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SUSTAINABLE COCOA AGROFORESTRY FOR CLIMATE CHANGE RESILIENCE

Despite Indonesia's large and diversified economy, the agricultural sector is still one of the primary drivers of the country's steady economic growth, providing incomes and livelihoods for millions. However, climate change presents a significant threat to economic growth as well as to the country's people and environment.

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Climate change impacts not only affect agricultural businesses and farmer livelihoods but also vulnerable populations, including women and indigenous groups, that depend on their crops for subsistence. Furthermore, the unsustainable agricultural practices in Indonesia that drive land-use change, deforestation, and forest degradation, are significant sources of carbon emissions.

Agroforestry is the integration of trees and shrubs into crop and animal farming systems to create environmental, economic, and social benefits. This agricultural practice offers cocoa farmers who are vulnerable to climate change a way to increase productivity, sequester carbon in agricultural lands, and increase their resilience to extreme weather and climate events. The adoption and scaling of agroforestry practices by smallholder farmers has been hampered by constraints such as limited access to credit and sustainable financing, uncertain rights to use land and trees, a lack of incentives to invest in ecosystem services, and the limited engagement of large commercial actors to help provide financing,

technical assistance and incentives. Wide scale adoption of agroforestry has also been challenged by the difficulty of convincing farmers of the social, economic and environmental benefits offered by agroforestry practices.

ADVANCING COCOA AGROFORESTRY TOWARDS INCOME, VALUE AND ENVIRONMENTAL SUSTAINABILITY (ACTIVE)

Through ACTIVE, a partnership with Mars Inc., the United States Agency for International Development (USAID) works with Indonesia to achieve its commitment to combat climate change and strengthen economic growth while reducing inequality and poverty.

ACTIVE will promote evidence-based sustainable cocoa agroforestry practices to address climate change mitigation and adaptation, increase climate change resilience, and improve smallholder farmer incomes while ensuring a high-quality cocoa supply. ACTIVE will work with national, provincial, and district governments, local communities, financial institutions and other key players to promote proven, scalable agroforestry practices, increase farmer access to financing and crop insurance, and build partnerships with key stakeholders to improve the business environment for cocoa agroforestry. Through ACTIVE, USAID will implement inclusive agroforestry market-based strategies to ensure that smallholder cocoa farming and related agribusinesses in South and Southeast Sulawesi Provinces are both sustainable and profitable.

The ACTIVE partnership between USAID and Mars Inc. will increase the impact of USAID assistance to Indonesia. It will benefit from Mars' investment and supply chain management experience. The partnership will also leverage lessons learned from Mars' recent successes in improving livelihoods of the smallholder cocoa farmers on which its supply chain depends.

ANTICIPATED RESULTS

Through ACTIVE, USAID will help 9,000 farmers adapt to climate change and manage their cocoa farms with sustainable practices. This support aims to reduce an estimated 650,000 tons of carbon dioxide equivalent (CO₂e), increase farmers' cocoa yields by 30 percent, and increase their incomes by 15 percent.

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Drafted:
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Cleared:
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