is well established in the JANTAN board and expressed in specific numbers (10 to 30%). Youth is targeted by other FOs as well and it was encouraging to see that some youth farmers have joined the SIKAP FO because they want to reach the same productivity of one of the model farmers.

There might be a slight misinterpretation in terms of "sustainable farming practices" and "more sustainable use of natural resources". The agricultural model VECO is promoting clearly favors low input of agrochemicals, which is far lower compared to Sulawesi, for example. The agroforestry model of cocoa is more sustainable compared to other land use practices—such as palm and rubber—which are not planted on Flores. Most bird wildlife on farms was hunted down before VECO started engaging with

these farmers, but some FOs expressed awareness of hunting restrictions. FOs have started to conduct water management, which is key in the comparatively dry climate of Flores.

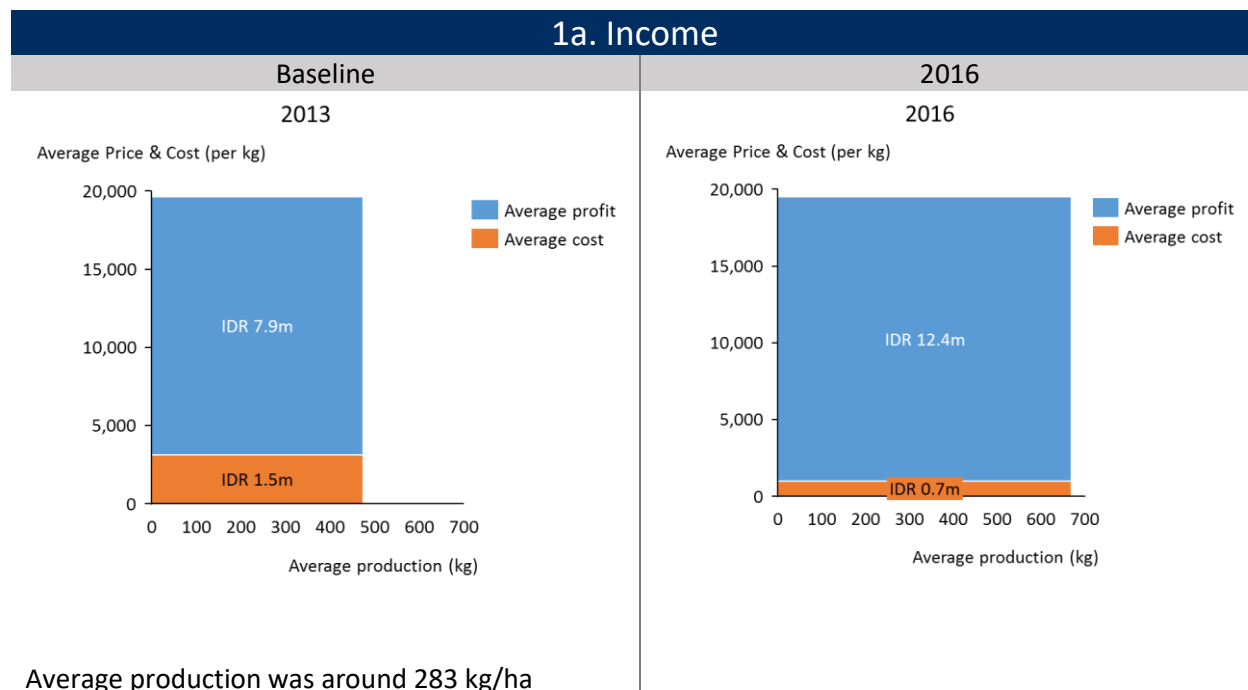
FOs are experiencing peer pressure and show a strong learning ability, not only towards VECO, but towards the leading FO on Flores. Without VECO providing these opportunities, FOs would be much more isolated and unaware of the potential of a strong FO.

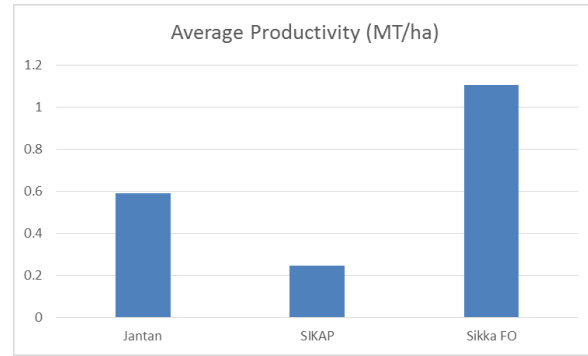
FOs shared that only 5% of trained farmers actually implement the full package of technologies they learned in the training immediately. The others implement partially and/or only apply them on small parts of their farm. Most farmers will wait and observe the lead farmers' successes. Once the 5% farmers have demonstrated successes, more farmers follow with implementation of trained activities.

Encouraging farmers to become FO members and strengthening the FOs has been a factor in improving farmer resilience. This offers farmers a better (collective) bargaining position, higher price, and profit sharing, and collective learning, among other benefits.

Comparison of baseline and 2016 farmer survey

*Note: in this section, data from the 2016 farmer survey is compared with data from the baseline study conducted at the end of 2013. As these sources of information are different and do not use the same indicators, this analysis has **limited comparability**.*





Discussion

- Average income has increased significantly in Flores, partly due to lower costs, but primarily due to increased production.
- Average productivity appears to have increased in all 3 FOs that are part of the Flores intervention. Figures for SIKKA are particularly high, which is interesting as this FO tended to score lowest on many of the business capacity indicators. VECO has indicated that the data appears to potentially be erroneous.
- This trend is expected to continue as the established model farms show benefits to other farmers who now have the courage to follow rehabilitation and compost-based fermentation/sanitation models.
- JANTAN admitted during the discussions that they are still behind production targets because most members do not have enough discipline to execute targets. More training and member motivation will be needed.
- As increasing demand for cocoa in Indonesia is due to newly established grinding capacity, and the increasing number of small to medium scale producers (e.g. POD Bali) of finished cocoa, it is expected that the prices for cocoa will increase. Flores is an area in Indonesia where cocoa areas are increasing, while on Sumatra and Sulawesi some areas are being converted into palm oil.
- During this pilot intervention, farmers have also began using superior clones.
- Rejuvenation of farms (approximately 34,000 seedlings during the period of the pilot) means that impact on production and income could take a few years to become visible (as cocoa trees need several years to reach full production levels).

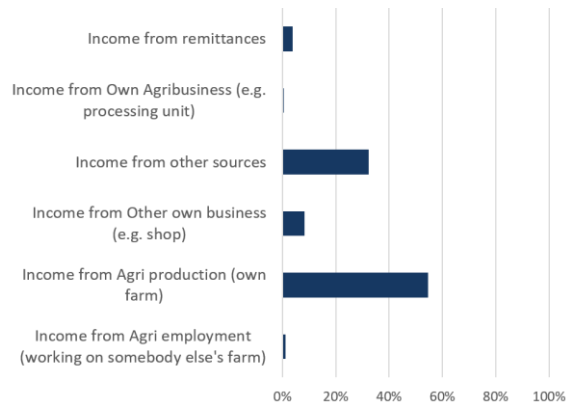
1b. Resilience (diversity of income sources)

Baseline

2016

The baseline did not include data on the diversity of income sources beyond the farm, but rather focused on proposed income received from different on-farm activities

The graph below provides average % dependence on different income sources for farmers in the Flores pilot intervention.



Discussion

- Direct comparison is not possible due to different data points.
 - It is interesting to note that in the baseline report, resilience through increased cocoa income is seen as a main driver. This would seem to indicate that a greater diversity of income sources has not been an explicit means through which VECO aims to improve farmer resilience. VECO clarified that *as the program intervention is on cocoa chain, income from cocoa is measured. However VECO is aware that this is (big) a fraction of the total income. Therefore VECO also measures the % of income from cocoa from the total income. On farms, VECO encourages Intercrops which serve different purposes: food security, more sources of income from other crops, shading for cocoa plants, materials for fertilizer, etc.* The field visit indicated that VECO staff have indeed promoted diversified farming.
 - FO JANTAN shared that they already have embraced the production of higher quality beans, which are fermented. JANTAN has a cocoa powder processing unit but so far there is limited market for this product. Once the market is developed, the income from production can increase.
 - FO SIKAP demonstrated that the sale of composting enhancer has a demand among farmers, especially with established demonstration farms which can improve the increased yield.

1c. More sustainable use of natural resources

Baseline	2016																								
<ul style="list-style-type: none"> • Sustainable cocoa farming practices already present, although limited for SIKKA FO • Mainly due to Farmer Field Schools, internal control systems, and superior clone production 	<p>The below chart indicates results from the farmer survey on multiple sustainability indicators. For each, farmers were asked to provide a score of 0-3.</p> <table border="1"> <caption>Sustainability Indicators Scores (Estimated from Chart)</caption> <thead> <tr> <th>Indicator</th> <th>Baseline (Solid Blue)</th> <th>2016 (Hatched)</th> </tr> </thead> <tbody> <tr> <td>Water management</td> <td>2.5</td> <td>3.0</td> </tr> <tr> <td>Use of Pesticide</td> <td>2.0</td> <td>3.0</td> </tr> <tr> <td>The management of empty agrochemical containers and...</td> <td>2.1</td> <td>3.0</td> </tr> <tr> <td>Soil conservation</td> <td>2.7</td> <td>3.0</td> </tr> <tr> <td>Landscape management</td> <td>2.1</td> <td>3.0</td> </tr> <tr> <td>Land use and land conversion</td> <td>2.4</td> <td>3.0</td> </tr> <tr> <td>Genetic diversity and GMO use</td> <td>2.6</td> <td>3.0</td> </tr> </tbody> </table>	Indicator	Baseline (Solid Blue)	2016 (Hatched)	Water management	2.5	3.0	Use of Pesticide	2.0	3.0	The management of empty agrochemical containers and...	2.1	3.0	Soil conservation	2.7	3.0	Landscape management	2.1	3.0	Land use and land conversion	2.4	3.0	Genetic diversity and GMO use	2.6	3.0
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Discussion

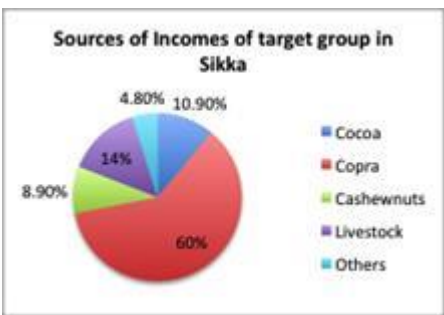
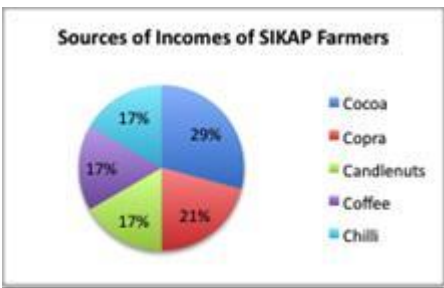
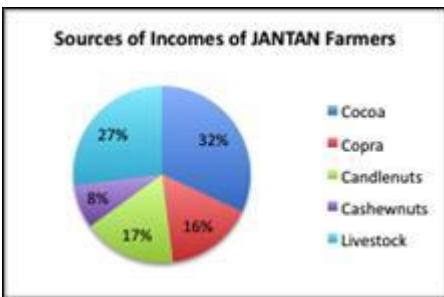
- Scores were high in both baseline and in 2016. SIKKA FO seems to have made some progress, excelling in some categories, although hardly progressing in others (e.g. use of pesticides, landscape management and management of empty agrochemical containers)
- SIKAP mentioned that their farmers already created water traps (rorak) resulting in conservation of water resources. Hunting rules have been established as well.
- The use of agrochemicals and the amount of empty agrochemical containers is low on Flores compared to Sulawesi. Progress is therefore measured at an already high level of sustainability. On the other hand, with an increase of cocoa production and thus nutrient extraction, the use of fertilizer is unsustainably low on some observed farms. Some farms have invested in organic fertilizer production through animal stables but this takes an investment and requires additional regular labor.
- Landscape management is indeed a new concept on Flores and the general awareness towards conservation of landscape ecosystem values is lower compared to Sulawesi. On the other hand, the production of cocoa is not as intensive as in other parts of Indonesia, and there are no monocultures—such as oil palm or rubber on Flores—which help to maintain landscape ecosystems under agroforestry cocoa production.

1d. Diversity of crops and livestock

Baseline

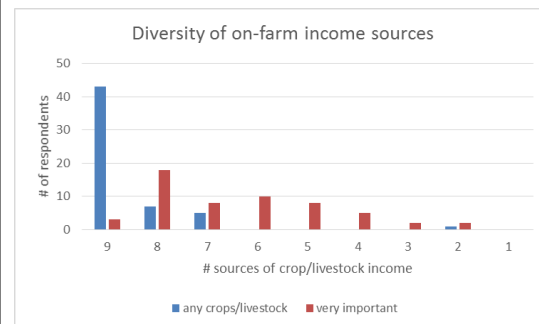
2016

In the baseline, farmers in Flores appeared to have many different sources of on-farm income, as the charts below indicate. VECO gave the additional information: *In 2013, the question was limited to 5 main sources of income. In reality, they grew more such as banana, vegetables, etc.*



The chart below indicates the number of farmers surveyed on Flores who receive 1-9 different sources of on-farm income.

In the survey, farmers were given a choice of indicating the importance of each source of income. As the below chart shows, the vast majority of farmers had 7 or more crops or livestock on their farmers. In addition, a high number of respondents indicated having 4 or more sources of income that were very important for farmer livelihoods.



Unfortunately, for a relatively high number of respondents, no data was available on the importance of crop and livestock sources, so the sample size was limited.

Discussion

- In both the baseline and the 2016 data, farmers appear to have a highly diversified source of income from different crops and livestock. This can generally be seen as a sign of good resilience, as farmers are less susceptible to shocks within any particular commodity market (e.g., shocks to price, demand, weather, pests).

- Field interviews pointed to an effort among VECO field staff to promote diversified farming. The idea behind this diversification is to reward farmers each time they visit their farm (fruit, nuts, fodder, firewood, etc). With regular visits, regular sanitation is ensured, and this helps to improve cocoa yield. Over time, the income from cocoa will increase without replacing other sources of income. During field visits, the potential of growing vanilla was discussed which currently has an increased market demand and price. Individual farmers have already planted vanilla which grows well under cocoa shade. VECO is facilitating market linkages with industry players who seek vanilla (e.g. Haldin). It is a general opportunity but equally a challenge in Indonesia that smallholder farmers follow commodity prices fluctuations without the long term confidence that the crops they can grow best on their given soil and in their given climate do have a market and prices will recover eventually. By the time many farmers have switched to a commodity which has a better price, this price is often decreasing again.

