



Management Response

External Ex-Post Evaluation: Sustainable Cocoa Production Program in Indonesia

By Agramondis and Dalberg

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1) Background

The State Secretariat for Economic Affairs SECO, through the Trade Promotion Division (WEHU), has retained services of Agramondis and Dalberg for the external ex-post evaluation of the Sustainable Cocoa Production Program (SCPP) in Indonesia.

The SCPP, supported by SECO from 2012 to 2020, aimed to reduce poverty and greenhouse gas emissions in Indonesia's cocoa sector. At the outcome level, the aim was to increase the competitiveness of an environmentally responsible and inclusive cocoa value chain, through three intermediate outcomes: (1) enhance transparency, farm profitability and cocoa quality, (2) climate smart and environmentally friendly measures, and (3) enhanced living standards of local communities. The SCPP was implemented by Swisscontact and involved different international development partners, central and local governments, local and international cocoa companies, banks, and local/international cocoa platforms.

The ex-post evaluation of SCPP had two key objectives:

- 1) **Accountability:** To explore the long-term impact and sustainability of the SCPP. Specifically, to assess the extent to which the intervention has resulted in sustained (i) reduction in poverty in the Indonesian cocoa sector; (ii) mitigation of greenhouse gas emissions in cocoa farming practices and (iii) continuity of SCPP interventions—including tools, methodologies, and activities.
- 2) **Learning and steering:** To extract key lessons and recommendations from the SCPP's experience, aimed at strengthening the long-term impact and sustainability of existing and future programs.

3) Appreciation of the Report: Structure, Methodology & Process

The evaluation provides solid evidence for SCPP long-term impact. The following aspects can be highlighted:

- **Structure:** The report is clearly structured and well-written, providing a concise yet comprehensive overview. The narrative is adequate, and the report is enriched by various graphs, tables, information boxes and additional explanations in the annexes that facilitate comprehension.
- **Methodology:** The evaluation clearly outlined the approach, research design, and methodology while also highlighting its limitations. A broad and comprehensive programme dataset containing both during and post-intervention data was available to the evaluators. In particular, the availability of post-intervention data on farmers who continued or ceased receiving support from the private sector enabled a comparison of the long-term impact across different categories of beneficiaries, thereby strengthening the assessment of the intervention's contribution.
- **Process:** Collaboration with the evaluators worked well, thanks to the numerous iterations between SECO, the evaluation team, Swisscontact and Koltiva (which provided the ex-post farmers data). However, the evaluation process faced some delays due to clarification on the availability of data. Despite these challenges, the collaborative efforts and iterative process contributed to a thorough and insightful evaluation, underscoring the value of effective communication and coordination among all parties involved.

4) Key Findings and Lessons Learned

The evaluation finds that the SCPP had a significant and lasting impact on productivity, income, and environmental sustainability in Indonesia's cocoa sector. The key findings are summarized below:

Sustainability and impact

- The SCPP's improvements in productivity, income, and environmental sustainability persisted beyond the conclusion of SECO's support, though outcomes vary across regions.
- **Enhancing farmers' skills for market adaptability:** SCPP strengthened farmers' skills in Good Agricultural Practices and sustainable supply chain engagement. With SCPP's support, farmers became more productive and competitive, enabling them to fully capitalize on favorable cocoa market prices and conditions. These competencies enabled farmers to better respond to market fluctuations, such as the rise in cocoa prices in 2024, by returning to cocoa cultivation more efficiently and productively than before.
- **A model for industry collaboration:** The ongoing private sector support for farmers within their supply chains has been instrumental in sustaining program outcomes.
- The program serves as a best-in-class example of public-private partnership, which has also served as a blueprint for future development initiatives in Indonesia that work with the private sector to support sustainable agricultural value chains.
- **Income diversification among non-certified farmers:** Non-certified farmers emerged as a case study in resilience, showcasing the critical role of income diversification in sustaining livelihoods amid volatile market conditions. While these farmers did not achieve the same productivity gains as certified farmers, they demonstrated higher resilience, due to diversified income sources. This strategy mitigated risks associated with low cocoa prices and exemplifies the importance of supporting livelihood diversification in agricultural development projects.

