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**THE EFFECTS OF PUBLIC PRIVATE PARTNERSHIPS ON
SMALLHOLDER COCOA FARMERS' LIVELIHOODS IN
INDONESIA**

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Abstract

Public private partnerships (PPPs) have emerged as a development strategy in various sectors in several developed countries since the late 1970s. In the Indonesian context, however, PPPs in the agriculture sector are relatively new. This thesis explores claims that PPPs can be a potential development approach to address rural poverty and improve livelihoods of smallholder farmers. By utilising the Sustainable Livelihood Approach, this thesis investigates various PPP ideas and practices in the Indonesian agricultural sector and explores the extent to which a PPP implementation has affected smallholder farmers' livelihoods and what it means for them. This study is driven by the idea that the nature of a PPP involves a complex and dynamic relationship that encompasses diverse interests and resources.

A content analysis of four different PPP project reports and one case study, the PPP within the Rural Empowerment and Agricultural Development (READ-PPP) project in Indonesia, found that PPPs are quite diverse in the agriculture sector and particularly in the cocoa sector. Having used qualitative research methods, involving semi-structured interviews with twelve smallholder cocoa farmers and eight informants from relevant institutions, this study shows that the READ-PPP has had varying impacts on farmers' livelihoods.

Most farmers felt improvements in their capacity, cocoa productivity, income, and they made behaviour changes as a result of the programme. This study also reveals that the farmers did not equally experience the benefits of the programme. The three key challenges that affected the farmers' experiences of the programme included: a lack of company support as a service provider, a lack of sustainability of outcomes, and the individual farmers' level of resources. Analysis of the results also found that farmers who were geographically close to company operations had better outcomes than farmers in other areas, which showed that the company involved in the PPP has a particular interest to pursue its company's benefits. In this respect, this thesis concludes that the effects of PPPs in addressing rural poverty and improving smallholder cocoa farmers' livelihoods have been inequitable.

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Abbreviations

AFC	Asian Financial Crisis
ASKA	Agribusiness Market and Support Activity Sulawesi Kakao Alliance
BDS	Business Development Services
CDC	Cocoa Development Centre
CNM	Cocoa National Movement/Gerakan Nasional (GERNAS) Kakao
CSO	Civil Society Organisation
CVC	Cocoa Village Centre/Cocoa Village Clinic
DFID	Department for International Development
DMU	District Management Unit
FDI	Foreign Direct Investment
GRDP	Gross Regional Domestic Product
HDR	Human Development Report
ICCO	International Cocoa Organization
ICCRI	Indonesian Coffee and Cocoa Research Centre
IFAD	International Fund for Agricultural Development
IRD	Integrated Rural Development
ITT	Innovation and Technology Transfer
MOA	Indonesian Ministry of Agriculture
MI	Market Infrastructure
MPI	Multidimensional Poverty Index
NGO	Non-Governmental Organisation
NSU	National Supporting Unit
OECD	Organisation for Economic Cooperation and Development
PFU	Provincial Facilitator Unit
PISAGRO	Partnership for Indonesia's Sustainable Agriculture
PPP	Public Private Partnership
READ	Rural Empowerment and Agricultural Development
SECO	Swiss State Secretariat for Economic Affairs
SAPs	Structural Adjustment Programmes
SCI	Sustainable Cocoa Initiative
SDGs	Sustainable Development Goals
SCPP	Sustainable Cocoa Production Programme
SLA	Sustainable Livelihood Approach
SLF	Sustainable Livelihood Framework
UNCED	United Nations Conference on Environment and Development
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VCD	Value Chain Development
VfM	Value for Money
WCED	World Commission on Environment and Development
WEF	World Economic Forum

1. INTRODUCTION

1.1. Introduction

Since 2010, the Government of Indonesia (GoI) has favoured the implementation of public private partnerships (PPPs) in the agricultural sector. PPPs were introduced as a potential mechanism to achieve development goals, particularly in rural areas, despite having limited public funding to put towards the effort. Consequently, a growing number of agriculture PPP initiatives have been initiated. Nonetheless, few ground-level studies have been undertaken to examine the outcomes and impacts of these PPP projects (Fizzanty & Masyhuri, 2013; Rankin, Nogales, Santacoloma, Mhlanga, & Rizzo, 2016) from the perspectives of farmers involved.