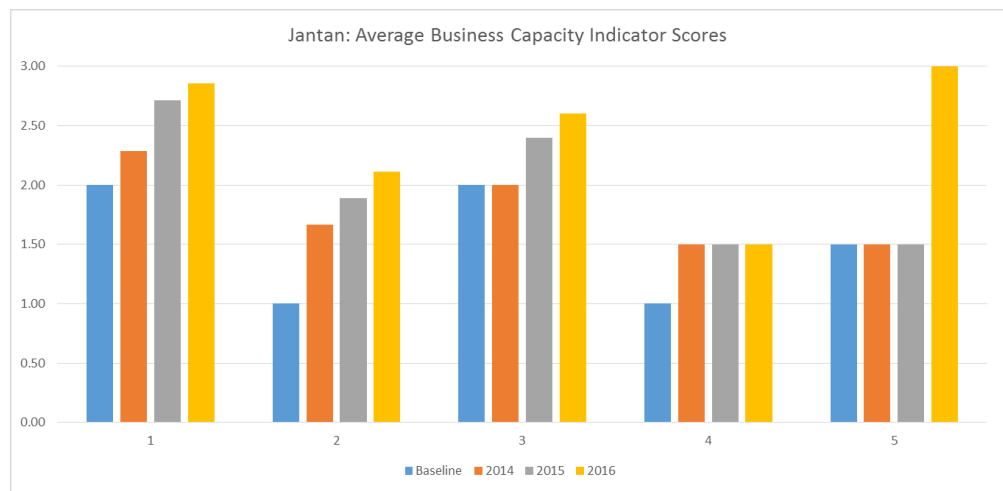
2. Increased status of FOs

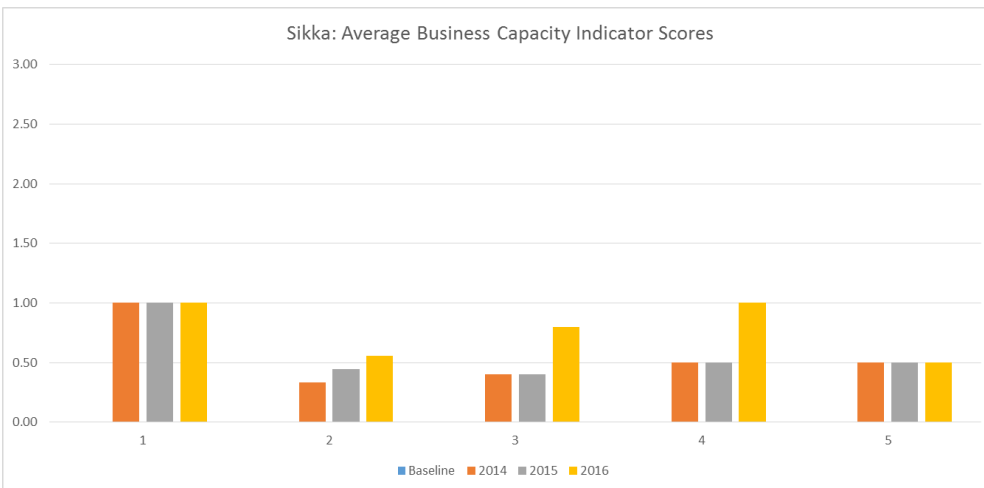
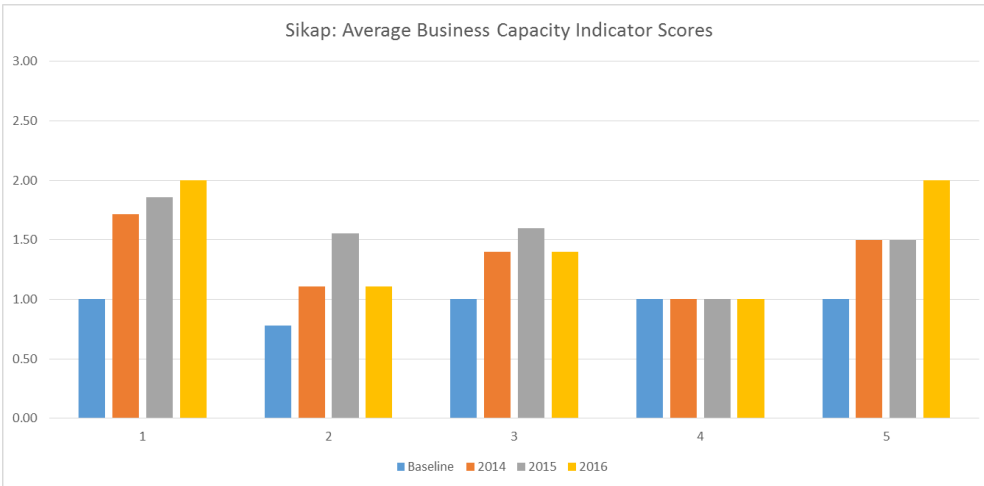
Baseline	2016
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In the baseline, all 3 FOs show already some signs of progress relative to 2010 data. For instance, a number of FOs received access to loans and were able to receive other sources of support, such as warehouses and processing units.

Analysis of FO business capacity indicators shows varying improvement for the FOs across business capacity categories. A more detailed analysis can be found in the previous section; however, below a summary per FO is presented. The 5 categories are:

1. *To what extent has the FO acquired group management skills?*
2. *To what extent has the FO acquired business management skills?*
3. *To what extent has the FO acquired marketing skills?*
4. *To what extent does the FO promote sustainable production and natural resource management skills to its members?*
5. *To what extent does the FO build up and maintain external relations?*





Discussion

- A detailed analysis of impact at the FO level can be found in the previous section. In summary, it appears that the JANTAN showed more or less consistently strong improvement across all business capacity indicators. SIKAP showed varying levels of improvement, while SIKKA clearly lagged behind the other FOs.
- In SIKAP's self-evaluation in October 2016, the FO management expressed improvement from 1.2 to 2.6. This is due to continuous support from the NGO Tananua. Additionally, business management skills have improved from 1.4 to 2.2 according to their self-evaluation. VECO's support in organizing business management training is probably the reason for this improvement. One can conclude that SIKKA is finally catching up in some areas where they have been underperforming compared to the other FOs.
- The provision of Bank NTT has not had equal benefits towards FOs. In the case of SIKAP, the FO management had to be replaced because some of the Bank NTT funding was used for personal benefits rather than FO benefits. There has been a strong response by the VECO team to guide SIKAP through the process of changed management and to ensure that the loan was recovered. As a result of the varying financial performance of SIKAP, many of the farmers sold their cocoa

individually rather than through collective marketing. Nevertheless, both SIKAP and SIKKA were able to establish collective marketing. Examples of sales are for SIKAP and SIKKA (KSU Permai) in 2015, but no sales in S.1 of 2016, due to the reasons mentioned above and as mentioned in the CIR report.

- Individual farmers are experiencing benefit from access to training, access to innovative inputs such as the PROMI composting enhancer which was introduced by VECO staff, and have certainly benefited from increased prices for the cocoa through collective marketing.

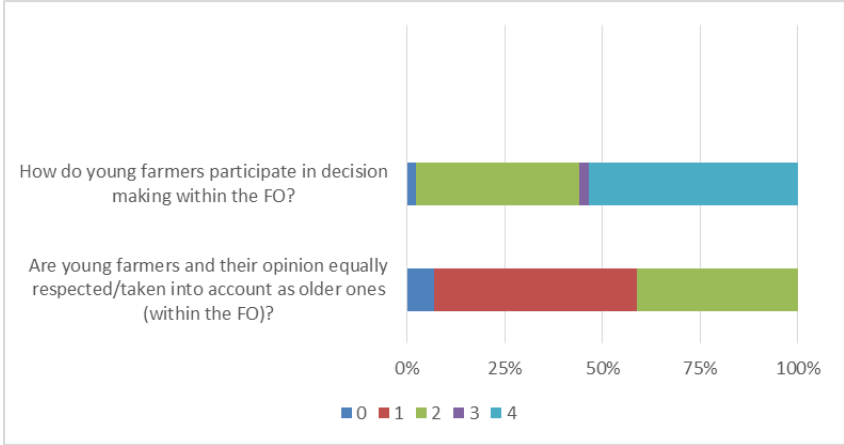
3a. Women's status and empowerment

Baseline	2016																								
<p>The following information about participation in FO decision-making was derived from the baseline:</p> <ul style="list-style-type: none"> • In JANTAN, 1 woman out of 7 • In SIKKA (Bangwita), 1 woman out of 4 • In KOPAN SIKAP, 1 woman out of 7 <p>Furthermore, the baseline data indicated that women and men generally played different roles in cocoa farming, with each tending to dominate certain activities (with women for instance involved in seedling production in Sikka, and weeding, sorting and selling in Ende.</p>	<p>In the below chart, scores are shown for 3 questions.</p> <ul style="list-style-type: none"> • Question 1: increasing scale from 0-4 • Question 2: 0-no, 1-yes • Question 3: 0-less, 1-equally, 2-more <table border="1"> <caption>Data for the stacked bar chart</caption> <thead> <tr> <th>Question</th> <th>Score 0</th> <th>Score 1</th> <th>Score 2</th> <th>Score 3</th> <th>Score 4</th> </tr> </thead> <tbody> <tr> <td>How do women participate in decision making within the FO?</td> <td>0%</td> <td>~10%</td> <td>~15%</td> <td>~10%</td> <td>~55%</td> </tr> <tr> <td>Are women/men carrying out different roles/tasks related to chain x? (specify)</td> <td>0%</td> <td>~55%</td> <td>~45%</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>Are women as farmers and their opinion equally respected/taken into account than men (within the FO)?</td> <td>0%</td> <td>~85%</td> <td>~15%</td> <td>0%</td> <td>0%</td> </tr> </tbody> </table>	Question	Score 0	Score 1	Score 2	Score 3	Score 4	How do women participate in decision making within the FO?	0%	~10%	~15%	~10%	~55%	Are women/men carrying out different roles/tasks related to chain x? (specify)	0%	~55%	~45%	0%	0%	Are women as farmers and their opinion equally respected/taken into account than men (within the FO)?	0%	~85%	~15%	0%	0%
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Discussion

- While direct comparison is challenging due to different data points, it appears that in both the baseline and 2016, women tend to have a decent role in FO decision-making.
- It was confirmed during interviews that women tend to have a limited role in FO decision-making. This became especially evident when comparing Flores FOs to the FOs in South and West Sulawesi. Nevertheless, JANTAN is leading the way among FOs in Flores, with Ms. Ann Wolar taking on a shared management role and presenting part of the JANTAN presentation during the FGD meeting. JANTAN is proud that, among the new young members on their management team, another woman was selected as manager. The other FOs are not reluctant to include women, but have not shown the same result as JANTAN.

3b. Youth status and empowerment

Baseline	2016
<p>No information was present in the baseline documentation on the role of youth.</p>	<p>In the below chart, scores are shown for 3 questions.</p> <ul style="list-style-type: none"> • Question 1: increasing scale from 0-4 • Question 2: 0-less, 1-equally, 2-more 

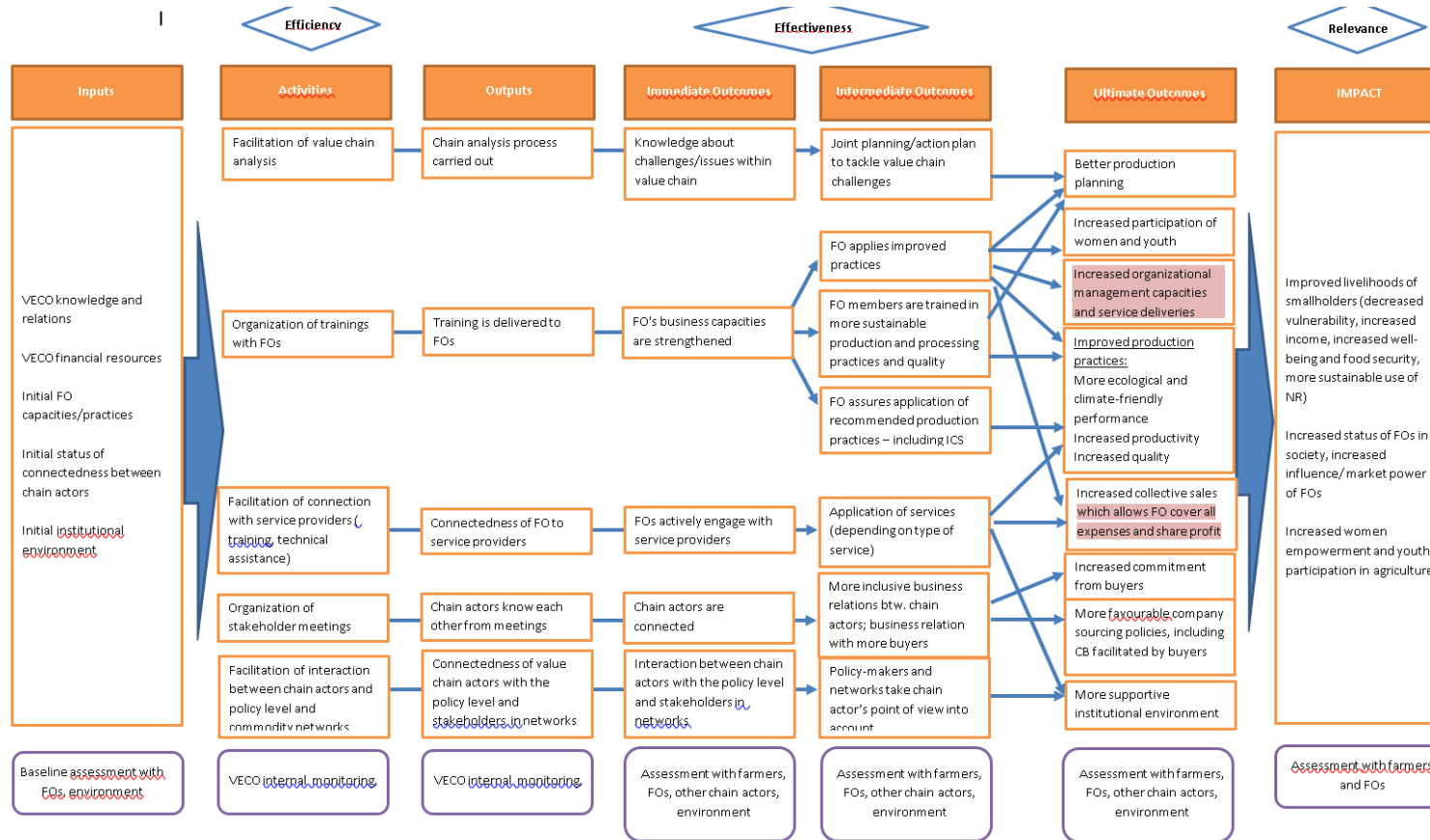
Discussion

- While it is not possible to compare against the baseline, respondents in 2016 indicated that youth has a reasonable degree of influence in FOs in terms of opinions taken into account and participation in decision-making activities
- JANTAN confirmed that VECO staff always motivate young people to get involved in the program. Representation of youth is at 10-30 percent in field schools, and the board of JANTAN has 5 youth members. Youth representation is integrated in JANTAN’s work plan, and JANTAN claim that they always encourage young people to participate in the program. VECO provided the additional comment that *In 2016, JANTAN staff taught in the Agriculture Vocational School in East Flores and cocoa training for the village youth groups*. The FO in Sikka did not specify any number of youth in their program, but mentioned that all field staff are young people. There was a general consensus that farmer field schools target young people. However, the FOs do not pay training participants, which results in a lower turnout.

5. Sulawesi Pilot

a. Pathway of change

There are 5 different ways through which the Sulawesi pilot tries to achieve its outcomes and impact. The different pathways of change are mapped in the figure below.



We have performed an assessment of each pathway in order to determine the effectiveness of the activities, i.e. their ability to achieve the intended change.

b. Effectiveness of VECO intervention

It should be noted that in this pilot intervention, one farmer group (Parimo) is an unorganized group, therefore the indicator scores for this group appear significantly lower than the others. Additional insights on Parimo farmers is provided in the analysis below to clarify these results.

i. Pathway 1

Activities	Outputs	Immediate Outcome	Intermediate Outcome	Ultimate Outcome
Facilitation of value chain analysis	Chain analysis process carried out	Knowledge about challenges / issues within value chain	Joint planning / action plan to tackle value chain challenges	Better production planning

Main findings

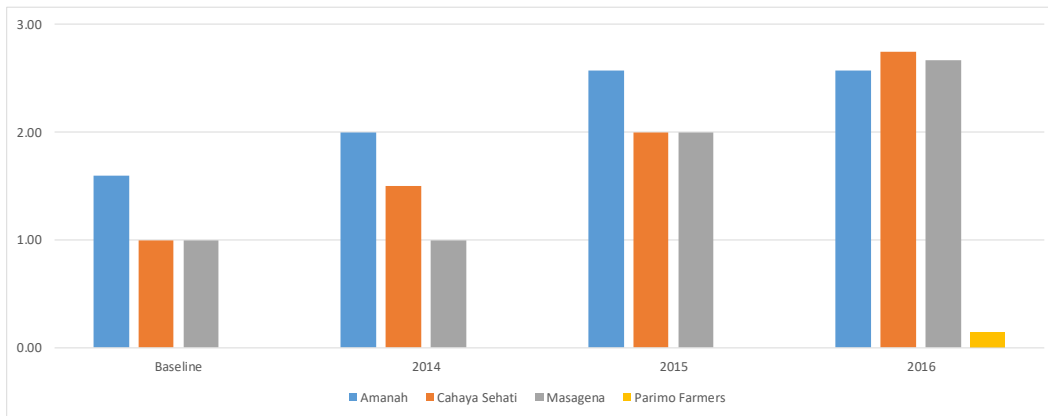
The hypothesis that FOs have improved business management skills as well as marketing skills has been verified. Some parts of the CIR which were not clear were able to be confirmed during the additional interviews; for example, the clarification that Masagena has improved on business management indicators. Some of these misunderstandings might have to do with the way the VECO area manager is communicating; for example, with the comment of “no changes” actually meaning that work continued with improvements among FOs, but without changes in the VECO way.

Overall, VECO has provided an effective facilitating role, with other training provider partners such as WASIAT and Agriterra completing the package towards FOs. The key value chain player is MARS, which not only buys premium priced certified cocoa, but offers additional training on GAP and post-harvest quality. VECO clarified: *The regular business meetings between FOs/Wasiat with Mars and other actors, have enabled FOs to understand the value chain, tackle challenges (in production, transportation, sales) and seize opportunities in the chain.* The fact that FOs hold their own certificates is a strong sign of their professionalism, and allows them to play a much more proactive role in the value chain. VECOs role will still be needed to strengthen FOs in their independence, because MARS has already mentioned in CSP meetings that they prefer to take over the certificates from the FOs. All interviewed parties agreed that VECO is the unchallenged specialist in raising FOs’ businesses off the ground. There is a general consensus that without VECO these impacts would not have happened because VECO is specialized in a comprehensive model in strengthening farmer cooperatives.