- Further opportunities for impact: Although SCPP had an overall positive impact, the evaluation identified some factors that constrained its full potential for scalability and that deserves attention in future interventions. These include economic dynamics such as fluctuating cocoa prices, limited government support, infrastructure deficiencies, pricing incentives for certified cocoa and crop competition.

Relevance

- SCPP effectively tackled key challenge in the cocoa sector but faced uneven adoption and relevance in certain domains. Some private sector actors faced challenges such as fluctuating cocoa prices, high operational training costs, and government policies competing with cocoa production, which reduced their engagement with beneficiaries in some regions post-SCPP. To sustain relevance after the project's conclusion, it is essential that close cooperation is established during implementation with actors designated to continue support after the project ends, particularly the private and public sectors, to identify and address factors that may encourage or hinder continued support.

Coherence

- The program demonstrated strong alignment with private sector sustainability priorities and ongoing development programs in Indonesia's cocoa sector but faced gaps in government integration. Limited local government engagement restricted the systemic adoption of SCPP practices, particularly in underserved regions, contributing to regional disparities in outcomes.

Scalability and Replicability

- SCPP's approach provides a scalable model for sustainable agricultural practices that can be adapted to other crops and regions. The program's emphasis on private sector collaboration, traceability systems, and tailored farmer training is particularly well-suited for addressing challenges in export-oriented and climate-sensitive agriculture.

5) Shortcomings and other Important Considerations

One of the primary challenges encountered during the evaluation is due to its ex-post nature. Accessing relevant data proved difficult during the inception phase, leading to considerable delays. Access to and availability of project data after program conclusion should be clarified with the implementing agencies in advance to ensure seamless evaluation process.

Overall, SECO is satisfied with the evaluation. However, the final report could have benefited from somewhat more actionable and concrete recommendations, e.g. on private sector engagement or institutionalization of tools within government services. That said, we acknowledge that the high-level nature of the recommendations is, in part, a consequence of the evaluation's ex-post scope, which lends itself to a more generalizable rather than programme-specific guidance.



6) Recommendations

The following ten recommendations have been formulated by the evaluators to guide the support of future programs. These recommendations are designed to enhance the replication or adaptation of the SCPP approaches in similar interventions, with a focus on ensuring long-term impact, sustainability, and scalability.

RECOMMENDATIONS	MANAGEMENT RESPONSE			RESPONSIBILITY	TIMING
<p>Recommendation 1 – Foster long-term diverse partnerships</p> <p>Broaden the range of partnerships to diversify traditional support beyond the private sector and build resilience to sector-specific risks and downturns. Engaging a broader variety of stakeholders can foster more resilient and comprehensive development outcome. Promote sustainable landscape approaches for comprehensive development impacts across economic, environmental and social dimensions.</p>	Fully agree	Partially agree	Not agree	SECO, implementing agencies	Ongoing
	<p><u>Response</u></p> <p>WEHU fully acknowledges and actively promotes the value of partnerships in enhancing program’s impact. Collaboration among all stakeholders is essential for identifying sustainable pathways for long-term change, particularly when agricultural production must balance with natural resource conservation. Multistakeholder platforms that drive sustainability in key export commodities (e.g., cocoa, coffee, textiles) are a cornerstone of WEHU’s portfolio. WEHU also supports different landscape initiatives in Indonesia and other priority countries. Broader partnerships are also promoted through synergies with other projects within SECO’s Economic Development Cooperation portfolio or with complementary projects by other donors in Indonesia.</p> <p><u>Measures</u></p> <p>Continue promoting and strengthening diverse partnerships in both current and future programs, including in the context of landscape initiatives.</p>				
<p>Recommendation 2 - Strengthen private sector engagement</p> <p>Building on SCPP’s success, deepen partnerships with private sector actors to co-invest in</p>	Fully agree	Partially agree	Not agree	SECO	Ongoing
	<p><u>Response</u></p> <p>WEHU recognizes and emphasizes the key role of the private sector in achieving the sustainable development goals. WEHU already extensively</p>				