This thesis explores the concepts, practices and development outcomes of Indonesian PPP projects that focus on smallholder cocoa farmers. This chapter begins by providing an overview of my research, followed by introducing the research aim, questions and objectives. A broad view of the role of the cocoa sector and smallholder farmers in Indonesia is then presented. This chapter concludes with an outline of the organisation of this thesis.

1.2. Research Overview

Public private partnerships (PPPs) started in the late 1970s as a development strategy to help reduce poverty in many developed countries. PPPs have gained prominence along with the increasing contribution of the private sector in achieving development goals. Nevertheless, the implementation of PPPs in the agricultural sector is still relatively new as compared to other sectors (Rankin et al., 2016, p. 3). This growing interest in agricultural PPPs has been well documented by many development scholars (Ferroni & Castle, 2011; Poulton & Macartney, 2012; Spielman, Hartwich, & Grebmer, 2010). The agriculture PPP has become an alternative avenue of investment to address development issues in rural areas.

In the Indonesian context, the Government established PPPs in 2010 as a scheme to accelerate rural investment and agricultural development (World Economic Forum [WEF], 2015). By taking into account the limited public financial resources and the

potential contribution of the business sector's involvement in agriculture, the Government suggested PPPs be used as a tool to reduce food insecurity, provide more jobs and generate higher earnings for communities (Ministry of Agriculture [MOA], 2015a; Natawidjaja, Harahap, & Perkasa, 2015).

This thesis draws on Sustainable Livelihood Approach (SLA) and relates this framework to PPPs as one potential mechanism to achieve development goals, including whether PPPs improve sustainable livelihoods for smallholder farmers. In this regard, a review of the literature will show that many authors argue that the effectiveness of PPPs varies in achieving the common objectives, considering the different nature, interests and purposes of each stakeholder within a PPP (Brinkerhoff, 2002; de Vries & Yehoue, 2013). In particular authors highlight the self-serving role of the business sector in PPPs. Some scholars argue business is a “development tool” with limited responsibility for development objectives (Blowfield & Dolan, 2014; Blowfield & Murray, 2014), or that the business sector is “not inherently concerned” with alleviating poverty or improving people's livelihoods (Banks & Scheyvens, 2012). In Indonesia, a hands-off approach by the Government to industry development combined with decentralisation policies have made a significant contribution to the increasing role of the private sector in PPPs (Akiyama & Nishio, 1997; Mudiarta & Sudjana, 2012).

Despite the critical role of smallholder cocoa farmers in achieving sustainable cocoa production, as well as the growing trend of PPP initiatives in the cocoa sector in Indonesia, research on this subject is still very limited (Fizzanty & Masyhuri, 2013). In particular, few studies have investigated the benefits of PPPs for smallholder farmers as the key actors within the partnership. At least two studies of Indonesian PPPs in the cocoa sector to date have focused on the potential of a PPP approach, which are: firstly, a study by the World Bank (2005) related to low productivity and low income in the cocoa industries in Eastern Indonesia; and secondly, a study by Natawidjaja et al. (2015) about the key success factors of the cocoa value chain PPPs. By utilising a qualitative approach, this thesis, therefore, aims to examine the concepts, practices and development outcomes of PPP projects on smallholder cocoa farmers' livelihoods in Indonesia. This study hopes to contribute additional insights to the formulation of effective PPP initiatives and policies to support smallholder cocoa farmers.