Observed evidence (source: CIR)

Evidence from business capacity indicators:

Row Labels	Baseline	2014	2015	2016
Amanah	1.60	2.00	2.57	2.57
2. To what extent has the FO acquired business management skills?	1.00	1.75	2.75	2.75
3. To what extent has the FO acquired marketing skills?	2.00	2.33	2.33	2.33
Cahaya Sehati	0.40	1.00	1.14	2.00
2. To what extent has the FO acquired business management skills?	1.00	1.00	1.00	2.00
3. To what extent has the FO acquired marketing skills?	0.00	1.00	1.33	2.00
Masagena	1.00	1.29	2.00	2.71
2. To what extent has the FO acquired business management skills?	1.00	1.50	2.00	2.75
3. To what extent has the FO acquired marketing skills?	1.00	1.00	2.00	2.67
Parimo Farmers	#DIV/0!	0.00	0.00	0.14
2. To what extent has the FO acquired business management skills?	#DIV/0!	0.00	0.00	0.25
3. To what extent has the FO acquired marketing skills?	#DIV/0!	0.00	0.00	0.00



Both relevant *business management skills* and *marketing skills* indicators have **strongly improved** compared to the baseline. This indicates that the immediate outcome *knowledge about challenges/issues within value chain* and intermediate outcome *joint planning/action plan to tackle value chain challenges* have improved.

Main conclusions from CIR:

There seems to be some progress due to cooperation with the service provider WASIAT and key buyer MARS, especially in the AMANAH FO and with Parimo Farmers. VECO clarified that *Wasiat is the service provider for all cocoa FOs supported by VECO in Sulawesi with Mars as the buyer*. The other FOs' progress is not as strong as in the case of AMANAH and Parimo Farmers. VECO supported via several trainings, yet the results of these activities are not always explicitly linked to results.

- Good progress in AMANAH's business development occurred due to capacity building by WASIAT and MARS; market administration assistance from Agriterra, and the production of organic agricultural inputs.
- WASIAT provided management of collective marketing and ICS services in 2014, and there has been some progress on business management for Masagena since (nursery, supply to Cocoa Future, cocoa café).
- Whether there has been progress in business development services for Cahaya Sehati, due to business management activities by WASIAT and MARS, is unclear. VECO clarified that for Cahaya Sehati there has been progress on Internal Control System (ICS) and nursery work.
- Progress in Parimo Farmers' business development since Wasiat and Mars facilitated the establishment of the Moosong collective business group to manage the ICS organization.
- VECO's main supporting strategies for pathway 1 were in the field of business start-up and audit simulation trainings from 2014, and financial management assistance from 2015.

Triangulation (source: key informant interviews and FGDs)

Different stakeholders have highlighted distinct roles played by VECO. In the first place, many interviews confirmed that one of VECO's key roles has been effective facilitation. To reach a high level of impact, VECO is working with various service providers, mainly with West Sulawesi-based WASIAT which has been working for many years with VECO and all FO partners. Another key service provider working with VECO is the Dutch Organization Agriterra, which provides a unique added value in understanding financial management of large farmer organizations (Agriterra and VECO share the same office space in Denpasar). The consistent response from FOs and other stakeholders has been that VECO expertise and activities are unique in Indonesia. There are other entities which can train farmer groups, but not in business management development at the FO level. Agriterra only works with FOs which are large-scale and that have already advanced to apply their more sophisticated tools. The service provider WASIAT has made a distinction between the roles of VECO, Agriterra and MARS, as follows:

- VECO trains WASIAT about: record-keeping related to traceability and certification; how to make a business plan; conducting farmer business schools, and guidance on how to reach a business deal.
- Agriterra teaches FO Amanah mostly about book-keeping.
- MARS teaches Amanah about farm GAP including post-harvesting.

However, VECO has clarified that all these activities fall under VECO's intervention. And in addition, MARS teaches FOs through cocoa doctors and is buying certified beans.

The following table highlights the different roles of VECO & WASIAT:

VECO	WASIAT (within VECO intervention)
Provides technical support for the development of FO's organizational capacity building in terms of organizational management, financial and business plan as well as joint marketing in the cocoa value chain.	Improves the capacity of farmer members and administrators of FO through training of the group in the routinely implementation of a Chain of Custody (CoC), which is a key in a well-established value chain.
Capacity building for FOs staff in terms of strengthening farmer group techniques, organizing ICS, social assistance, gender training, CoC and the administration of production systems.	Organizing joint marketing at the group level and the level of the combined group (sub-district).
Program facilitates a multi-stakeholder platform: the Cocoa Sustainability Partnership with task forces and a regional forum structure.	Conduct training for farmers and groups on GAP training to increase the production of cocoa farms.
"Bridging" advocacy efforts and lobby both at local, national as well as international level.	Help the group directly to implement ICS or to supervise ICS teams at the group level.
Documenting and disseminating learning and best practices gained by FOs.	Providing trainings in GAP or technical assistance of cocoa cultivation directly / field exercises through farmer field schools, creation of demonstration plots, regular meetings.
Backstopping of FOs to create a sustainable knowledge management.	Fight for the realization of public policy in favor of the farmers at the district level.
Facilitating FOs to do a study visit to organizations that have been successful.	Networking with various parties that support the activities of the network of farmers.

Facilitating FOs to make an analysis of the progress of the program through M&E systems.	Conducting trainings: gender, composting business plan, liquid fertilizer trials, book keeping cross visit at the group level.
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Other roles of VECO which are recognized include providing capacity-building on business management, institution building, group dynamics and networking with cocoa stakeholders in Sulawesi and at a national level; improving FOs capacity to aspects of motivation as a service provider; facilitate cross-learning with other organizations which are successful in assisting organizations and businesses; directing the team of “cocoa doctors” in carrying out activities at the farm level, as well as supporting cocoa learning centers, gardens and nurseries as demonstration plots where farmers learn; VECO has also played a recognized role at facilitating communication with authorities at a local and national level, involving farming youth in the cocoa chain; providing space for more balanced gender participation in the organization and the value chain, and encouraging the farming community’s in the environmental campaign.

In the FGD, several FOs (Amanah, Cahava Sehati, Masagena) seconded the assessment of these roles, while in particular highlighting VECO’s role in technical trainings on best practices such as GAP trainings (Cocoa Doctor Training, Soil Ecology and Management Training on Cultivation of Gardens in an environmentally friendly way); and PS3 trainings (regular harvesting, pruning, fertilizing and sanitation); in improving the quality of post-harvest on-farm cocoa management. These FOs also highlighted the role of facilitating consultants from UTZ / RA who provided information about COC criteria, UTZ / RA to the FO, as well as initiatives to improve understanding of the work flow details of marketing cocoa as UTZ / RA certified. FOs noted that VECO’s activities have directly supported the WASIAT and MARS programs, through their analysis of the supply chain, training exercises on analyzing the value chain at the level of production (in 2014), and at observing challenges towards reaching established production benchmarks (in 2016).

Finally, many FOs have noted that VECO has been able to address their value chain concerns through close communication with the key cocoa buyer MARS. Communication channels exist at various management levels, for example: the VECO area manager is in regular exchange with the MARS Sustainability manager and Cocoa Buying team on Sulawesi – often involving FOs, and both VECO’s Denpasar-based regional representative/director, as well as the Singapore based MARS regional director, are CSP Executive Board members. VECO appears to have built confidence among FOs to communicate with MARS’ purchasing units, and to decide about their certification, marketing and sales strategy, which is a part of FOs’ value chain management. FOs appreciate that MARS is paying FOs a premium of \$100/ton for certified cocoa. However, MARS has expressed during CSP meetings that they prefer to take these certificates under their own control. This is a change compared to their certification policy in previous years, when MARS still encouraged independence of FOs to grow in business management. MARS has stated repeatedly that they remain supportive of FOs as long as they meet productivity increase expectations, and if they practice bean quality control. As a company running their own processing plant, MARS has to make sure that they do not experience disruptions in their supply chain. MARS therefore works closely with traders like OLAM who can supply the certified volumes MARS needs. MARS is paying OLAM 280US/ton for RA certified cocoa but this might not always result in a fair deal for farmers, because there is no restriction from the SAN or UTZ standard on how much of the premium is shared with the FO. VECO therefore promotes FOs to hold their own certificates. A good indicator is that Masagena, Amanah and Cahaya Sehati have passed certification re-assessment every year which requires group management skills and marketing confidence. Despite taking certification and its costs into their own hands, FOs are anticipating to recover these costs through collective marketing. One problem is that MARS are currently only buying RA certified beans,

whereas VECO’s strategy is to diversify with additional certification systems—such as UTZ—where the price can be negotiated with additional buyers.

FOs generally believe VECO’s activities have contributed greatly to the development of better production planning; Cahaya Sehati, for instance, in particular emphasized the support of VECO in Training Group Management and Gardens, as well as the GAP Trainings. Nonetheless, some limiting factors which are identified are: Some of the limiting factors are:

- Farmers do not provide input on cultivated land according to the training by VECO and WASIAT;
- Not all production from the farmers is sold to MARS, resulting in unrecorded production towards the FO, which thus can fall behind on targets. This loss of recorded sales is caused by the restrictions on the specific beans purchased by MARS (purchasing wet beans only for Masagena and Cahaya Sehati), and also the volume of purchases (which are sometimes limited by daily quota by MARS who are known to have frequent purchasing fluctuations).
- Many group-registered farmers are not productive, because these farms had old cocoa trees and were rehabilitated, and will take a few years before they become productive again.
- Although the distances to reach all farmers in an area can be quite far, the FO only has 10 persons in the IMS team. Assistance is therefore sub-optimal in terms of facilitating increased production.

VECO has recognized that improvements are needed in post-harvest management practices (specifically storage), and that there is a high risk for FOs to lose quality, and therefore fetch reduced prices for their produce, due to these poor storage and transport practices. Specifically, many FOs lose out on potential profits because buyers complain about beans being tainted by smoke from engines, or fungi (aflatoxin).

Nonetheless, the consistent response from FOs and other stakeholders has been that VECO expertise and activities are unique in Indonesia, and that while there are other organizations which can train farmer groups on GAP, few include business management development at the FO level. Agriterra only works with FOs which are large-scale and that are already at a more advanced level where they can apply their more sophisticated tools. Noting that FOs still suffer limited capacity to manage their business, many recognize that, in Sulawesi, only VECO has the expertise and capacity to strengthen FOs and build their business skills at this level.

ii. Pathway 2

Activities	Outputs	Immediate Outcome	Intermediate Outcomes	Ultimate Outcomes
Organization of trainings with FOs	Training is delivered to FOs	FO's business capacities are strengthened	FO applies improved practices FO members are trained in more sustainable production practices and quality FO assures application of recommended production practices	Better production planning Increased participation of women and youth Increased organizational management capacities and service deliveries Improved production practices Increased collective sales which allows FO cover all expenses and share profit

Main findings

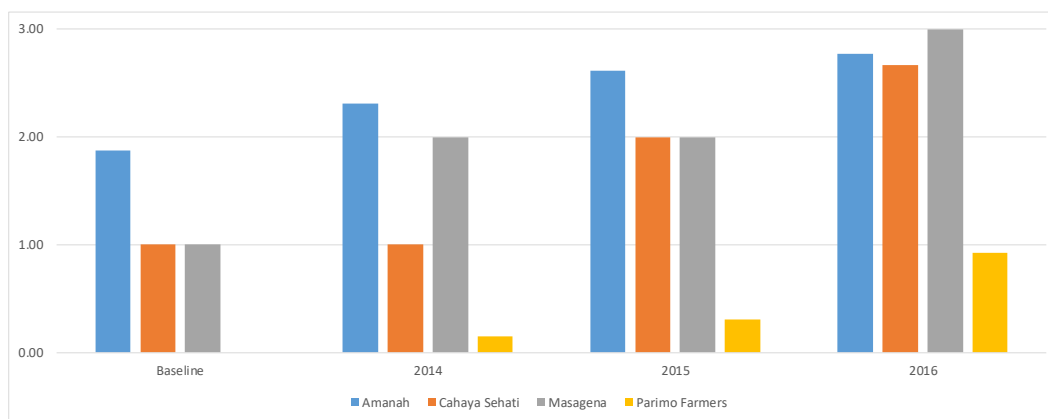
This pathway has improved compared to the baseline, as the business capacity indicators clearly show. FGDs confirmed the evidence expressed in the CIR highlighting the success of a gender balanced FO model, which was very evident through confident and eloquent participation of women in the FGD meetings. Nevertheless, one FO participant suggested that the monitoring on gender equality should be intensified. The Cocoa Doctor model seems attractive for young farmers to maximize their income through a combination of farming and training. The Sustainable Agriculture Network (SAN) standard has improved environmental practices.

Additional information was collected to emphasize VECO's unique pilot of working with the unorganized Parimo farmers, supported by MARS as a partner and buyer. This is an innovative model, not yet perfect (gender equality challenges) but with the potential of duplication in other parts of Indonesia, where farmers are not yet organized.

Observed evidence (source: CIR)

Evidence from business capacity indicators:

Row Labels	Baseline	2014	2015	2016
Amanah	1.88	2.31	2.62	2.77
1. To what extent has the FO acquired group management skills?	2.00	2.33	2.67	3.00
2. To what extent has the FO acquired business management skills?	1.00	1.50	2.50	2.50
3. To what extent has the FO acquired marketing skills?	2.00	2.67	2.67	2.67
4. To what extent the FO promotes sustainable production and natural resource management skills to its members?	2.00	2.50	2.50	2.50
Cahaya Sehati	0.63	1.23	1.69	2.15
1. To what extent has the FO acquired group management skills?	1.00	1.17	2.00	2.33
2. To what extent has the FO acquired business management skills?	1.00	1.00	1.00	2.00
3. To what extent has the FO acquired marketing skills?	0.00	1.00	1.33	2.00
4. To what extent the FO promotes sustainable production and natural resource management skills to its members?	1.00	2.00	2.00	2.00
Masagena	1.00	1.31	2.00	2.54
1. To what extent has the FO acquired group management skills?	1.00	1.17	2.00	2.33
2. To what extent has the FO acquired business management skills?	1.00	1.50	2.00	2.50
3. To what extent has the FO acquired marketing skills?	1.00	1.00	2.00	2.67
4. To what extent the FO promotes sustainable production and natural resource management skills to its members?	1.00	2.00	2.00	3.00
Parimo Farmers	#DIV/0!	0.15	0.31	0.92
1. To what extent has the FO acquired group management skills?	#DIV/0!	0.00	0.00	1.00
2. To what extent has the FO acquired business management skills?	#DIV/0!	0.00	0.00	0.50
3. To what extent has the FO acquired marketing skills?	#DIV/0!	0.00	0.00	0.33
4. To what extent the FO promotes sustainable production and natural resource management skills to its members?	#DIV/0!	1.00	2.00	2.00



All FOs show consistent improvement across all relevant business capacity indicators, and a strong improvement relative to the baseline.

Input from VECO:

Similar to the case of partners in Cocoa Flores, there has been good progress at the level of AMANAH, Masagena and Cahaya Sehati. However, the business model developed with MARS (buyer) in Parimo is an unorganized farmers model. Parimo farmers sell directly to MARS through UD Glory. VECO supports the Internal Control System (ICS) to meet the Sustainable Agriculture Network (SAN) Standards for RA certification.

Main conclusions from CIR:

Good progress seems to be made on business capacities as all produce is sold with certification through collective marketing. Improvements are happening on a widespread scale in the field of environmental sustainability practices. Women and youth participation and importance increases throughout most FOs, as well as the amount of FO members in general.

- FOs have good access to services, such as GAP trainings (facilitated by many parties: MARS, Swisscontact etc.), and daily price information and quality assurance. Provision of trainings appears to have been delivered consistently in 2014, 2015 and 2016
- RA certification seems effective and the main driver for more sustainable farming – farmers use of fertilizer and pesticides are more often organic. 54 cocoa doctors (young farmers which supervise sustainable production) are trained by MARS. Youth participation seems positively effective by these trainings.
- Gender equality was relatively good to begin with and has further increased in 2015 and 2016. Women have taken bigger organizational and strategic roles throughout most FOs (except Parimo Farmers, although this is not a formally organized FO). As part of the engagement with Mars, farmer-FO-Mars value chain can be called “gender fair”, as these FOs have received trainings on gender division of labor. In addition, FOs have passed gender equity in business management as part of RA certification
- Production and post-harvest practices have improved over time (e.g. P3S technique) as have collective marketing skills. Amanah obtained UTZ certification in addition to RA to sell to KJM in 2016.
- Environmental sustainability practices go well – RA & UTZ requirements are met with continuous improvements. Improvements are e.g. on land use practices, water management, agro-ecological production and avoiding or banning chemical substance use. All FOs appear to encourage their members to apply GAP and sustainable farming practices
- VECO organized a 2-week training program on the establishment of clonal gardens and nurseries, in order to support rejuvenation of cocoa farms and the use of pest- and disease-resistant seedlings
- Despite good access to and application of good practices at farm level, farmers remain vulnerable to climate-related impacts
- Some FOs have set up businesses with the support of VECO. For instance, Masagena has set up a nursery after receiving a 2-week training program from VECO, and Amanah is organizing an organic fertilizer business encouraged by VECO and Wasiat

Triangulation (source: key informant interviews and FGDs)

Many representatives in the discussions highlight a number of roles which VECO, in their view, played in providing access to services (e.g. GAP trainings). In the first place, they note that VECO facilitated networking and business meetings with cocoa stakeholders (specifically input- and finance providers, as well as buyers). They also note that VECO conducted networking and lobbying efforts at local, national as well as international level, and that it has played an active role in documenting and disseminating best practices and lessons learned; finally, many mention VECO's role in the provision and facilitation of trainings, both directly and through service providers.