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training, certification, and sustainability initiatives. Support sector-wide standards, innovative tools like traceability systems, and public-private partnerships that bridge funding gaps and ensure smallholder farmers have equitable access to financial resources, technology, and markets.	<p>engages and promotes private sector engagement (PSE) within the framework of its economic development cooperation, in particular through its support to sustainable commodities platforms, which includes PPP mechanisms to drive innovation, standards, traceability, etc. The principles of cooperation are guided by SECO's approach paper to PSE. A strong engagement from the private sector is also a key requirement of SECO's Sustainable Landscape initiatives.</p> <p><u>Measures</u> Continue promoting and strengthening PSE in the framework of its economic development cooperation.</p>				
<p>Recommendation 3 - Enhance regional equity to address disparities in outcomes for underserved areas</p> <p>Address disparities in underserved regions by tailoring training and certification programmes, improving infrastructure, and collaborating with regional governments to close equity gaps.</p>	Fully agree	Partially agree	Not agree	SECO, implementing agencies	Ongoing
	<p><u>Response</u> WEHU recognises the importance of tackling regional disparities, especially in countries with vast underserved and rural areas like Indonesia. To bridge this gap, WEHU is increasingly piloting projects at the sub-national (provincial and district) level in Indonesia promoting sustainable landscape approaches, as well as revenue generation for sub-national government and infrastructure development. However, a key condition for WEHU support to landscape initiatives is private sector interest. WEHU does therefore not select the geographic intervention areas itself but co-finances private sector initiatives.</p> <p><u>Measures</u> Strengthen collaboration with sub-national entities to enhance regional equity where conditions are suitable.</p>				
<p>Recommendation 4 - Institutionalize tools within government programmes</p> <p>Integrate SCPP-developed tools, such as Good agricultural practice and financial literacy modules, into public extension services and align</p>	Fully agree	Partially agree	Not agree	Implementing agencies	When exiting a project
	<p><u>Response</u> WEHU agrees with this recommendation. Ensuring strong buy-in and enhanced capacities of local governments to lead the district sustainable agenda is at the core of the jurisdictional landscape projects supported by SECO in Indonesia. This approach aims from the outset to engage local</p>				

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<p>them with national policy frameworks to ensure systemic change.</p>	<p>governments in a leadership role in defining and implementing the district's sustainability agenda. The tools and instruments developed under the intervention should directly address institutional needs and reflect the priorities set by local authorities, thereby facilitating their integration into extension services and ensuring their continuity when the donor support has ended.</p>				
	<p><u>Measures</u></p> <p>Promote local-government engagement and support institutional capacity of government entities at national and sub-national level to enhance long-term project outcomes.</p>				
<p>Recommendation 5 - Encourage income diversification and resilience</p> <p>Promote multi-crop systems, financial incentives, and technical support to build farmer resilience to market and climate risks while strengthening cooperatives for shared market access.</p>	Fully agree	Partially agree	Not agree	SECO, implementing agencies	Ongoing
	<p><u>Response</u></p> <p>WEHU agrees that diversifying income sources is essential for mitigating declining and volatile incomes among commodity-dependent households. The recommended approaches – such as multi-crop approaches and agroforestry – are well known to WEHU and are already widely implemented in WEHU supported agrichains projects in Indonesia and other priority countries.</p>				
	<p><u>Measures</u></p> <p>Continue supporting income diversification and farmers' resilience in projects, e.g. through the promotion of advanced agroforestry systems. Opportunity to further systematize income diversification instruments in existing commodity export-oriented programs in Indonesia is further assessed.</p>				
<p>Recommendation 6 - Address market volatility</p> <p>Promote price stabilization funds, risk-sharing agreements, and</p>	Fully agree	Partially agree	Not agree	Indonesian market regulators, cocoa sectoral associations, cocoa buyers' companies and traders, SECO	
	<p><u>Response</u></p>				

