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# ALLIANCES IN ACTION

## AMARTA SULAWESI KAKAO ALLIANCE

### DEVELOPMENT CHALLENGE

Indonesia is the world's third largest producer of cocoa, with about 70% of that cocoa originating in Sulawesi. On this large, lush island to the east of Java, cocoa production is a way of life for many smallholder farmers. In 2007, however, the island's cocoa farmers lost about \$127 million to the ravages of the Cocoa Pod Borer and other pests and diseases. These cocoa tree problems reduce yields by as much 60% and leave the farmer with poor quality cocoa beans – reducing income and threatening Sulawesi's status as a major producer and exporter of cocoa.

### BUSINESS CHALLENGE

The Indonesian cocoa industry is beset with challenges. One challenge is the poor quality of the cocoa beans. Farmers in rural areas often sell their cocoa at below market rates to the local debt collector to pay off debts. Because of this system, farmers are disincentivized from producing the higher-quality beans which companies demand. The second major challenge to developing the industry is the shipping system, which relies on informal payments and inconsistent guidance regarding export taxes.

### APPROACH

Through the AMARTA Sulawesi Kakao Alliance (ASKA), USAID, Blommer Chocolate Company, and Olam International work with the Government of Indonesia to promote Sulawesi's cocoa industry. By providing training in pest and disease control technologies and cocoa best management practices, the alliance helps to improve farm productivity and increase the incomes of rural cocoa farmers. In addition, partners provide local farmers with information on the cocoa grading process so that farmers can command higher prices at local buying units for their crops. So far, the alliance has worked to provide more than 20,000 farmers with the knowledge and training in cocoa production and access to local cocoa buying stations that pay premium prices for high-quality cocoa. Farmers who have gone through the training program are benefiting from increased cocoa yields and income of up to 75%.

### PARTNERS



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### RESULTS

- Since 2007, the alliance has enabled 20,683 farmers, or 820 farmer groups, to increase productivity and improve the quality of cocoa beans.
- Olam International has set up more than 9 rural buying stations in South Sulawesi.
- In Southeast Sulawesi, partners are providing farmers with direct access to major exporters.
- Blommer Chocolate Company pays a premium of 200 Rupiah (US \$0.21) per a kilogram for export-grade cocoa.

### FAST FACTS

START: 2007      END: On-going

PARTNER CONTRIBUTIONS:  
Buying stations , Training and Technical Expertise

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