Moreover, many stakeholders, and specifically WASIAT, argued that these services would not have been accessible without VECO's support, as it was by far the most experienced player; to this, AMANAH added that cost-sharing by VECO is still needed, because FOs are not prepared to fully pay for all the services. It is suggested that in the future, VECO could further enhance its support by facilitating the creation of more incentives— such as stricter financial management or land certificates— to buyers and providers of financial services; and supporting and facilitating the sale of existing intercropping plants (fruits, spices, etc), in addition to cocoa.

Another role which VECO has played is that its activities have aided FOs in obtaining the RA certification, This has been chiefly by facilitating the certification process—helping clarify the SAN standards for FO members, through the support of a RA facilitator who provided training and follow-up. Another useful intervention is the establishment of daily assistance for an Internal Monitoring System (IMS). FOs widely assess that in this regard, they could not do without the support and facilitation of VECO in providing trainings related to SAN Standards. Nonetheless, some challenges remain here; in the first place, comprehensive certification standards are not yet applied by farmers; in addition, there is only limited access to banking or funds.

In terms of developing gender equality, VECO's activities have played a recognized role. One example is the 2015 training which VECO held in the Majene district, which focused on gender dimensions within the value chain. Beyond this, VECO has incorporated analyses of gender mainstreaming in all activities; provided additional gender training on women's involvement in farming, as well as workshops on how to provide gender specific access to new employment paths, and refresher training in order to broaden the gender balance in the value chain. FOs stated that VECO's support has greatly increased the involvement of women in the program, helped to establish women farmer groups and encouraged Masagena to select a woman as their chairperson. It was clearly visible during the FGD that women take a much more proactive role in the FOs on Sulawesi compared to the FOs on Flores. Nonetheless, challenges remain with regards to gender equality, as overall gender equality in each chain, on other farms, and within households themselves is still rather limited. As such, it was mentioned that VECO should provide more regular monitoring and gender analysis.

With regards to activities to increase production (P3S technique, post-harvest practices), VECO is seen as having played a role in improving human resource management of farmers which are involved in post-harvest cocoa handling; facilitating activities in GAP training (training Cocoa Doctor, soil ecology and management), and training on how to raise more eco-friendly gardens.

VECO's activities are recognized as having played a role in Amanah's obtaining of UTZ certification in 2016; specific activities which played a role, were VECO's facilitation of meetings with consultants from UTZ+RA, in order to provide an understanding of UTZ+RA and COC standards; another helpful activity came in the form of facilitating partnerships with buyers of RA / UTZ certified cocoa; finally, VECO helped increase the

understanding of marketing management workflow. FOs widely recognize that none of this would have been possible without VECO; while both UTZ and RA have the capacity to offer trainings independently from VECO, it is very questionable whether FOs would be able to cover all the costs of that.

VECO’s activities have also played a role in facilitating the cocoa doctor trainings, specifically by linking up different stakeholders supporting it; motivating and involving the younger generation of cocoa farmers in cocoa farm management; providing space to be directly involved in the development of farmers in the field, and engaging in monitoring and evaluation activities in the field, such as the Sensemaker exercise. FOs note that the involved keynote speakers were well chosen, being clear experts in the field of cocoa agriculture. Cocoa doctors seem to be more effective when recruited from the farming community itself, by starting to encourage children and young people and families of WASIAT field staff to engage. It is believed that, even absent VECO’s activities, the younger generation would likely still be involved; however, their recruitment as ‘cocoa doctors’ has created greater involvement and engagement, especially in cocoa cultivation and a technical understanding of the business. One issue that remains is finding ways to convince youth that the cocoa value chain offers viable business prospects.

iii. Pathway 3

Activities	Outputs	Immediate Outcome	Intermediate Outcome	Ultimate Outcome
Facilitation of connection with service providers (e.g. training, finance, inputs, transport)	Connectedness of FO to service providers	FOs actively engage with service providers	Application of service (depending on type of service)	Improved production practices Increased collective sales which allows FO cover all expenses and share profit More supportive institutional environment

Main findings

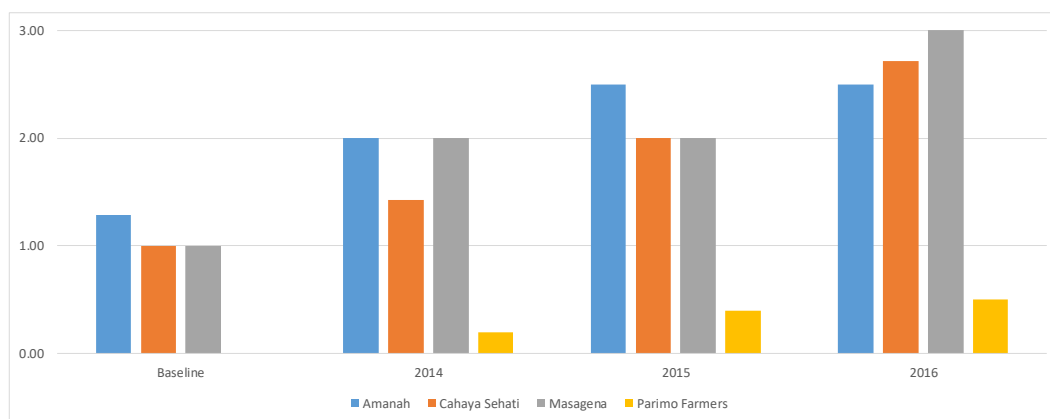
It was possible to verify that the immediate outcome—*FOs actively engage with service providers* and intermediate outcome *application of services* have improved. There has, however, not been a full progress according to expectation on access to finance. Compared to the FOs on Flores, the cocoa FOs on Sulawesi were not as successful in obtaining access to finance. It was clarified that the terms of collateral restricted Masagena from receiving a financial services from BRI. One can argue that, in NTT province, the relationship with the provincial bank is stronger, and in Sulawesi, the bank has many other business sector opportunities to provide loans at a lower risk. The Government in Sulawesi was supportive and did not request collateral in their policy. The fact that FOs cannot provide collateral in the bank’s formal sense is a challenge VECO is willing to take on with partners. VECO wants to set up a finance project following the design of previous successful projects. VECO Indonesia clarified that *To cope with the limited working capital from external sources, FOs optimized the internal capital, including the premium fees they received from the buyers.*

There was a divergence in the business capacity indicator scores and the assessment, showing the challenge of translating improved FO business capacities with practical improvements (in this case, connectedness to service providers). VECO Indonesia questioned this conclusion by raising the question: *Is the divergence related to the service provider on finance? If so, is it not too strong considering there are providers for other services. Also to meet the challenge of limited access to finance, FOs optimize the internal capital.*

Observed evidence (source: CIR)

Evidence from business capacity indicators:

Row Labels	Baseline	2014	2015	2016
Amanah	1.29	2.00	2.50	2.50
1. To what extent has the FO acquired group management skills?	2.00	2.00	3.00	3.00
2. To what extent has the FO acquired business management skills?	1.00	1.86	2.43	2.43
4. To what extent the FO promotes sustainable production and natural resource management skills to its members?	2.00	2.50	2.50	2.50
Cahaya Sehati	1.00	1.30	1.30	2.00
1. To what extent has the FO acquired group management skills?	1.00	2.00	2.00	2.00
2. To what extent has the FO acquired business management skills?	1.00	1.00	1.00	2.00
4. To what extent the FO promotes sustainable production and natural resource management skills to its members?	1.00	2.00	2.00	2.00
Masagena	1.00	1.50	2.00	2.70
1. To what extent has the FO acquired group management skills?	1.00	1.00	2.00	2.00
2. To what extent has the FO acquired business management skills?	1.00	1.43	2.00	2.71
4. To what extent the FO promotes sustainable production and natural resource management skills to its members?	1.00	2.00	2.00	3.00
Parimo Farmers	#DIV/0!	0.20	0.40	0.50
1. To what extent has the FO acquired group management skills?	#DIV/0!	0.00	0.00	1.00
2. To what extent has the FO acquired business management skills?	#DIV/0!	0.00	0.00	0.00
4. To what extent the FO promotes sustainable production and natural resource management skills to its members?	#DIV/0!	1.00	2.00	2.00



All business capacity indicators have **improved** compared to the baseline. This indicates that the immediate outcome *FOs actively engage with service providers* and intermediate outcome *application of services* have improved.

Main conclusions from CIR:

Throughout the FOs, there has been limited progress overall on agri-finance, agri-technical aspects and business management (except Amanah which has experienced good progress over the years). VECO Indonesia provided the insight that *WASIAT has played the main role and there are other actors like ICCRI, ACIAR, Mars, Agriterra, Swisscontact, district governments. Amanah starts to engage with BRI (national*

bank). Although many meetings and trainings have taken place, there are complications regarding the connection of service providers.

- For Amanah, there has been good progress in agri-finance, business management and the use of organic agricultural inputs. There is limited visible progress in agri-technical areas regarding cocoa doctor training. VECO has helped to illustrate the progress by pointing out that *Cocoa doctors practice their knowledge/skills in their own/parent's farm and they facilitate other farmers. Some of them were given the opportunity to facilitate other farmers in the other region.*
- For Masagena, there has been limited progress on the connection with service providers.
- For Cahaya Sehati, there was no progress on agri-finance and unclear what the results of business management are. VECO has clarified the business management activities (see additional comment above). Agri-technical aspects (production of superior clones, seedlings and organic compost; GAP and FDP training) have been progressing somewhat over the years.
- For Parimo famers, there have been no activities regarding agri-finance. Wasiat provided trainings for agri-technical aspects and together with Mars they supported business management through facilitating the establishment of the Moosong cooperative.
- Many meetings and trainings were conducted, yet few were focused on the facilitation of connection with service providers. Initiatives to link with (new) service providers are mostly coming from VECO.
- As part of the relationships with, for instance, Mars, various (public) agencies, CSP, and FOs have access to various services such as GAP trainings, nursery establishment and management support, and technical support (e.g., processing capabilities).
- Through Wasiat, FOs have access to pesticides and fertilizer, although many FOs promote the use of organic agro-inputs. For instance, at Parimo Farmers it was found that little use was made of chemical fertilizers. VECO and Wasiat are encouraging farmers and FOs to move away from subsidized fertilizer to organic fertilizers. Some areas have entirely stopped using chemical fertilizers.
- At several FOs (e.g., Amanah, Masagena, Cahaya Sehati), capabilities to produce liquid fertilizer, for instance using cocoa waste and goat urine, are being built. Amanah has been more advanced of producing it with the label name Fertitop and selling it to members and beyond.
- Bank Rakyat Indonesia (BRI) has done a feasibility study on Amanah to explore the option of including it in a credit scheme.

Triangulation (source: key informant interviews and FGDs)

VECO has played a recognized role in facilitating the assessment by Bank Rakyat Indonesia (BRI); in the first place by helping to lobby and negotiate with BRI; by assisting with the legality of the mandate, vouchsafing for its credibility and therefore increasing the confidence and willingness of BRI to support the mandate. VECO also helped in this matter through its support for a financial application system that is transparent and accountable, and helping facilitate the consultant conduct the external financial audit. FOs recognize this would not have been possible without the experienced support of VECO.

VECO has played a recognized role in supporting business management capacity building training exercises by WASIAT, MARS and Agriterra, training FOs on record-keeping for the purposes of traceability and certification, and making a business plan. Trainings also took the form of a farmer business school, which focused on teaching FOs how to make a business deal. Moreover, through VECO's support, Agriterra trained AMANAH in book keeping, and MARS trained AMANAH in GAP and post harvesting. Such training was key, according to FGD participants, as FOs are still relatively young and 'infant' organizations.

However, there was only limited progress for Masagena in its connections with service providers. The reasons for this were that the terms of collateral are contrary to the rules or policies issued by the government with other providers. As a result of this, Masagena has only limited access to financial services. VECO’s approach in support of Masagena has been quite effective even so, but it remains hampered by security problems and burdensome service users. The lack of connectivity to service providers is problematic, for Masagena, as this activity is an achievement indicator for Masagena on how to execute and measure business performance.

Cahaya Sehati also saw limited progress in connecting with service providers, especially with regards to agri-finance. This is because banks require collateral to access loans, whereas Cahaya Sehati is still a very young cooperative; according to the Cahaya Sehati Cooperative’s policies, they still focuses on SMEs, which does not guarantee access to financial institutions. The main issue is therefore the lack of a formal guarantor or collateral. Stakeholders argue this is a complicated issue which will take time to resolve.

The issue of collateral has also been problematic in ensuring access to agri-finance in a broader context. This is because there remains a contradiction between the policies of the government, which does not request collateral, and the banks, which do. On this count, VECO has clarified that the government *subsidized schemes for micro/small enterprises and smallholder farmers do not require collateral. However these lending schemes are provided through the national banks, which must follow the banking regulations, and that requires collateral.*

In spite of this, other VECO activities have proven successful in connecting FOs with service providers; specifically it has been able to establish linkages with other buyers such as Olam, ECOM, and KJM; VECO has also connected FOs with Certification Bodies, so that farmers have a value-added product and are more recognized and valued on the international market (RA and ICCRI); finally, it has managed to connect the new FO with a buyer (Mars).

iv. Pathway 4

Activities	Outputs	Immediate Outcome	Intermediate Outcome	Ultimate Outcome
Organization of stakeholder meetings	Chain actors know each other from meetings	Chain actors are connected	More inclusive business relations btw. chain actors	Increased collective sales Increased number of long-term sales agreements More favourable company sourcing policies More supportive institutional environment

Main findings
FGDs confirmed that several meetings with chain actors (suppliers and buyers) occurred but indeed there were few fruitful contacts, activities and outcomes. FOs nevertheless praise the effort taken by VECO and

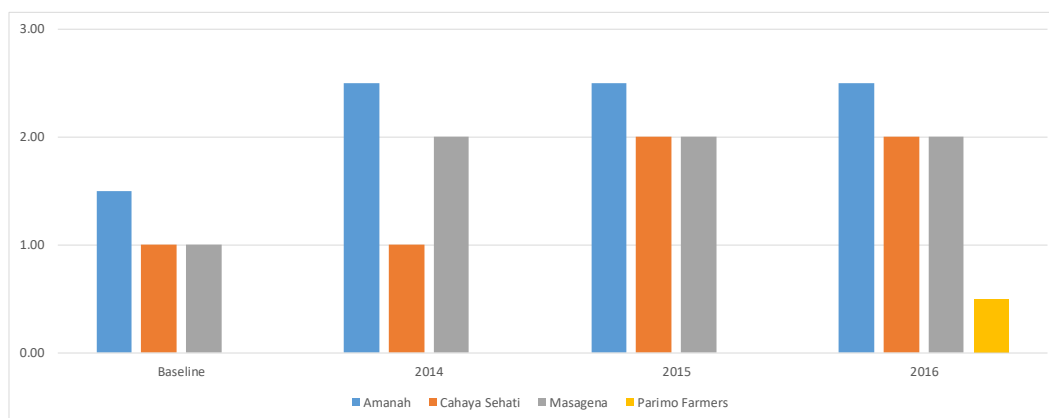
have listed these activities during the discussions. In the case of working with the banks VECO: a) Helped to lobby and negotiate with BRI; b) Helped with legality questions towards a more credible mandate so that BRI is more confident to take the risk; c) Helped in the application of a system of transparent and accountable financial management; and d) Helped facilitate the consultant in terms of external financial audit.

There is still confidence among VECO partners that these challenges will be overcome and that there will be more results, especially since it will take time for the financial accounting systems to be fully implemented. Agriterra repeatedly commented that AMANAH still had a lot of accounting improvements to undertake in order to meet best practices in this field.

Observed evidence (source: CIR)

Evidence from business capacity indicators:

Row Labels	Baseline	2014	2015	2016
Amanah	1.50	2.50	2.50	2.50
3. To what extent has the FO acquired marketing skills?	2.00	3.00	3.00	3.00
5. To what extent does the FO build up and maintain external relations?	1.00	2.00	2.00	2.00
Cahaya Sehati	0.50	1.50	2.00	2.50
3. To what extent has the FO acquired marketing skills?	0.00	1.00	2.00	2.00
5. To what extent does the FO build up and maintain external relations?	1.00	2.00	2.00	3.00
Masagena	1.00	1.50	2.00	2.00
3. To what extent has the FO acquired marketing skills?	1.00	1.00	2.00	2.00
5. To what extent does the FO build up and maintain external relations?	1.00	2.00	2.00	2.00
Parimo Farmers	#DIV/0!	0.00	0.00	0.50
3. To what extent has the FO acquired marketing skills?	#DIV/0!	0.00	0.00	1.00
5. To what extent does the FO build up and maintain external relations?	#DIV/0!	0.00	0.00	0.00



Main conclusions from CIR:

Several meetings with chain actors (suppliers and buyers) occurred but fruitful contacts, activities and outcomes have been scarce.