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<p>access to premium markets by aligning certification processes with international standards.</p>	<p>Support for certification and other voluntary sustainability systems as well as access to premium markets are central elements of WEHU's sustainable value chains projects in Indonesia and globally. Regarding price stabilisation funds and risk-sharing agreements, these largely falls under the responsibility of exporting countries and international buyers. While we acknowledge the merits of such policy interventions in principle, it is crucial to ensure that their implementation does not result in market distortions and is instead employed as an effective risk mitigation instrument.</p>				
<p>Recommendation 7 - Strengthen environmental resilience</p> <p>Climate change, prolonged dry season and high pest prevalence impaired cocoa productivity and discouraged farm maintenance. Ongoing technical support (agroforestry and sustainable land-use practices) are required to address these persistent issues.</p>	Fully agree	Partially agree	Not agree	<p>Implementing agencies, SECO</p> <p>Ongoing</p>	
<p><u>Response</u></p> <p>The climate agenda is a central and cross-cutting priority of SECO's interventions in the framework of economic development cooperation. Indeed, in many countries, agricultural practices need to adapt to the changing climate conditions to increase farm productivity and resilience. The proposed measures – such as agroforestry, crop diversification and training – are already widely applied within WEHU's sustainable value chains projects in Indonesia and other priority countries.</p>					
<p><u>Measures</u></p> <p>Continue to strengthen environmental resilience through sustainable land use, climate smart agricultures, more resilient species, etc.</p>					
<p>Recommendation 8 - Promote peer-led knowledge retention</p> <p>Institutionalize farmer-to-farmer mentorship and capacity-building initiatives to sustain knowledge transfer and foster community-driven adoption of sustainable</p>	Fully agree	Partially agree	Not agree	<p>Implementing agencies</p> <p>Ongoing</p>	

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practices within cooperatives and local government programmes.	<u>Response</u> WEHU recognises the value of farmer-to-farmer mentorship to anchor skills within communities and ensure the long-term sustainability of project results. In some instances, WEHU supports the establishment of local competence centres, though the business model of such centres has to be evaluated from the outset to ensure sustainability. We see this recommendation particularly targeted at implementing agencies responsible for developing training programs. As for the institutional integration by local governments, please refer to response to recommendation 4.				
Recommendation 9 - Pilot and scale across regions and commodities Test and adapt SCPP's proven frameworks to other commodities like coffee, palm oil, and rubber through collaborative pilot projects, ensuring scalability and regional relevance.	Fully agree	Partially agree	Not agree	SECO, implementing agencies	Ongoing
	<u>Response</u> This recommendation is already being addressed through the implementation of the Sustainable Landscape Programme Indonesia (SLPI). Initiated in 2023, the project promotes sustainable land use and mitigates deforestation across four jurisdictions in Indonesia by advocating a sustainable jurisdictional landscape approach. While the initiative's primary focus is on palm oil, it also encompasses other commodities, including cocoa and rubber. A support function has been integrated to facilitate collaborative efforts across the four landscapes and alignment with national policy frameworks, thereby enabling scalability. The programme places significant emphasis on the involvement of the private sector and the role of local government leadership, positioning it as both a legacy initiative and a subsequent undertaking that builds upon the insights gained from the SCPP experience. The project is also connected at the national level, facilitating further alignment between national and subnational policies, enhancing project impact.				

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	<u>Measures</u> Recommendation is already implemented.				
Recommendation 10 – Monitor and evaluate for continuous improvement: Develop robust evaluation systems to track long-term impacts, incorporate findings into programme adjustments, and align strategies with evolving regional priorities.	Fully agree	Partially agree	Not agree		
	<u>Response</u> A culture of learning and continuous improvement is an integral part of SECO's Economic Cooperation and Development Evaluation Strategy. WE regularly conducts internal, external and independent evaluations, based on the recognised international criteria of the OECD's Development Assistance Committee (DAC). In the context of the SLPI, a specific set of indicators has recently been developed to help monitor the aggregated impact of landscape initiatives in Indonesia. Additionally, a mid-term evaluation is underway to assess the program's performance to date and to inform a potential follow-on phase.				
	<u>Measures</u> Continue to promote a robust and rigorous MEL system in the projects it finances.				

Place, Date

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Place, Date

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