1.3. Research Aim, Questions and Objectives

The purpose of this study is to explore how the concepts of PPPs are implemented in Indonesia as a means to address rural poverty and improve livelihoods of smallholder cocoa farmers. To achieve this aim, I explore the practices and development outcomes of PPP projects that focus on smallholder cocoa farmers. This study particularly examines the effects of the PPP initiative within the Rural Empowerment and Agricultural Development (READ-PPP) programme in Sulawesi Tengah, Indonesia on smallholder cocoa farmers' livelihoods in this area. There are two research questions to be answered in this thesis:

Research Question 1:

What are the concepts and practices of Indonesian PPPs that focus on smallholder cocoa farmers?

- Objective 1: To describe PPP initiatives on smallholder cocoa farmers in Indonesia.
- Objective 2: To discuss development outcomes of these PPP initiatives in relation to livelihoods of smallholder cocoa farmers.

Research Question 2:

How has the READ-PPP programme in Sulawesi Tengah, Indonesia affected smallholder cocoa farmers' livelihoods?

- Objective 1: To understand the effects of the READ-PPP programme on the livelihoods of smallholder cocoa farmers.
- Objective 2: To identify the challenges experienced by smallholder cocoa farmers during the implementation of the READ-PPP programme.
- Objective 3: To analyse whether the READ-PPP programme led to positive development outcomes for local smallholder cocoa farmers in the project areas.

1.4. The Cocoa Sector and Smallholder Farmers' Livelihoods in Indonesia

Indonesia is the world's third largest cocoa producer ranking just below the Ivory Coast and Ghana (Food and Agricultural Organisation [FAO], 2017; International Cocoa Organization [ICCO], 2017). A fall off in production from West Africa in the

late 1970s (Akiyama & Nishio, 1997; Ruf, 1993), and strong government support for cocoa farming in the 1990s (Ruf & Siswoputranto, 1995; Squicciarini & Swinnen, 2016) have significantly encouraged cocoa production in Indonesia. For farmers, fertile soil, seed availability, few pests or diseases, and most importantly, little management being required also resulted in rapidly increasing cultivation.

Smallholders on land plots of between 0.5 and 1.5 hectares cultivate most Indonesian cocoa (88.48%). State-owned plantations and large private companies produce only small portion of total production (5.53% and 5.59%) (MoA, 2016a, p. 1). It can be argued, therefore, that smallholder cocoa farmers play a pivotal role in achieving sustainable cocoa production. The majority of cocoa farmers are in eastern Indonesian provinces, which is also the region with the highest poverty rate in Indonesia, and this includes the Sulawesi island provinces.

For Sulawesi farmers, cocoa is an important crop. Over 60% of the average cocoa production in Indonesia during the period of 2012-2016 was produced by smallholder farmers in Sulawesi (MoA, 2016a, p. 13). Sulawesi Tengah was one of the largest cocoa producers during the last ten years and since 2010 has become the biggest cocoa producer in Indonesia (MoA, 2016b). About 87% of the population live in rural areas and 50% of them rely on agriculture as a main source of income (Statistics of Sulawesi Tengah Province, 2017b, p. 90). It is estimated that over a half million rural households in Sulawesi Tengah rely on cocoa production for their livelihoods (Statistics of Sulawesi Tengah Province, 2017a).

The cocoa production centre in Sulawesi Tengah covers several regions. Figure 1.1 below shows the five districts with the biggest cocoa production in Sulawesi Tengah. According to *The Cocoa Outlook 2016* published by the Ministry of Agriculture (2016a, p. 56), the highest cocoa production in 2014 was in Parigi-Moutong with production of approximately 54.2 thousand tonnes, which was more than 30% of the total production of Sulawesi Tengah. Furthermore, the total planted area of cocoa in Sulawesi Tengah has rapidly grown, particularly between 2011 and 2012. This increase in cocoa plantations was a result of a government programme, the National Movement for Cocoa Production and Quality Improvement (GERNAS Kakao), which was in effect from 2009 to 2011 (MoA, 2016a).

