

PRESS RELEASE
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Thousands of Cocoa Farmers in Southeast Sulawesi Receive 5.8 Billion Rupiah in Premiums for Its Certified Cocoa Beans sold in 2015

On the 25th of July 2016, thousands of Southeast Sulawesi cocoa farmers received a total of 5.8 Billion Rupiah in premium fees for their UTZ certified cocoa beans sales. Through the local cooperative and UTZ certificate holder, *Koperasi Gabungan Gapoktan (KGG)*, the farmers had been inspected and passed on several steps of quality assurance to ensure compliance with the voluntary certification standard of UTZ Certified, making them eligible for the premiums.

Under the SERAP Project, ADM Cocoa bought 2,274 Metric Tons of certified cocoa from KGG and its UTZ certified farmers. In November 2015, the SERAP Project was taken over by PT. Olam Indonesia, one of the big players in the Indonesian cocoa supply chain.

The cocoa commodity has recorded a significant price increase over the last decade. Moreover, the demands are globally high. The Indonesian Statistical Institute reports that in 2014, 147,390 Metric Tons of cocoa beans was produced in Southeast Sulawesi alone. However, various factors are negatively impacting the national cocoa bean production, such as old trees or depleted soils. Unsurprisingly, this causes a decrease of production volume. No doubt, cocoa farming is hard work and the trees need a lot of attention, but the income of professional cocoa farmers can be much higher by comparison of other crops.

Responding to the issue, Swisscontact through its Sustainable Cocoa Production Program (SCPP) in partnership with ADM Cocoa's SERAP Program has trained more than 6,000 farmers in Kolaka and Kolaka Timur, Southeast Sulawesi. Swisscontact's SCPP has overall supported more than 68,000 cocoa farmers in Indonesia since 2012. The training covers among transparent market access also cocoa planting techniques, emphasizing on the sustainability of the plants and ecosystem. This has become the approach needed to increase production volume in the future and ensure sufficient income for cocoa farmers and the important work they do. Besides, consumers worldwide are increasingly demanding sustainability and traceability from chocolate product suppliers and Swisscontact is willing to step up to help improve the current situation.

Abdul Gafur as the chairman of *Koperasi Gabungan Gapoktan* expressed the commitment of the cooperative to maintain its certification for the farmers. "KGG takes effort to ensure that there will be more certified farmers because throughout the certification program, there is assistance and monitoring of production that will benefit our farmers in the long run". "Currently, there are 3,834 cocoa farmers who receive their individual UTZ Certified premium payments, based on traceable volumes delivered to cocoa buying units from KGG."

"We at Olam Cocoa believe that the best model to ensure a sustainable and robust cocoa community is by focusing on yield and quality improvement, ensuring traceability and most importantly providing fair prices to farmers through market access. KGG's initiative in Kolaka is a step in the right direction and confirms that partnerships like SERAP- KGG can help strengthen the local farmer community. I am sure the success seen here will motivate others to follow their model" Nikhil Chandan, Olam's General Manager says.

“Certification holding is for cooperatives one of the most promising business models, ensuring sufficient income to provide other services and benefits to the members of KGG, such as training, providing loans, and being the voice of the cocoa farmers in Kolaka and Kolaka Timur. I am very happy to see that the hard work of the farmers, the cooperative, and the public and private partners result in such a big amount paid. And the best is that the premium payments are cashless distributed to buying stations and the certified farmers, providing full transparency on the use of UTZ Certified and cocoa quality premiums.” Manfred Borer, Swisscontact’s country director says.

About Swisscontact

Swisscontact promotes economic, social and ecological development by supporting people to successfully integrate into local commercial life. Established in 1959, Swisscontact creates opportunities for people to improve their living conditions as a result of their own efforts. The focus of its systemic intervention in the private sector is the strengthening of local and global value chains. Through its projects, Swisscontact works to enable access to professional training, promotes local entrepreneurship, creates access to local financial service providers and supports the efficient use of resources with the goal of successfully promoting employment and income generation. In Indonesia, Swisscontact has been engaged for 42 years and runs four to five major projects with representative offices in Medan, Jakarta, Bali and Makassar. For more information, please visit www.swisscontact.org/indonesia

About Koperasi Gabungan Gapoktan

Koperasi Gabungan Gapoktan is a cocoa cooperative in Southeast Sulawesi, established in May 22, 2012. It was registered with the Cooperative Agency of the Kolaka District on October 18, 2012 with the number 524/BH/XXI/4/X/2012. The collective saving from its 1,406 members until April 2016 - December 2015 is IDR 127,246,000. The elected chairman of the board for 2016-2019 is Abdul Gafur. The cocoa certification program, implemented by Swisscontact - SERAP and the provincial government of Southeast Sulawesi in 2012, focus on the cocoa farmers’ capacity building and their organizational skills to establish Koperasi Gabungan Gapoktan for the benefit of its members.

About Olam International

Olam International is a leading agri-business operating from seed to shelf in 70 countries, supplying food and industrial raw materials to over 16,200 customers worldwide. Our team of 62,500 employees has built a leadership position in many businesses including cocoa, coffee, cashew, rice and cotton. Olam endeavors to generate economic prosperity, contribute positively to social wellbeing and manage our stewardship of the environment by providing sustainable agricultural products and food ingredients. Our ambitious goal is to have end-to-end sustainable supply chains by 2020.

For further information, please contact:

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A check worth 58 million rupiah was handed over by an OLAM representative to KGG which will widely be distributed to farmers with certified cocoa farms
(Photo: Swisscontact Indonesia)



A skill competition to prove which KGG members are better at cracking open cocoa pods and getting the beans out (Photo: Swisscontact Indonesia)