



Australian Government

Australian Centre for
International Agricultural Research

Agribusiness

Evaluating smallholder livelihoods and sustainability in Indonesian coffee and cocoa value chains



Overview

Coffee and cocoa are Indonesia's third and fourth most important sources of agricultural export earnings after rubber and palm oil.

Compared with the country's other major export-oriented agricultural commodities, coffee and cocoa are overwhelmingly produced by smallholder farmers, with around 2 million farming households involved in their production.

The typical coffee or cocoa farmer cultivates a 1 ha plot in an isolated region with poor access to social services and earns an income that falls on either side of the poverty line, depending on world commodity markets. Few alternative employment options exist outside of coffee and cocoa farming in many impoverished rural areas in Indonesia. Improved value chain interventions in these industries could substantially improve the livelihoods of a large number of vulnerable rural households.

Numerous value chain approaches to development have been applied by development agencies, private sector firms and governments worldwide over the last decade. However, relatively little research has been conducted on the effectiveness of these approaches for improving rural livelihoods, achieving broader development goals and encouraging sustainability.

A systematic assessment of these approaches will enable policy-makers and corporate stakeholders to make better-informed decisions about long-term development strategies.

KEY FACTS

ACIAR Project No. AGB/2010/099

Duration: March 2014 to December 2019 (5 years)

Target areas: Indonesia

Budget: A\$1,369,418

Project Leader

Jeff Neilson, University of Sydney

Key partners

- Indonesian Coffee and Cocoa Research Institute (ICCRI)
- University of Lampung (UNILA)
- Hasanuddin University (UNHAS)
- Indonesian Research Institute for Industrial and Beverage Crops (BALITTRI)
- Committee on Sustainability Assessment (COSA)

ACIAR Research Program Manager

Dr Howard Hall

Objective

The project's overall aim is to evaluate the impacts of value chain interventions on smallholder livelihoods and environmental sustainability.

The project's specific objectives are to:

- Assess farm-level impacts of introducing certification schemes for sustainability on smallholders in the coffee and cocoa industries of Indonesia.
- Assess the impacts of buyer linkage value chain interventions on smallholder livelihoods and poverty alleviation pathways in rural areas.
- Analyse the costs, benefits and legal enforceability of establishing geographical indications (GIs) as a rural development tool in the Indonesian specialty coffee industry.
- Determine the extent to which a value chain perspective informs the design of state-led downstream processing programmes in the Indonesian coffee and cocoa sectors.

Expected scientific results

- Significant contributions to global value chain theory, particularly in relation to the evolving 'value chains for development' paradigm as a means for developing poverty alleviation pathways within the contemporary global economy.
- Generation of systematic evidence of the effectiveness of the four value chain interventions towards development goals, and identification of mechanisms through which impacts occur.
- Contributions to value chain impact evaluation methodologies.
- Publication of various scientific contributions in leading academic journals.

Expected outcomes

Four key sets of stakeholders to benefit from the robust analytical foundation:

- Industry actors who wish to improve the effectiveness of the value chain interventions they are already implementing.
- International non-governmental organisations and development agencies that seek a reliable assessment of the impact of the interventions they promote.
- Indonesian Government which seeks to achieve both rural development and broader economic development primarily through the value-adding of natural resources.
- Academic community which seeks to understand processes of rural development, poverty alleviation and industrialisation in the contemporary global economy.