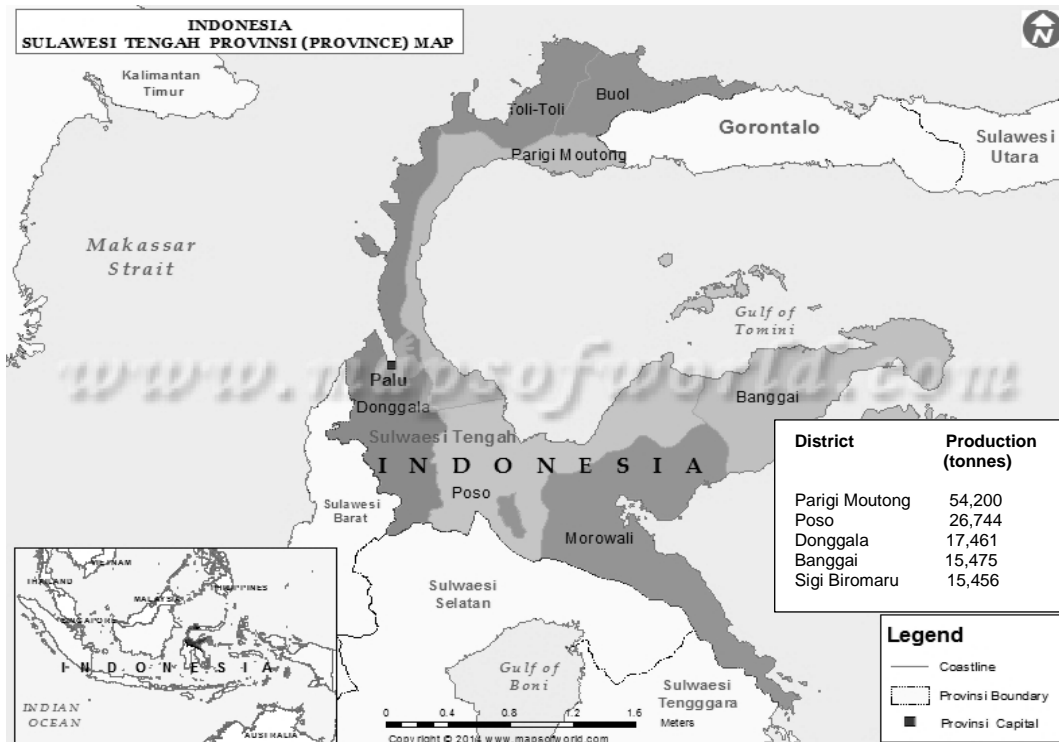


Figure 1.1 Top five cocoa production areas in Sulawesi Tengah, Indonesia

(Maps of World, 2017; MoA, 2016a, p. 56)

Cocoa plant productivity in Sulawesi Tengah, however, is relatively low compared to the potential (Komisi Pengawas Persaingan Usaha, 2009). Potential production could reach at least two tonnes per hectare, but currently is still far below that (Aklimawati, 2013; Rubiyo & Siswanto, 2012). The most common problems that farmers face are ageing trees, pests and diseases, or lack of knowledge of good crop management practices. Some studies have reviewed the role of agricultural extension workers and their impacts on cocoa cultivation by smallholder farmers in various locations in Sulawesi. In the same vein, most authors argue that extension workers play a very important role in empowering cocoa farmers, for example knowledge and skills transfer through intensification and rehabilitation activities (Emam, Baroleh, & Loho, 2017; Idawati, 2016; Riana, Purnaningsih, & Satria, 2015). Hence, these authors agree that assistance to farmers through agricultural extensions should be continued, as well as capacity building for agricultural extension workers (Emam et al., 2017; Idawati, 2016; Riana et al., 2015).

The information presented above shows the important role of the cocoa sector for rural communities in Sulawesi Tengah. Thus, development interventions that focus on improving the welfare of smallholder cocoa farmers are still needed. One of the programmes that addressed this issue was the READ-PPP Programme, which will be the main case study in this thesis. The selection of this project will be introduced in Chapter 5.