- There has been limited progress at the level of government and financial service providers. It is mentioned that there has been no change with regards to influence on government policy
- Limited activity overall occurred, except a feasibility study by Bank Rakyat Indonesia (BRI) in 2016 to include Amanah in public business credit schemes for the coming period.
- FOs have managed to reach several agreements with chain actors. From the CIR, it is difficult to judge what has been the (change in the) degree of influence that FOs have had towards chain actors.

- It appears that more actors are entering the market, for instance Cocoa Future and a Netherlands-based buyer (albeit purchasing only small volumes). KJM is expected to purchase bigger amount and become an alternative to Mars.

Triangulation (source: key informant interviews and FGDs)

In spite of VECO’s activities, there has been only limited progress in establishing contact with- and access to financial service providers. As discussed, this is because these providers of financial services still require collateral and/or a guarantor. VECO has overseen trainings with financial service providers, though these have not yielded immediate outcomes. Nonetheless, VECO does note that FOs are optimizing the use of internal capital (shares from members and profits received from the business and premium fees). Furthermore, VECO has helped facilitate the BRI feasibility study, through lobbying- and negotiating with BRI; by assisting with the legality of the mandate, vouchsafing for its credibility and therefore increasing the confidence and willingness of BRI to support the mandate. VECO also helped in this matter through its support for a financial application system that is transparent and accountable, and helping facilitate the consultant conduct the external financial audit. FOs recognize this would not have been possible without the experienced support of VECO. Overall, stakeholders recognize that VECO’s activities have helped cut short the long supply chain by arranging meetings directly between buyers and FOs. According to VECO, they involve FOs in these meetings with the expectation that in the future they will be able to deal with the buyers independently. According to the area manager, Masagena for instance, plays a key role in direct negotiation with Cocoa Future regarding price and terms of sale.

v. Pathway 5

Activities	Outputs	Immediate Outcome	Intermediate Outcome	Ultimate Outcome
Facilitation of inter-action between chain actors and policy level	Connectedness of value chain actors and the policy level	Interaction between chain actors and the policy level	Policy-makers take chain actors’ point of view into account	More supportive institutional environment

Main findings

It was possible to verify the hypothesis that relevant *building up and maintaining external relations* indicators have **improved** compared to the baseline. The agreement on the MOU document between VECO, FOs/WASIAT and local government is the most powerful activity, because it has legal value.

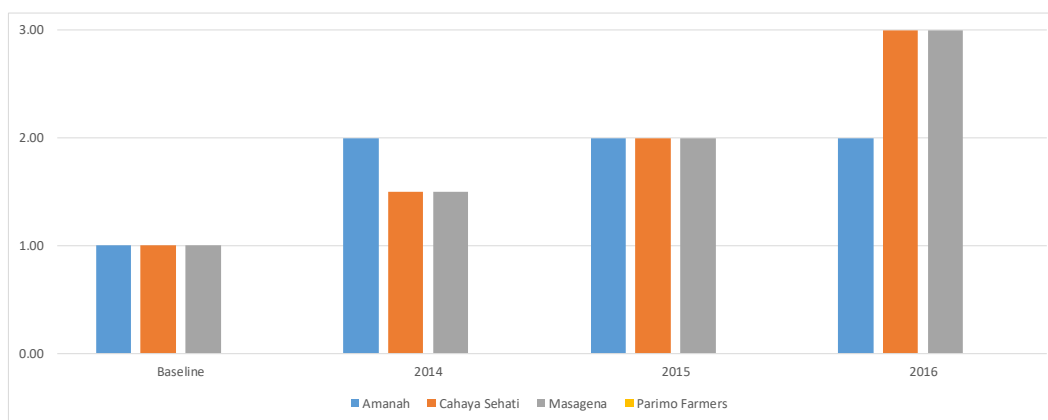
In addition, many more activities contribute and are not mentioned in the CIR summary: For example, the 2015 international VECO cocoa exchange (mentioned in chapter 4), which took cooperative leaders from South and Central America to Sulawesi must have resonated well with government actors. Additionally, there have been 2015 and 2016 bike tours with international participants exploring Sulawesi’s remote cocoa areas, which is in line with government targets to increase tourism. Overall, the FGD provided the same evidence that was mentioned in the CIR such as the interconnectedness with the local government in Luwu in the context of Luwu Regional Cocoa Forum. In addition, it was clarified why some of the government relations are not fruitful. For example, in Polman district: the Department of Cooperatives has lack of staff; they give higher priority to co-ops recommended by the local government; they have a lack of understanding/different vision

how cooperatives operate; and there has never been training/facilitated on how to access government programs. VECO commented that *this is not fully true. For instance during the Annual Partners Meeting in 2015, VECO invited the Head of LPDB (Indonesian Government Rolling Funds for Small Enterprises) and during SCOPEinsight workshop in 2016 VECO invited BRI. Both are sharing and engage in dialogue with FOs on how to access the facilities.* This is an area VECO can facilitate and it is expected that VECO is taking these training suggestions seriously. It is certainly within the momentum of looking for funding beyond DGD that Indonesian Government Programs become more of a priority for funding of FO activities.

Observed evidence (source: CIR)

Evidence from business capacity indicators:

Row Labels	Baseline	2014	2015	2016
▣ Amanah	1.00	2.00	2.00	2.00
5. To what extent does the FO builds up and maintains external relations?	1.00	2.00	2.00	2.00
▣ Cahaya Sehati	1.00	1.50	2.00	3.00
5. To what extent does the FO builds up and maintains external relations?	1.00	1.50	2.00	3.00
▣ Masagena	1.00	2.00	2.00	2.00
5. To what extent does the FO builds up and maintains external relations?	1.00	2.00	2.00	2.00
▣ Parimo Farmers	#DIV/0!	0.00	0.00	0.00
5. To what extent does the FO builds up and maintains external relations?	#DIV/0!	0.00	0.00	0.00



Relevant *building up and maintaining external relations* indicators have **improved** compared to the baseline. This indicates that the immediate outcome *interaction between chain actors and the policy level* and intermediate outcome *policy-makers take chain actor's point of view into account* has improved.

Main conclusions from CIR:

There has been some progress in government engagement. Especially at the local and regional government level VECO has had success but did not succeed in achieving impactful interaction with high level policy makers.

- Polewali Mandar Estates Agency recognized the role of Amanah and therefore asked Amanah to participate in building the capacity of local cocoa farmers outside the Amanah working area by participating in the establishment of a cocoa learning center in 2014.

- Luwu Utara district government has introduced better regulations and allocated adequate funds for developing cocoa farmer businesses through the National Cocoa Movement and cocoa seedling program in 2014.
- CVC (Cocoa Village Centre) model which is applied in Cahaya Sehati is taken as the model for sustainable cocoa development in Luwu Timur. A joint model garden has been developed in 2016.
- There has thus been clear positive governmental influence on policies at farmer level in 2014 (e.g. inclusive FOs and sustainable production practices) – but no change was observed in 2015 and 2016. Compared to 2013, today district government support programs are more in line with the needs of cocoa farmers, due to closer engagement with FOs.
- Out of the main supporting strategies by VECO, few activities were focused on the facilitation of interaction between chain actors and the policy level (except e.g. the program expose every year). VECO clarified that there was support to regional cocoa forums, participation in the exhibitions upon request of the government.
- Various forms of government support to FOs were observed; for instance, access to training, seedlings, and soft loans

Amanah

<p>Remarks 2014:</p> <p>Active in the West Sulawesi Cocoa Forum at province level (and is on its board) and in API at the national level. Participants in these forums range from local government to exporters and processors. Amanah is frequently asked to share its business success at these forums. However relationship with the government and financial institutions can be further nurtured. Contributing factors: Amanah has regular business meetings with business actors at the national level.</p>
<p>2015:</p> <ul style="list-style-type: none"> • Buyers, government and other stakeholders trust Amanah as a cocoa farmer cooperative because it offers trusted services to its members. Amanah is also a member of the West Sulawesi Cocoa Forum. • Amanah won a prize as the best cocoa farmer cooperative in Polewali Mandar district
<p>2016:</p> <ul style="list-style-type: none"> • Amanah has established good cooperation with district government, buyers and cocoa forums.

Masagena

<p>Remarks 2014:</p> <p>Active in the Luwu Raya Cocoa Forum at district level. Participants in this forum range from local government to exporters and processors. Masagena is frequently asked to share its business success, particularly regarding cocoa certification, at this forum. Contributing factors: Masagena has regular business meetings with business actors at the national level and participates in expos at local to national level.</p>
<p>2015:</p> <ul style="list-style-type: none"> • Masagena is an active member of the Fomakara cocoa forum and Luwu Utara district government has expressed its appreciation.

2016:

- Masagena is currently developing a cooperation program with the Plantation Office for the development of sustainable cocoa.
- Masagena remains active in Fomakara (the Luwu Raya Cocoa Forum).

Cahaya Sehati**Remarks 2014:**

Regular coordination with local government resulting in support from the deputy district head for this FO, which is among those with potential in Luwu Timur. Cahaya Sehati is frequently asked by Luwu Timur district government to represent the cocoa farmer FOs in Luwu at formal forums at regional government level.

2015:

- Cahaya Sehati is an active member of the Luwu Raya Cocoa Forum (Fomakara)
- Continues to establish good relation with the government; trusted by the district government to supply seedlings.

2016:

- The government of East Luwu has complete trust in Cahaya Sehati and is developing a joint model garden.
- Cahaya Sehati actively participates in Fomakara (the Luwu Raya Cocoa Forum) and acts as a member of the Board.

Triangulation (source: key informant interviews and FGDs)

Overall, VECO's activities are perceived as having contributed to stronger and more productive interaction with policy makers. In the first place, VECO helped establish communications between FOs and the government, in synergy with the Department of Agriculture and Plantation Program for Cocoa Development in the East Luwu district. In the second place, there are now monitoring and evaluation activities in conjunction with BPMPD, KOPERINDAG (Cooperative Industry and Trade Department at District Level) and KESBANGPOL (District Level Department of Welfare and Development and Political Relations). Overall, VECO's activities have been the most successful in fostering relations between the FO and government in East Luwu & Polman, where communication channels between the FOs and government are well established (in synergy with the Department of Agriculture and Plantation Program for cocoa development in East Luwu).

Nonetheless, there have been a number of factors limiting the success of the interventions in Polman. In the first place, there was a shortage of staff in the Department of Cooperatives which was available to provide guidance to cooperatives; in the second place, the Department of Cooperatives gives higher priority to co-ops recommended by the local government; thirdly, the government often lacked an understanding of how cooperatives operate, and there were unexpected difficulties in settling on a scheduled annual GA with the Department of Cooperatives. Fourthly, the Department produced no clear agenda or timeline for improving AMANAH's capacity or credibility. Finally, FOs have received only limited training or support in finding ways to access government programs—although VECO clarified that there was support for FOs participation in regional cocoa forums, and that participation in the exhibitions came upon request of the government.

c. Relevance of VECO intervention

In this section we evaluate the relevance of VECO's interventions by looking at the farmer-level impact. We investigate whether the VECO interventions at the FO-level have also created notable differences (positive or negative) on the farmer impact level. This is done in two ways: by reviewing the results of the focus group discussions, and by comparing the farmer survey (2016) with baseline data (2013). It must be noted that comparison is difficult at times, as indicators differ significantly over time.

Main conclusion of focus group discussions (FDG) with farmers

Farmers appear highly dependent on only a few farm income sources, although it was found that many are switching back to multi-crop systems. While livestock diversification is promoted by VECO Indonesia, the high up-front investment made it difficult for farmers to take this up.

It was the impression during the FGD that AMANAH and Masagena clearly have reached a level of gender equality in their group, but they made the comment that this has not translated into all households. These cultural changes will take time. Cahaya Sehati on the other hand only had men presenting the group. When questioned about woman in the management team, the response is that two out of ten are women: administration and finance.

AMANAH is probably the FO that has taken this topic most seriously. During the FGD, they set themselves a new target to attract 25 to 30% young farmers (below 40). AMANAH has benefitted from innovative new M&E tools (Sensemaker) which were used with youth as enumerators. The introduction of tablets for learning and the use of science (soil tests) might create some excitement among young farmers. The real factor that will attract a new generation of farmers is money. Young people will continue farming if they see that there is a promising business which can help them to catch up with incomes available in other sectors.

Comparison of baseline and 2016 farmer survey

*Note: in this section, data from the 2016 farmer survey is compared with data from the baseline study conducted at the end of 2013. As these sources of information are different and do not use the same indicators, this analysis has **limited comparability**.*

1a. Income	
Baseline	2016
<p>Farmers are subsistence farmers and income from cocoa is not enough to support their livelihoods.</p>	<p>Farmers with a farm size of above 0.5ha and the implementation of good agricultural practice can easily reach the equivalent of the local minimum wage. With a farm size of 1ha the income is well above minimum wage. And the best performing farmers reach 1.5ton per ha (30,000,000IDR income), which would allow them to put aside substantial savings. Finally, those farmers who are part of a certified group, receive an additional premium.</p> <p>Farmer survey shows average productivity of 800-1,200 kg/ha.</p>

Discussion

- The productivity on farms has been reduced due to the recent El Nino effect. There is nevertheless an improvement compared to 2013 because prices are still higher (between 2,500 and 3,000US/ton) in 2016 compared to 2013 (between 2,100 and 2,700US/ton). Farmers in 2016 may, however, feel less excited because, in 2015, prices were between 3,000 and 3,500US/ton). Since 2013, the impact of the introduction of the 10% export tax on unprocessed beans has reduced the bean price for farmers in Indonesia. The government is trying to increase fermentation as a way to add value to farmers. Despite being the third largest producer in the world, Indonesia still imports cocoa from West Africa, where fermentation is common practice.
- Indonesia is not the largest producer of cocoa, but farmers in Indonesia get a better share of the world market price compared to farmers in the top producing countries in West Africa. Overall, Indonesian farmers benefit from a market as the government does not withhold a large share of the global price from farmers.

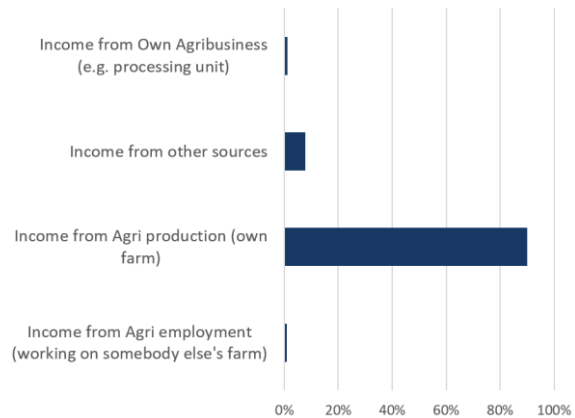
1b. Resilience (diversity of income sources)

Baseline

The baseline did not include data on the diversity of income sources beyond the farm, but rather focused on the proposed of income received from different on-farm activities. However, the baseline did indicate (as written above) that income from cocoa farming in general was not enough to sustain farmers.

2016

The graph below provides average % dependence on different income sources for farmers in the Sulawesi pilot intervention.

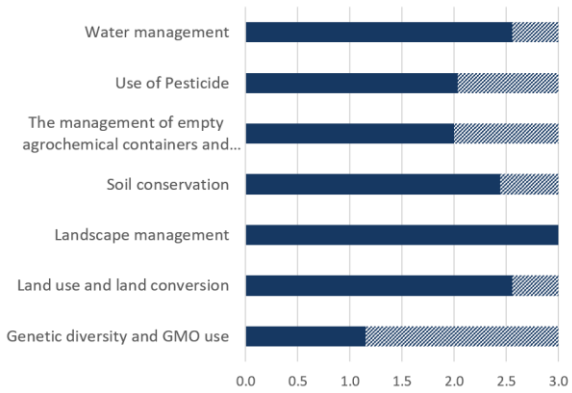


Compared to farmers in the Flores pilot intervention, the degree of dependence on on-farm income is significantly higher on Sulawesi.

Discussion

- Direct comparison not possible due to different data points.
- It is interesting to note that in the baseline, resilience through increased cocoa income is seen as a main driver. This would seem to indicate that a greater diversity of income sources has not been an explicit means through which VECO aims to improve farmer resilience. As mentioned in the Flores part, the analysis was limited to the main sources of income and therefore might not have been able to capture the whole diversity of income sources.
- While farmers are unable to live off income from cocoa alone, they are very highly dependent on income from the farm. Therefore, the analysis in question 1d (diversity of crops and livestock) is important to assess resilience.
- Interviews during the FGD highlighted a trend among smallholder farmers who had switched from cocoa to palm oil in previous years: more and more of these farmers are switching back to multi-crop cocoa gardens. Apparently it is not economically viable to grow oil palms on a small land size unless there is a union of smallholders within a large plantation facility (input provider) and a processing mill in proximity.

1c. More sustainable use of natural resources

Baseline	2016																
<ul style="list-style-type: none"> • The baseline indicated that farmers suffered from several sustainability-related challenges, in particular related to crop diseases and pests, weather change, flood and erosion, and decreased soil quality. Changes in weather patterns such as erratic rainfall (heavy rainfall and droughts) and increased temperatures were also noted • It was also noted that farmers were beginning to apply sustainable production practices • In addition, farmers were implementing certain practices such as the production of organic fertilizers, the use of traps and herbicides, the development of terraces, and the growing of shade plants 	<p>The below chart indicates results from the farmer survey on multiple sustainability indicators. For each, farmers were asked to provide a score of 0-3.</p>  <table border="1"> <caption>2016 Sustainability Indicators Scores</caption> <thead> <tr> <th>Indicator</th> <th>Score (0-3)</th> </tr> </thead> <tbody> <tr> <td>Water management</td> <td>2.5</td> </tr> <tr> <td>Use of Pesticide</td> <td>2.0</td> </tr> <tr> <td>The management of empty agrochemical containers and...</td> <td>2.0</td> </tr> <tr> <td>Soil conservation</td> <td>2.5</td> </tr> <tr> <td>Landscape management</td> <td>3.0</td> </tr> <tr> <td>Land use and land conversion</td> <td>2.5</td> </tr> <tr> <td>Genetic diversity and GMO use</td> <td>1.2</td> </tr> </tbody> </table>	Indicator	Score (0-3)	Water management	2.5	Use of Pesticide	2.0	The management of empty agrochemical containers and...	2.0	Soil conservation	2.5	Landscape management	3.0	Land use and land conversion	2.5	Genetic diversity and GMO use	1.2
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Genetic diversity and GMO use	1.2																
<p>Discussion</p>																	

- Direct comparison was not possible due to different indicators.
- However, scores in sustainability indicators in 2016 appear to be relatively high. In particular, it appears that farmers in the Sulawesi pilot intervention are actively implementing water and landscape management, and undertaking measures to support better soil conservation and appropriate land use and conversion practices. This indicates that they are applying the right practices to help make them more resilient to the sustainability challenges faced.
- There is most likely a real impact on the environmental score compared to 2013 due to the personal interest of the Sulawesi Area Manager in environmental and climate change topics. In 2016 he participated as the designated participant from the VECO Indonesia team in an international VECO ecological sustainability workshop. Working through the process of getting Rainforest Alliance Certified must have helped to raise this score as well, because many of the critical criteria in the SAN standard are related to the environment, and have to be met before a farm can get certified.

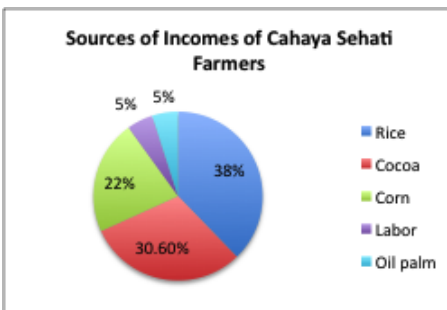
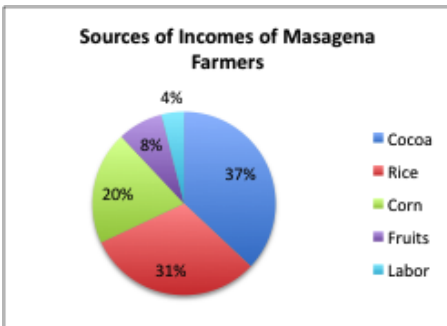
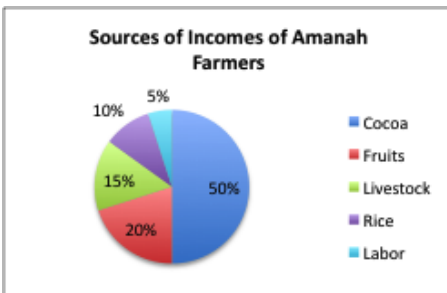
1d. Diversity of crops and livestock

Baseline

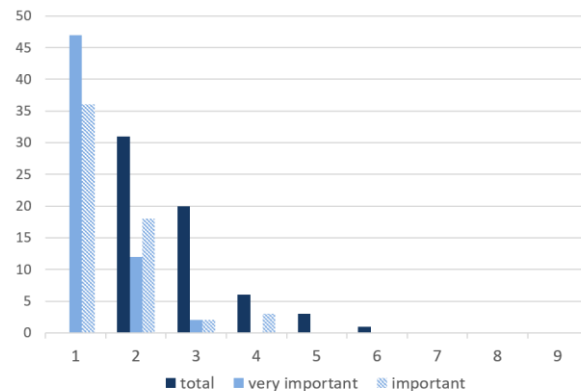
2016

In the baseline, farmers in Sulawesi appeared to have many different sources of on-farm income, as the charts below indicate.

The chart below indicates the number of farmers surveyed on Sulawesi who receive 1-9 different sources of on-farm income.



In the survey, farmers were given a choice of indicating the importance of each source of income. As the below chart shows, the vast majority of farmers have relatively few sources of on-farm income. In addition, a high number of respondents indicated having 4 or more sources of income that were very important for farmer livelihoods.



The contribution of income from cocoa for the different FOs ranged from 40% (Parimo Farmers) to 80% (Cahaya Sehati) (2015 data, based on CIR).

Discussion

- As noted earlier, farmers in the Sulawesi pilot have a high dependence on farm income for their livelihoods. To this end, it is interesting to see that in the baseline, they had relatively well-diversified sources of income
- In the 2016 survey analysis, it appears that a majority of farmers appear to be dependent on 1-2 sources of on-farm income (combination of crops and livestock). This indicates that the diversity of on-farm income sources may have decreased, increasing farmer vulnerability to shocks specific to particular crops or livestock (e.g., a cocoa-specific pest or disease)

- Livestock integration is a concept promoted by VECO but the upfront investment and need for government support (vaccination etc.) is an obstacle to mainstream application. Demonstration livestock models exist and provide valuable organic fertilizer. However, the growth of these facilities is still slow and would benefit from bank loans towards FOs. During the FGD, there was a call to *“support and facilitate the sale of existing intercropping plants (fruits, spices, etc) in addition to cocoa”* when asked about how would VECO be able to support better in the future.

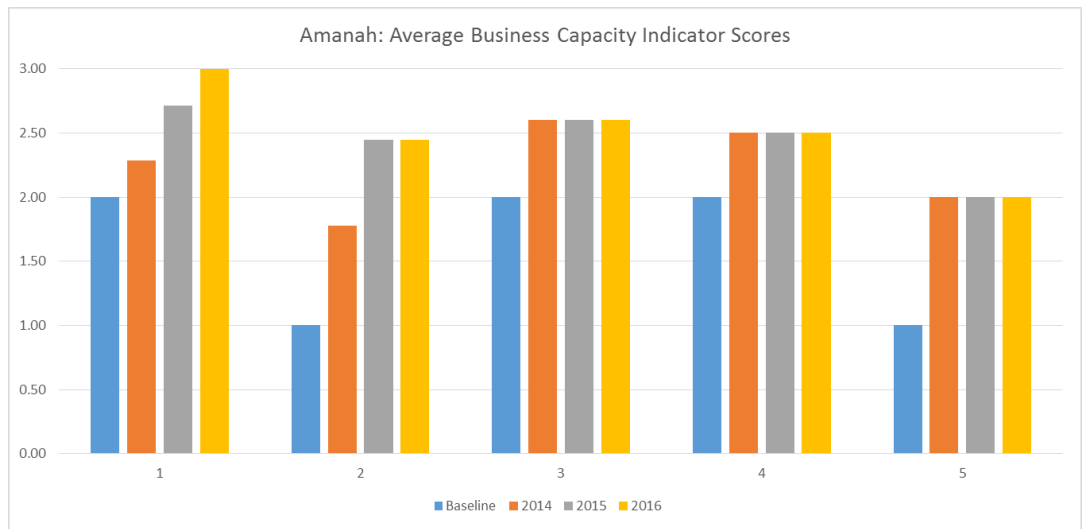
2. Increased status of FOs

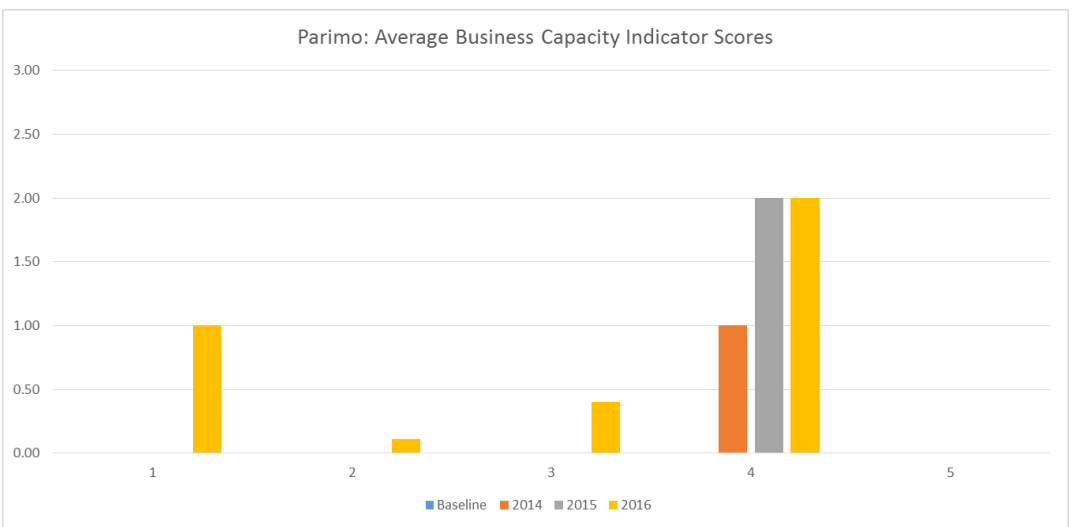
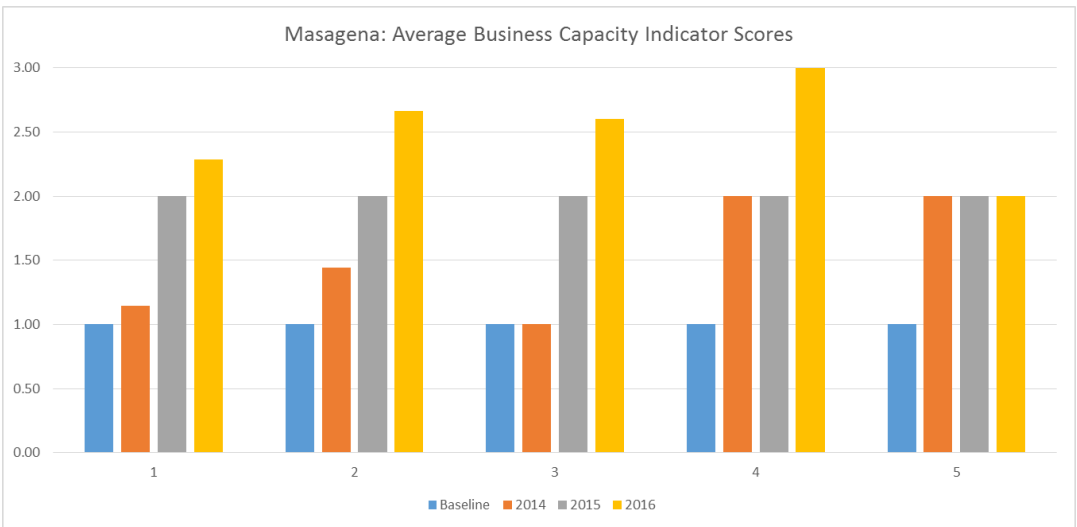
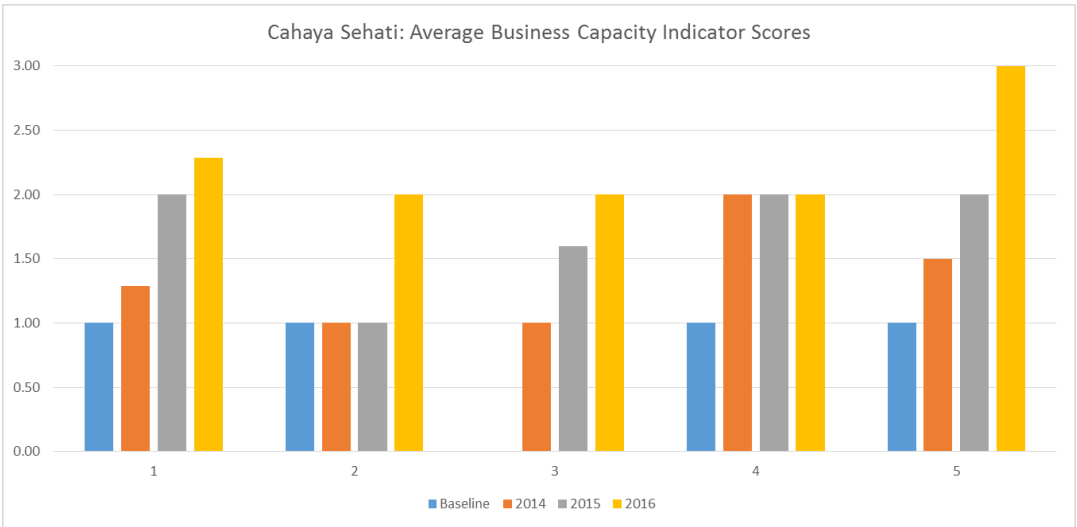
Baseline	2016
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In the baseline, all 3 FOs show already some signs of progress relative to 2010 data. For instance, a number of FOs received access to loans and were able to receive other sources of support, such as warehouses and processing units.

Analysis of FO business capacity indicators shows varying improvement for the FOs across business capacity categories. A more detailed analysis can be found in the previous section, however below a summary per FO is presented. The 5 categories are:

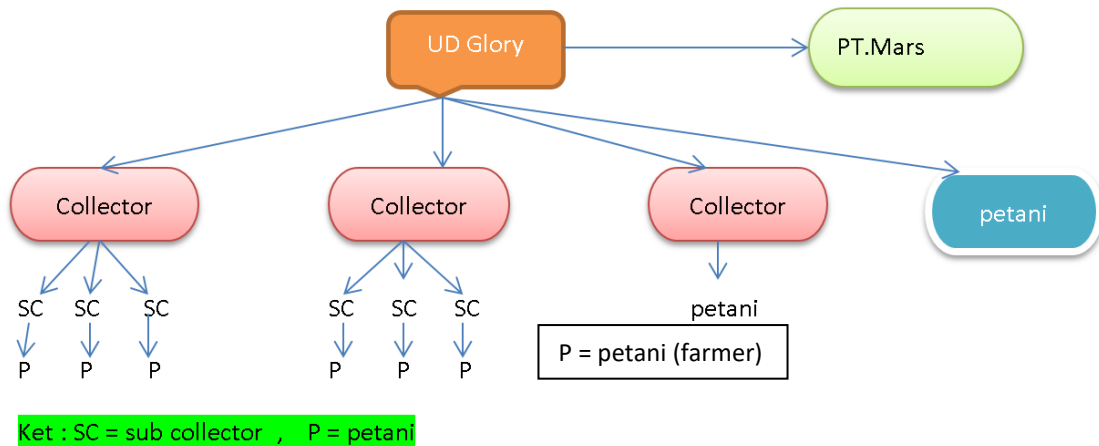
1. *To what extent has the FO acquired group management skills?*
2. *To what extent has the FO acquired business management skills?*
3. *To what extent has the FO acquired marketing skills?*
4. *To what extent does the FO promote sustainable production and natural resource management skills to its members?*
5. *To what extent does the FO builds up and maintains external relations?*





Discussion

- A detailed analysis of impact at the FO level can be found in the previous section. In summary, it appears that three of the FOs showed more or less consistently strong improvement across all business capacity indicators. Parimo FO lagged significantly behind the other FOs, and very limited data was available for this group
- The difference between Parimo and the three other FOs makes sense. Parimo Farmers is a unique unorganized farmer model which was developed with MARS (buyer). Parimo farmers sell directly to MARS through UD Glory. VECO supports the Internal Control System (ICS) for RA certified.



3a. Women's status and empowerment

Baseline

2016

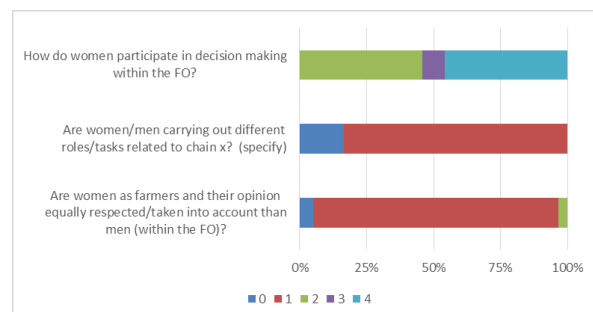
- Within farmer organizations, the baseline data indicated that women were having an increasing voice within farmer organizations and in public meetings in the community

In terms of representation in FOs:

- Amanah FO had a female general manager and 30% of executive boards were women;
- Masagena FO had 2 women in the executive board
- Cahaya Sehati FO had 1 female executive board member (out of 9)
- On the farm, the baseline data indicated that women and men generally played different roles in cocoa farming, with each tending to dominate certain activities (with women for instance involved in seedling production,

In the below chart, scores are shown for 3 questions.