1.5. Structure of the Thesis

This thesis consists of seven chapters. In this introductory chapter (Chapter 1), I have provided an overview of this research, the aim, questions and objectives, and a brief context to the study area.

In Chapter 2, I will review the literature surrounding the research topic focusing on PPPs in the agricultural sector. Sections include the historical context, current trends, the typology of agricultural PPPs, as well as concerns related to the implementation of PPPs. Chapter 2 argues for the need to investigate the effects of PPPs on smallholder farmers' livelihoods.

Chapter 3 will discuss the theoretical underpinnings of rural poverty and sustainable livelihoods. This chapter offers an understanding of smallholder farmers' livelihoods and provides a basis to explore further how a PPP has affected their livelihoods.

Chapter 4 will explain the methodology used in this study, which includes semi-structured interviews, 'H' assessments, structured household interviews, and secondary data analysis. I also included ethical considerations and reflections on my positionality in this chapter.

Chapter 5 will include an overview of the Indonesian agriculture sector, agricultural investment and smallholder farmers. It will also contain a detailed description of the case study (READ-PPP). This chapter is one of the two results chapters of this thesis. In this chapter, some comprehensive results of the document analysis on four Indonesian PPP projects in the cocoa sector will be presented. This analysis addresses the first research question.

Chapter 6 is the second of the two results chapters. It contains a detailed presentation of the findings from the main case study, READ-PPP in Indonesia. This chapter deals with the second research question regarding the effects of this PPP on smallholder farmers' livelihoods.

Finally, in Chapter 7, the major findings that reflect on the aim and questions of this research will be discussed, and the conclusions drawn from this study and their implications will be presented.

2. UNDERSTANDING PUBLIC PRIVATE PARTNERSHIPS (PPPS) IN AGRICULTURAL DEVELOPMENT COOPERATION

2.1. Introduction

This chapter introduces the ideas of public private partnerships (PPPs) and places it in the context of agricultural development cooperation. To reiterate, this research aims to explore how the concept of PPP initiatives are implemented as a means to address rural poverty and improve farmers' livelihoods. This chapter provides the background and trends of PPPs in the context of development cooperation, which is followed by a review of the literature on the past and current state of agricultural development, engagement with the private sector, and a discussion regarding agricultural PPPs. The final section expands this discussion around issues and concerns regarding PPPs, particularly in relation to smallholder farmers in developing countries.

2.2. The Background and Trends of PPPs

The contemporary idea of PPPs as an approach to development emerged in the late 1970s. During early neoliberal economic policies in the United States and Britain, development discourse was predominantly interested in economic growth as a means to achieve development (de Vries & Yehoue, 2013; Mitchell-Weaver & Manning, 1991). Following the global oil crisis of 1978-1983, productivity as the conventional basis for development was in decline while inflation increased (Peet & Hartwick, 2015). This brought about a prolonged period of economic stagnation, marked by low growth rates and high unemployment, as well as public budget deficits. Thus, the US and British governments tried to trim public expenditures and increase economic efficiency through the introduction of the concept of privatisation and deregulation. They promoted PPPs with the aim of having less intervention by the state and stronger private sector involvement in the economy. These efforts were referred to as the major instruments of industrial policy within “neo-orthodox economics” (Mitchell-Weaver & Manning, 1991, p. 46), which Conway and Heynen (2006) describe as a “supply side economics” solution—a shift away from primarily stimulating the demand side of the economy and directing the focus to the supply

side. In this regard, the role of the state as the primary owner of public industries and the main provider of public services were redefined and in some cases were reduced.

The emergence of the concept of neoliberal policies in the public sector was known as New Public Management (NPM) and aimed to introduce competitive mechanisms and market-based incentives into the public sector (Pattberg, 2012). This shift was further considered as the inclusion of the private sector in the delivery of public responsibilities (Reynaers, 2014). NPM was intended to create appropriate public institutions, so that private firms that were interested could become involved in a PPP initiative (de Vries & Yehoue, 2013). Connell, Fawcett, and Meagher (2009, p. 334) argue “the profit-minded corporation [was] promoted as the admired model for the public sector”. Thus, efficiency, output-based, smaller organisations and financial transparency, for example, have become relevant business practices to be applied into public sector management.