- Question 1: increasing scale from 0-4
- Question 2: 0-no, 1-yes
- Question 3: 0-less, 1-equally, 2-more



fertilizer application (with men), and the selling of cocoa beans.

Discussion

- While direct comparison between the baseline and 2016 data is difficult, it appears that the role of women in decision-making was and remains decent, with a minority of women being represented in executive decision-making positions in FOs.
- It was the impression during the FGD that AMANAH and Masagena clearly have reached a level of gender equality in their group (as can also be seen in the farmer survey results above), but they made the comment that this has not translated into all households. These cultural changes will take time. Cahaya Sehati on the other hand only had men presenting the group. Questioned about woman in the management team the response is that two out of ten are women: administration and finance.

3b. Youth status and empowerment

Baseline	2016																		
<ul style="list-style-type: none"> • No information was available on the role of youth and young farmers 	<p>In the below chart, scores are shown for 3 questions.</p> <ul style="list-style-type: none"> • Question 1: increasing scale from 0-4 • Question 2: 0-less, 1-equally, 2-more <table border="1"> <caption>Chart Data (Estimated)</caption> <thead> <tr> <th>Question</th> <th>Score 0</th> <th>Score 1</th> <th>Score 2</th> <th>Score 3</th> <th>Score 4</th> </tr> </thead> <tbody> <tr> <td>How do young farmers participate in decision making within the FO?</td> <td>0%</td> <td>0%</td> <td>25%</td> <td>0%</td> <td>75%</td> </tr> <tr> <td>Are young farmers and their opinion equally respected/taken into account as older ones (within the FO)?</td> <td>0%</td> <td>75%</td> <td>25%</td> <td>0%</td> <td>0%</td> </tr> </tbody> </table>	Question	Score 0	Score 1	Score 2	Score 3	Score 4	How do young farmers participate in decision making within the FO?	0%	0%	25%	0%	75%	Are young farmers and their opinion equally respected/taken into account as older ones (within the FO)?	0%	75%	25%	0%	0%
Question	Score 0	Score 1	Score 2	Score 3	Score 4														
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Are young farmers and their opinion equally respected/taken into account as older ones (within the FO)?	0%	75%	25%	0%	0%														

Discussion

- While it is not possible to compare against the baseline, respondents in 2016 indicated that young people had a reasonable degree of influence in FOs in terms of opinions taken into account, but lesser participation in decision-making activities.
- AMANAH is probably the FO that has taken this topic the most seriously: During the FGD they set themselves a new target to attract 25 to 30% young farmers (below 40). AMANAH has benefitted from innovative new M&E tools (Sensemaker) which were used with youth as enumerators. The introduction of tablets for learning and the use of science (soil tests) might create some excitement

among young farmers. The real factor that will attract a new generation of farmers is money. Young people will continue farming if they see that there is a promising business which can help them to catch up with incomes available in other sectors.



6. Structural Change Agenda

a. Background

This SCA is about the Cocoa Sustainability Partnership, or simply CSP. The CSP is unique among cocoa producing countries in the world. Participants during the VECO cocoa exchange in 2015 praised the CSP as something worthwhile to be established in their respective countries. The CSP has been key in establishing a 2020 roadmap with stakeholders and the Indonesian Government in order to address the crises of cocoa farming in Indonesia: overaged trees with low production, and over-aged farmers with low productivity. The CSP is providing a non-competitive space for a business sector which is highly competitive. The SCAR report shows that the number of traders has reduced year by year due to consolidation in the sector: ECOM was taken over by OLAM, Petrafood taken over by Barry Callebaut, and most recently the last Indonesian grinder (BT Cocoa) sold its bean purchasing stations to OLAM.

The CSP has established Task Forces which help to implement the objectives of the roadmap. The engagement with the Indonesian Government has influenced cocoa policy at various levels (for example fertilizer policy) although not all parts of the roadmap have been embraced by the Government. The CSP has helped to set up regional forum, in which FOs can play an active role. VECO for many years has been a direct financial supporter to the CSP and has assigned staff to three task forces, as well as taking membership on the supervisory board and volunteering as treasurer. Mondelez has used the CSP meetings to steer one of their suppliers towards VECO for implementation of the Scope Insight tool with FOs, which are new for VECO. Most recently the CSP has embraced M&E tools which were introduced by VECO, such as the Sensemaker methodology.

It is noted that VECO contributes to the achievement of SCA in cooperation with CSP and its members. And there has been some positive governmental influence regarding progress at the level of the SCA – e.g. facilitating an institutional environment that supports inclusivity, regulation, sustainable production and administrative/credit systems.

Background:

- Weak negotiation position of farmers due to inability of FOs to build business relations and negotiate with the private sector.

Link to pilots:

- Pilots in Flores and Sulawesi
- FOs strengthened in these pilots
- Models lead to agreed vision on need for professionalism in business
- Members of CSP implement inclusive business models with FOs to support professionalism of FOs

Long-term goal:

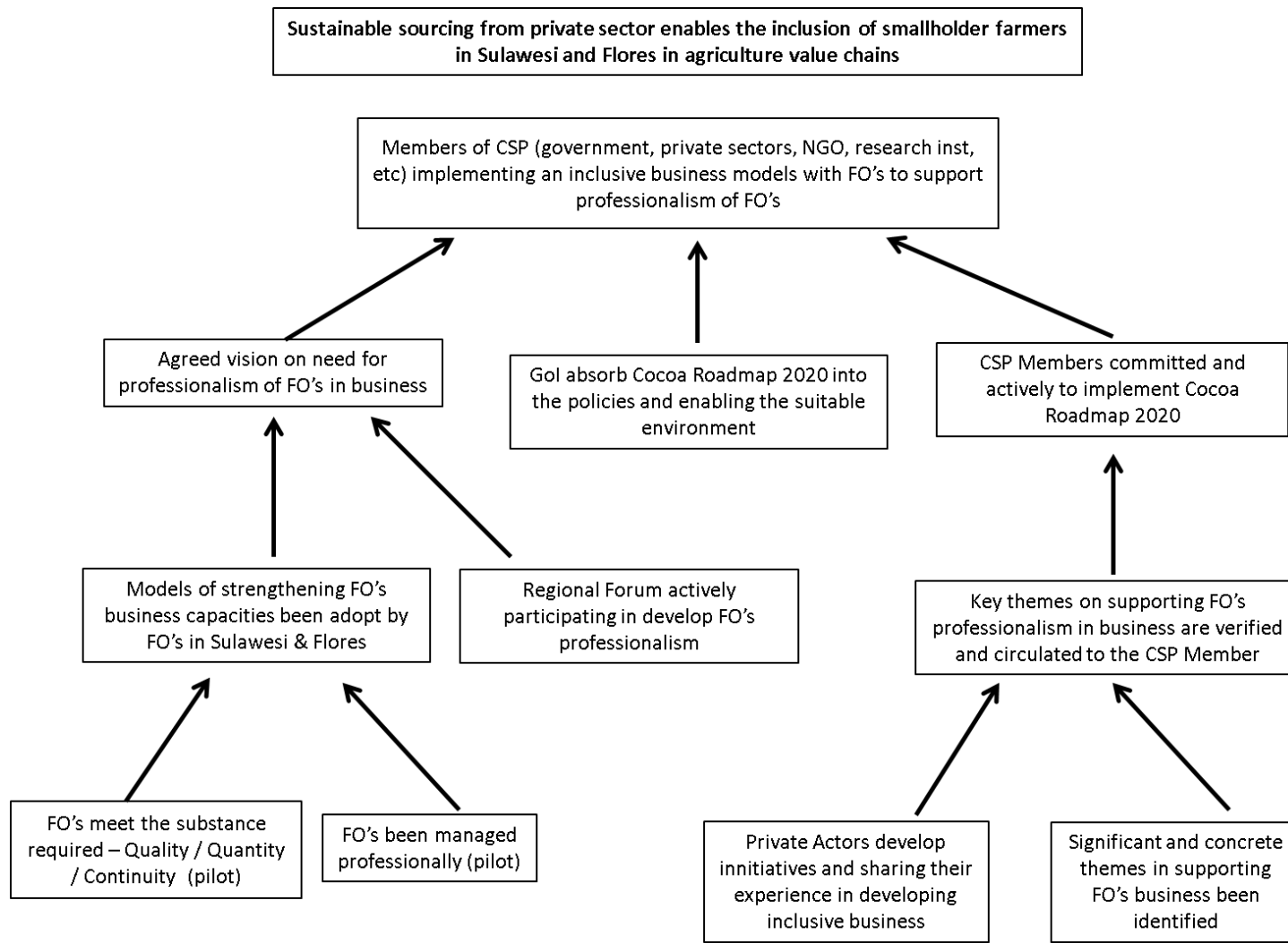
- Sustainable sourcing from private sector enables the inclusion of smallholder farmers in Sulawesi, and Flores in agriculture value chains

Specific Task Forces set up by the CSP:

- a. Planting Material and Agro Input
- b. Access to Finance
- c. Knowledge Management
- d. Service Delivery & Farmer organization
- e. Role of Government and Donors
- f. Develop Key Performance Indicators (KPI) to assess the results.

For more information: VECO SCAF Indonesia (IMM) and SCAR Indonesia (IMM)

b. Pathway of change



List of sub-SCAs, which are the pathways of change for the SCA:

- 1.1. Number of private sector that implement program promoting FO's professionalism
- 1.2. Number of initiative taken by Regional Forum in region
- 1.3. Commitment from CSP Members (budget - policy) to promote farmers' professionalism
- 1.4. Government commits to implement program for FO's professionalism
- 1.5. Numbers of developed business model conduct by CSP Members
- 1.6. Number of positive public response on inclusive business principle

c. Observed changes in outcomes at SCA level

<p>Main conclusion SCA1: Some progress of members of CSP (government, private sectors, NGO, research institutions, etc) promote professionalism of FOs in business in the cocoa sector in Indonesia through the Cocoa Roadmap 2020</p>	<p>Not all the parts of the roadmap have been taken up by members of the CSP. Specifically, the promotion of professionalism of FOs has only been done by a few members. There is some progress, however, with IDH, Swisscontact, as well as Mondelez with Cargill, promoting the idea that professionalism of FOs has a good potential in connection with the 2020 roadmap. Most members of Government in particular still have a different understanding of FOs and their potential. But even with the Government some progress has been made at provincial and local level.</p>
<p>Main conclusion SCA 1.1: Progress goes well in the number of private sector actors that implement program promoting FO's professionalism</p>	<p>The promotion of private actors towards FOs' professionalism is becoming general consensus, but different private sector actors have different understandings on how much independence is part of the professionalism. In many cases, the private sector has control of supply chain in mind, and there is a sense of uncertainty as to whether investment in strengthening FOs will result in obtaining beans from these supported FOs in return. In this regard, VECO remains in a unique position, implementing a program that is promoting independent professional FOs, such as AMANAH. Encouragingly, the model of AMANAH is being followed by more and more FOs on Sulawesi.</p> <p>The CSP has decided to work with VECO and the Sensemaker methodology to collect the response from a large number of farmers in order to get a better understanding of the actual level of implementation and achievement of 2020 Roadmap indicators.</p>
<p>Main conclusion SCA 1.2: Good progress in number of initiative taken by Regional Forum in region.</p>	<p>There is generally good progress on Sulawesi and Sumatra in the establishment of a regional forum, but on Flores the process is taking more time than expected, as information was not reaching the CSP from multiple sources and the different areas of Flores are not easily combined into one region. A key initiative is in the Forum's work with the Government to influence work plans and determine how subsidies are spent to the benefit of smallholder farmers. In the case of on Sulawesi with respect to the Luwu Raya Regional Forum, there is an additional role in communicating with private sector about their areas of intervention in order to avoid overlap. Finally, the Regional Forum allows VECO to address training aspects in application to a wider range of farmers, beyond the FOs which VECO is directly working with.</p>
<p>Main conclusion SCA 1.3: Some progress in terms of commitment from CSP Members (budget - policy) to promote farmers' professionalism</p>	<p>As mentioned in 1.1 above, there is commitment to the idea of farmer's professionalism but the actual budget allocation remains limited among all CSP members. The private sector has to make sure that they obtain the quantity of bean and FOs tend to sell to the buyer who offers the highest price. FOs might still sell to another buyer even if they received support to build their FO from a different buyer. This creates pressure on the private sector to allocate larger budgets to their purchasing department rather than their FO training</p>

	<p>department. There is some progress, however, with various private sector members investing in FOs professionalism.</p> <p>The Government of Indonesia has shown some interest in changing their approach towards cooperatives and FOs, but the CSP is still in the phase of convincing Government to allocate the desired budget and policy change to implement the roadmap fully, which includes the strengthening of FOs.</p>
<p>Main conclusion SCA 1.4: Some progress in the government commitment to implement program for FO's professionalism</p>	<p>There are various central and provincial/regional government supported programs which allow to conclude that there is some progress. More progress, especially at higher level government, is needed to claim that this sub-SCA is in the green "good progress" category.</p>
<p>Main conclusion SCA 1.5: Numbers of developed business model conduct by CSP Members</p>	<p>There are at least five identified business models (cooperatives, outsourcing, CDC, CVC, unorganized farmer business model) developed by CSP Members. These were presented publicly during a CSP GA in early 2016. The SCP is coordinating the work to facilitate and promote these models. VECO has contributed substantially through the work on 4 models except outsourcing.</p>
<p>Main conclusion SCA 1.6: Number of positive public response on inclusive business principle</p>	<p>Both CSP and VECO admitted that the available data had not been analyzed systematically to confirm whether good progress in positive public response has been reached.</p>

Observed evidence from indicators (source: SCAR)

SCA 1: Members of CSP (government, private sectors, NGO, research institutions, etc) promote professionalism of FOs in business in the cocoa sector in Indonesia through the Cocoa Roadmap 2020				
SCA	2014 (baseline)	2016 (target)	Comments	Result
1.1. Number of private sector that implement program promoting FO's professionalism	10	8 (14)	Number of implementing buyers did not reach the required level, but at the same time the number of active buyers in Indonesia has been decreasing through mergers.	
1.2. Number of initiative taken by Regional Forum in region	1	8 (6)	This was fully met, although the scale, difficulty, and impact of each initiative is difficult to measure	
1.3. Commitment from CSP Members (budget - policy) to promote farmers' professionalism	4	Below target (7)	Some progress was made, but especially on the budget side the commitment has been limited.	
1.4. Government commits to	4	Below target (7)	Some progress made but actual implementation through the	

	implement program for FO's professionalism			government, especially higher level government, is still limited.	
1.5.	Numbers of developed business model conduct by CSP Members	6	5 (6)	Five business models were conducted and identified through the CSP. VECO play key role in 4 models.	
1.6.	Number of positive public response on inclusive business principle	Not counted	Below target (4)	Both CSP and VECO had no clear data available to measure the impact in terms of public response. In the case of Amanah members, positive results have been obtained in the inclusive business scan using Sensemaker. CSP is going to use the same methodology to measure progress of the Roadmap indicators, originally planned for 2016 but postponed to 2017.	