The extension of private market-inspired powers into the public sector was a core strategy for promoting economic growth and development during the administrations of Margaret Thatcher¹ in the UK and Ronald Reagan in the US (Conway & Heynen, 2006; Mitchell-Weaver & Manning, 1991). This strategy also was an important component of foreign policy in these countries, particularly in respect to developing countries (Vernon, 1988). A set of operating principles, which Williamson (1990) described as the “Washington Consensus”, included reducing public expenditures, trade liberalisation, privatisation, and deregulation, and were applied to countries asking for loans from the World Bank and the International Monetary Fund (IMF) (Peet & Hartwick, 2015).

The rise of neoliberal economic policies and the greater demand on public finances and financial strength of the private sector were arguably the key factors that contributed to the growing participation of the business sector in the delivery of public services (Ghobadian, Gallear, O'Reagan, & Viney, 2004, p. 2). In the case of PPPs, de Vries and Yehoue (2013, p. 22) argue that the PPP is “a result of an

¹ Thatcher popularised the "TINA" (there is no alternative) principle to emphasise the global free market as the only way to foster development (Berthoud, 2010).

intellectual turn”, as the attention to public-sector performance compared to the private sector, rather than “a result of a political turn inextricably bound up with Thatcher and Reagan”. Nevertheless, Mitchell-Weaver and Manning (1991) explain that PPPs’ application in developing countries represented a public policy prescription by industrialised countries.

Furthermore, many scholars argue that the United Nations Conference on Environment and Development (UNCED) in Rio Janeiro in 1992 strengthened the growing role of the private sector (Glasbergen, Biermann, & Mol, 2007). The outcome of the global forum, the Rio Agenda 21, stated that it is the wider responsibility of corporations to fulfil their social responsibilities as well as apply their resources to solve public issues. Ten years later, the World Summit on Sustainable Development held in Johannesburg promoted PPPs as the preferred vehicle for sustainable economic change (Pattberg, 2012). Although the term ‘partnership’ raises a number of fundamental questions (Glasbergen et al., 2007), the increasing need for partnership is prominent in development discourse and practice.

Many scholars explain the role of the private sector as an active partner in development cooperation. PPPs have experienced this strong growth in many countries in recent years (Blowfield & Dolan, 2014; Bovaird, 2004; Davies, 2011; de Vries & Yehoue, 2013). The Fourth High Level Forum (HLF4) on Aid Effectiveness in Busan, South Korea in 2011, which highlighted the central role of private sector stakeholders in the development process, furthered the growth of PPP initiatives (Davies, 2011; Mawdsley, Savage, & Kim, 2014). The Busan Partnership Declaration, the outcome of this forum, noted that business contributes “in advancing innovation, creating wealth, income and jobs, mobilising domestic resources and in turn contributing to poverty reduction” (High Level Forum (HLF4) on Aid Effectiveness, 2011, p. 25). Mawdsley et al. (2014, p. 27) also argue the forum validated the increasing contribution of the private sector as a “development driver”. Business actors have become major players in development.

The growth of PPP applications can be seen in the establishment of a dedicated PPP unit in most countries to enhance the capacity of governments to successfully manage the risks of PPPs (OECD, 2008; World Bank, 2016b). The OECD member countries

channelled US \$903 million in aid into PPPs in 2010, a significant rise from US \$234 million in 2007 (Tomlinson, 2012). Additionally, since its establishment, the World Economic Forum (WEF) has become a platform for world leaders and international corporations to further the neoliberal cause and advance PPP activities (Wall Street Journal, 2003). Although the role and relevance of PPPs remains open to debate, this trend arguably indicates the potential contributions of PPPs to development in many countries.