Support Strategies:

Support Strategy	Summary of activities	Achieved
NURTURING THE DEBATE & AGENDA SETTING		
1. Support Multi stakeholder processes <ol style="list-style-type: none"> a. Exchange/workshops/seminars with business stakeholders and government on specific topics (fermentation for smallholders business, etc) b. Business platforms (CSP) 	VECO Indonesia undertook many activities contributing to supporting multi-stakeholder processes. These mainly included: <ul style="list-style-type: none"> • Participation in CSP (in the GAs, in three Task Forces, on the Supervisory Board, as chairman of the board, as a treasurer) • Running fermentation workshops with private actors as well as information sessions at regional forums on market driven certification programs • Introducing a monitoring tool, the Sensemaker methodology toward the CSP to measure impact on the ground. • Running the ScopeInsight tool with CSP members to measure the performance the management of FOs 	
BUILDING EVIDENCE		

Support Strategy	Summary of activities	Achieved
<p>Publication of best practices of Inclusive Business from the point of view of the business sector</p>	<ul style="list-style-type: none"> • Using a range of media to publicize program achievements (exhibitions, printed material, digital material, etc) that incorporate the desired impacts (VECO) • Develop farmer learning management models with CSP members. Specifically, the VECO-facilitated Sensemaker and Scopelnsight methodologies have received positive uptake from the private sector on Sulawesi. The Scopelnsight methodology allows to measure the strength and weakness of a given FO and prepare an individual improvement plan for them. • Capacity building of FOs which was consistently confirmed during the FGD with FOs both on Flores and Sulawesi. • Supporting development of business units in farmer organizations, which has been successful with FOs such as AMANAH who obtained their own certificate and market and sell their cocoa with a premium price. 	
EXTERNAL COMMUNICATION (MARKET WHAT WE DO)		
<p>Facilitate access to business financing models for FOs with finance institutions (Central Bank of Indonesia (BI), International Finance organizations and Local Banks)</p>	<ul style="list-style-type: none"> • Supporting the CSP and facilitating program partners/farmer organizations in each strategic activity. Focus is on the promotion of inclusive business models to the public. • BT Cocoa confirmed their support towards farmer organizations, but were unable to stay competitive in the Indonesian cocoa market, which is increasingly dominated by a few large buyers. A new company called POD Bali on Bali has responded positively to VECO's model of supporting FOs. Bali Big Tree, on the other hand, has not made significant progress with VECO in addressing FO needs. Both MARS and Mondelez 	
<p>Publication overview of inclusive business from the point of view of the publics</p>		

Support Strategy	Summary of activities	Achieved
	<p>continue to work with VECO directly or through their suppliers. If the FOs can deliver quantity and quality these partnerships will continue to grow. With Comextra Majora in Makassar the engagement on Flores has been key, where so far a lack of buyers is reducing FOs bargaining position.</p>	
EXPANDING AND USING OR NETWORK		
<p>Foster Cooperation linkages with CSP and National Government</p>	<ul style="list-style-type: none"> • Lobbying and promoting to financial service providers. Result was a cooperative agreement with Bank NTT to provide capital loans to FOs, which according to the interviewed FOs would not have been established without VECOs support. And VECO has played a key role in ensuring that loans are managed well by FOs, which in one case was a challenge. • Inspiring government to participate in creating a climate that is conducive to farmer businesses, which has been most successful at a regional and provincial level, where VECO has a stronger connection compared to the central government. • Expanding sources of funding support for the development of farmer organizations. The aim is to use success stories from the program to secure more support from donors in the future. This has been successful in the agreement with Swisscontact to implement the MCA funded activities on Flores and Sumba island. Meeting the agreed target of farmers has been a challenge for VECO due to the technical problems with the application used. 	
LEARNING & KNOWLEDGE SHARING		
<p>National and International workshops, Seminars on Cocoa in collaboration with CSP and other stakeholders</p>	<ul style="list-style-type: none"> • Participating in national and international workshops, as well as 	

Support Strategy	Summary of activities	Achieved
<p>Distribution and sharing results of case studies on cocoa together with relevant private actors</p> <p>Annual meetings and Exhibitions on cocoa in collaboration with private companies and Government</p>	<p>contribution in the GA meetings of CSP, by VECO on a regular basis, involving FO representatives whenever possible.</p> <ul style="list-style-type: none"> Organizing workshops to share results of Inclusive Business Scan of Amanah to Mars, Swisscontact, CSP and other FOs. VECO also presented the Sensemaker tool to CSP members in GA meeting. Participating in developing models for publicizing programs at the VECO level. 	
OTHER		
<p>Build capacities of FOs to negotiate with private actors</p>	<ul style="list-style-type: none"> Organizing the Classic Bike event in Sulawesi since 2014 in cooperation with HO and including visits to cocoa partners In 2016 executing the Scopelnsight methodology with all FOs including some FOs where an advanced Scopelnsight assessment was conducted. A workshop was held in September 2016 which brought together cocoa buyers and producers. The Scopelnsight data facilitated FOs to reach business deals with buyers. Business meetings between FOs and existing and potential buyers conducted at pilot level in Flores and Sulawesi 	
NURTURING THE DEBATE & AGENDA SETTING		
<p>2. Support Multi stakeholder processes</p> <p>a. Exchange/workshops/seminars with business stakeholders and government on specific topics (fermentation for smallholders business, etc)</p> <p>b. Business platforms (CSP)</p>	<p>VECO Indonesia undertook many activities contributing to supporting multi-stakeholder processes. These mainly included:</p> <ul style="list-style-type: none"> Participation in CSP meetings Running fermentation workshops with private actors 	
BUILDING EVIDENCE		
<p>Publication of best practices of Inclusive Business from the point of view of the business sector</p>	<ul style="list-style-type: none"> Using a range of media to publicize program achievements (exhibitions, printed material, digital material, etc) that incorporate the desired impacts (VECO) 	

Support Strategy	Summary of activities	Achieved
	<ul style="list-style-type: none"> • Develop farmer learning management models with CSP members. Specific question: to what extent did you benefit from VECO expertise and convening power in learning about effective FO capacity building programs? (CSP, private partners) • Capacity building of FOs (to be checked through the FO conversations in the pilot assessment) • Supporting development of business units in farmer organizations (to be checked through the FO conversations in the pilot assessment) 	
EXTERNAL COMMUNICATION (MARKET WHAT WE DO)		
<p>Facilitate access to business financing models for FOs with finance institutions (Central Bank of Indonesia (BI), International Finance organizations and Local Banks)</p>	<ul style="list-style-type: none"> • Supporting the CSP and facilitating program partners/farmer organizations in each strategic activity. Focus is on the promotion of inclusive business models to the public. (Check with CSP private partners and potentially with FOs) • Visiting private actors (BT Cocoa and Big Tree Farm in Bali and Comextra Majora di Makassar) to discuss the possibility of their supporting farmer organization businesses (check with BT Cocoa and possibly Comextra Majora in Makassar: to what extent did they benefit from VECO efforts to support farmer organizations?) 	
<p>Publication overview of inclusive business from the point of view of the publics</p>		
EXPANDING AND USING OR NETWORK		
<p>Foster Cooperation linkages with CSP and National Government</p>	<ul style="list-style-type: none"> • Lobbying and promoting to financial service providers. Result was a cooperative agreement with Bank NTT to provide capital loans to FOs • Inspiring government to participate in creating a climate that is conducive to farmer businesses (check with VECO what concretely was done, as this is a tough one to assess) 	

Support Strategy	Summary of activities	Achieved
	<ul style="list-style-type: none"> Expanding sources of funding support for the development of farmer organizations. The aim is to use success stories from the program to secure more support from donors in the future (check with VECO; this is a difficult one to test) 	
LEARNING & KNOWLEDGE SHARING		
National and International workshops, Seminars on Cocoa in collaboration with CSP and other stakeholders Distribution and sharing results of case studies on cocoa together with relevant private actors Annual meetings and Exhibitions on cocoa in collaboration with private companies and Government	<ul style="list-style-type: none"> Participating in national and international workshops Participating in developing models for publicizing programs at the VECO level 	
OTHER		
Build capacities of FOs to negotiate with private actors	<ul style="list-style-type: none"> Organizing the 2014 Classic Bike event in Sulawesi in cooperation with HO and including visits to cocoa partners 	

Evidence from partners (Source: key informant interviews)

CSP (Ms. Rini): The work areas with VECO are clear: see the CSP Work Program and VECO support program in the period 2014-2016. CSP's focus is on the implementation of the 2020 roadmap, which was agreed upon in the CSP GA.

Addressing **sub-SCA 1.1:** Number of private actors that implement program promoting FOs professionalism

CSP response: *"All CSP Members implement such a program, whether originating from the members of the Research Institute or Private Sector. The challenge for CSP is when you want to measure the extent of achievement farmer professionalism of itself."* When asked about the role of CSP: *"At the moment the solution is to use the benchmark 'principles' and 'criteria' of each item produced by the Task Forces."*

The CSP describes VECO's role as *"Directly involve private actors in activities that support the professionalism of FOs; attend meetings of the scope of the CSP, inform and share experience in meetings within the scope of the CSP."*

With regards to how to move forward, CSP comment that this is *"highly dependent on each private actors' target. CSP is not in the position to push towards professionalism for example, because all depends on the decision of members (in the formulation of the task force, for example)."*

Addressing **sub-SCA 1.2**: Number of initiative taken by Regional Forum stakeholders in the region. Comments made by **Mr. Sam** Sumastono, Head of the **Regional Forum Luwu Raya** (Fomakara):

The Forum has 10 active members and received financial support as well as trainings from the CSP. Mr. Sam described VECO's main contribution to the Forum as attending forum meetings. Mr. Sarif (VECO field staff) attended and clarified VECO's position on where VECO is supporting cooperatives and in what way. According to Pak Sam, many farmers want to join the VECO-supported work because they see a benefit in getting a market-driven certification established. Farmers look at training support from VECO on SOP for farmer organizations and other services.

Fomakara does not have an agenda of direct assistance to farmers. Fomakara's support is provided through the discussion of issues that affect farmers directly or advocating policies to support budget policies (particularly those coming from the government). The main activities of the Forum, according to Mr. Sam, are stakeholder outreach, facilitation, and mediation. It is an important issue for Mr. Sam that the required certificates are in place to become a seller of seed material. Obtaining these seed certificates from the local government offices is not easy, because the office was reluctant to issue these certificates despite existing approval from the Indonesian Cocoa and Coffee Research Institute (ICCRI). The Forum is therefore requesting support from the Government to involve Farmers in the seed production development. The Forum can help to address other problems as well, such as overlapping areas between buyers (MARS/OLAM). The Forum takes one issue with high attention: Standardization of data (relating to production, the number of farmers, area, production, clones, productivity, attacks pests and diseases, climate stress).

According to Mr. Sam, the subsidy for fertilizer is not sufficient, making organic fertilizer production not fully operational. PH level is already low in three districts, resulting in productivity loss. Testing equipment is desired, to get a picture of how much fertilizer is needed. To support the successful achievement of the two main targets of the Roadmap 2020 (double productivity and engaging a new generation of farmers) Fomakara is advocating budgetary support for farmers by the Government of Luwu Utara. Currently, the allocated budget of North Luwu Regency in Fiscal Year 2016 should be changed in the form of soil pH test equipment procurement; to be distributed to farmer groups.

Another activity is advocacy to change budgeting to support more diverse inputs instead of fertilizer. This is only for farmers in Luwu Raya region (Palopo - Luwu Utara - Luwu Timur) that have been approved by the South Sulawesi Plantation Office to be included in the budget changes in South Sulawesi Province for Fiscal Year 2017. The certainty of this budget approval still depends on the support of the Ministry of Agriculture and the House of Representatives. Finally, it was clarified that farm certification and collective marketing of farm products are not on Fomakara's agenda at the moment.

CSP responded:

Swisscontact initially started the Forum work. Since 2014, CSP started to engage and invite the Regional Forums (RFs). Swisscontact has given financial support, which will continue until 2018. Initially, alignment work was necessary. In 2015, three RF were formed; and until 2016 there were six RFs (5 of them supported by CSP funding). RFs play a key role in preparing RDKK (Definite Group Work Plan) which are used by the Government and relevant agencies. RFs work together to improve the technical capacity of farmers. RFs coordinate / provide market access in this regard, which encourages the private sector to commit to buying the products of farmers.

The following activities were conducted in relation to regional forum. The workshop in Bogor was conducted in 2016 to agree on roles of Regional Forum. It is CSP's role to support the availability of budget for the RF work program which requires an active involvement in the planning and implementation in RF. CSP promotes RF to the national level and involves RF in the CEPAT program of the Ministry. From November 16th-17th 2016, a Regional Forum Meeting was held. Key in its success is having a strong leadership person in each forum. The South, Central and South-East Sulawesi Forums are working well. In West Sulawesi, the Forum leader was not active, and there were difficulties in communication. The situation is not clear on who is in charge of that forum. In the budget, for the year 2016, VECO has allocated fund to support CSP to develop a Cocoa Forum on Flores. Apart from a meeting on Flores, there are no activities and no results so far, and a common understanding with CSP was not reached (See Flores Section of this report for the hindering factors on the ground). There is a plan in the CSP community to scale up the Regional Forum with the development of inclusive business as a benefit.

The CSP (Ms. Rini) mentions that VECO is actively involved in meetings with a variety of RFs. In the case of Luwu Raya (Fomakara), VECO coordinates and engages in activities at the Pilot Chains and involves FOs to Fomakara. Fomakara is promoted by CSP towards the Ministry of Agriculture.

For Flores, unfortunately, the joined activities between CSP and VECO are temporarily on hold until a mutual understanding between VECO and CSP is reached about Regional Forum activities on Flores. CSP conducted an initial assessment and VECO conducted the follow-up assessment. There are different initiatives in different parts of Flores and it is not yet clear how these can be combined in one regional forum. VECO Flores team responded *that the currently claimed existing Cocoa Regional Forum in Flores does not accommodate FOs in Flores and consequently their (and farmers) interests. VECO expects the forum to truly represent cocoa farmers and FOs in Flores. 'on hold' refer to the use of originally allocated funds of VECO to CSP, not to stop the initiative.*

Addressing **sub-SCA 1.3**: Commitment from CSP Members (budget - policy) to promote farmers professionalism:

CSP responded: In general, all members of CSP support the professionalism of farmers in terms of budget-policy. The outcome can be measured from the activities and the active role of all Members CSP in this effort. 2016 is a progressive year for farmer professionalism, which can be seen from the implementation of the government cooperation program CEPAT. CSP requests data from members and sends the data sets to the CEPAT program.

CSP's role is to support and promote the implementation of the program of farmers' professionalism of CSP members (media about chocolate, CSP sites, meetings with other stakeholders, etc.). CSP addresses data and coordinates field activities with the CSP Members of the CEPAT program.

VECO's role is seen by CSP as a member who is involved in existing CSP value chain work at the Pilot level. There is cooperation to develop a program of mutual support among CSP members (identification and analysis of service delivery models).

Moving forward, implementation of the CEPAT program is challenged by budget availability. It is most likely that CSP members will create mutual support activities which are based on each Task Force findings or the results of existing studies.

Addressing **sub-SCA 1.4**: The government commits to implement programs to improve FO's professionalism.

CSP responded: The impact can be seen from the various government (Central or Provincial / Regional) support programs for the development of the national cocoa sector. Luwu district received support from the National Land Agency and Bank Rakyat Indonesia (BRI) in the management of Land Ownership Certificates. This certificate is prepared to support access to financial services for cocoa farmers. Similar support is also found in the procurement of soil pH test kits. There is engagement with government extension service to support budgeting (cash - in kind) for cocoa-based activities (Aceh, West Sumatra, South Sulawesi, West Sulawesi, Flores).

CSP's role is to: facilitate Fomakara in their management of the program in the region of Luwu Raya; ensure that Fomakara is coordinated with the CEPAT program manager; facilitate data consolidation requirements of CSP Members to the CEPAT program.

VECO role is to: consolidate information on the activities and achievements of the program through the CSP; and VECO is actively involved in government activities in the locations of existing VECO programs.

Moving forward, CSP Members need to follow up the achievements of the program to make them more concrete (e.g., facilitating the issuing of Land Certificates in Luwu). Follow-up can be done alone or in cooperation with other CSP Members. CSP is not tasked with implementation, but coordinates members' activities.

Addressing **sub-SCA 1.5**: Numbers of developed business model conducted by CSP Members.

CSP response: There are at least five identified business models (cooperatives, outsourcing, CDC, CVC, unorganized farmer business model) developed by CSP Members.

CSP's role is to: facilitate and promote the development of business models that already exist.

VECO's role is to: support efforts to identify the achievements of these business models in the *service delivery models* study (drafting a proposal, discussing the details of the targets to be achieved with the CSP Members; provide budget study activities, be involved in the discussion of the study results to formulate, promote the findings through CSP).

Moving forward, the results of the study will be a clear reference for CSPs work for the coming years. For example, how the CSP program helps members measure the achievements of the success of strengthening the professionalism of farmers will be based on the findings of the study results.

Addressing **sub-SCA 1.6**: Number of positive public response on inclusive business principle

Public response itself is interpreted as everything that is commented on by the public related to the CSP program, a partnership that carried out by the Members CSP and the like. Up to 2016 period. This cannot be done by CSP in full.

The role of CSP is to: identify the distribution map of member activities; collect and identify secondary data (Plantation Office, the Central Bureau of Statistics, Member of CSP, news, comments from the CSP site and social media, etc.)

VECO's role is to: provide key points of VECOs key agenda; give some news links; support the information needs of CSP in VECO.

Moving forward, CSP confirmed that a series of such information is already beginning to formulate concrete themes that can be used to support the organizations' business farmers. It has also taken into account the parties who may be involved in achieving it.

Additional info from the CSP: On the 18th of November 2016 there is a CSP planning meeting in Jakarta for 2017. VECO is invited to provide a training session on Inclusive Business. There is a common alignment among CSP members to support farmers to become professional agronomists (according to MARS, when a farmer reaches at least 1ton/ha), but there is no alignment that professional FOs are the best way to reach the roadmap objectives.

Swisscontact's response towards the question as to what VECO's contribution has been towards the CSP was that *"VECO played a valuable role in CSP as a member contributing in general assemblies and later as well in the Supervisory Board. Before becoming Treasurer of the SB, VECO supported the Executive Office in the monthly accounting and expenses journals."*