2.3. Agriculture-driven Development

The role of agriculture in development has evolved over time. In the 1950s, rapid capital accumulation in sectors other than agriculture (industrial and service) was a factor in accomplishing economic growth, and the growth was also promoted by underlying the surplus labour in the agriculture sector with the assumption that the industrial sector higher than in agricultural (Lewis, 1954). Today in many south-east Asian countries, development in the industrial sector has benefited from an inexpensive workforce sourced from agriculture (Thirlwall, 2006). Binswanger (1998, p. 287) argues that the agricultural sector was considered to have almost “no potential for development” during the 1950s. This so-called “dualistic economy” as the dominant paradigm supported the industrialisation-led strategies adopted by emerging countries in Asia in the 1950s and 1960s.² A dual economy approach also failed to appreciate the role of small-scale agriculture in the development process (Binns, 2015). One can see that the agriculture sector has been positioned merely as a supporting contributor to development.

Moreover, five functions of agriculture in economic development categorised in the classic article by Johnston and Mellor (1961), in which they highlight that investments and policy reforms in the agricultural sector may have multiplier effects on overall economic growth. The “role” of the agricultural sector was more positively emphasised rather than the previous “contribution” concept (Timmer, 1998). In this context, Schultz (1964) and Hayami and Ruttan (1971) assert the adoption of new

² The “dualistic economy” terminology has been used by Lewis (1954) and Jorgenson (1967) to refer to the economic system divided into two distinct sectors: the advanced, modern, or capitalist sector (the industrial sector or manufacturing); and the backward, traditional, or subsistence sector (small-scale family-based agriculture).

technology could be a way to transform rapidly traditional small farmers into a modern sector, thereby contributing substantially to overall growth. This transformation occurred massively during the Green Revolution of the 1970s and 1980s, which provided further confidence in the agricultural sector as a motor of growth (Eicher & Staatz, 1998). Ellis and Biggs (2001, p. 440) identifies this trend as the first paradigm shift in rural development thinking when small-farm agriculture turned into the very engine of growth and development. This occurred because the majority of farmers are smallholders and an increase in agricultural productivity means more demands on non-farm services (Ellis & Biggs, 2001). One could argue therefore that the agricultural sector had shifted to become a critical contributor to economic growth in many countries.

In contrast to the period from the 1960s to 1980s, in the 1990s there was less literature found to support agricultural development as a means to industrialise developing countries. The implementation of neoliberal economic policy adopted structural adjustment programmes (SAPs), and privatisation and market liberalisation in many countries, which led to the government's withdrawal from the previous management of large-scale agricultural sectors. At the same time, disappointment with governments' performances in the delivery of rural services, encouraged donors to seek other partners (Ellis & Biggs, 2001), for example, non-governmental organisations (NGOs) as well as the private sector.

A second paradigm shift also occurred during this period: the approach switched from a top-down, state-led, or 'blueprint' approach to a bottom-up, grassroots approach for rural development, which envisaged rural development as a participatory process that empowered rural dwellers to control their own priorities for change (Ellis & Biggs, 2001). Sustainable rural development can be achieved, according to Chambers and Conway (1991) by having a more holistic view of issues that influence the dynamics of rural livelihoods and livelihood strategies. A sustainable development approach that stressed the requirement to sustain the natural system and achieve greater equity in economic, social and political dimensions was also critical.

2.4. Private Sector Engagement in Agricultural Development

The redefining of the role of the state during the 1990s encouraged the private sector to engage in the production, processing and marketing of agricultural commodities (International Fund for Agricultural Development [IFAD], 2013a). It has also been involved in redesigning ways in which support services to agriculture are provided, such as agricultural research, extension and finance (Eicher & Staatz, 1998). Business enterprises are increasingly seeking opportunities to link their investments to broader efforts in order to attain substantial social goals, such as improving employment capacity, enhancing quality standards, and increasing resource sustainability (Ion, Beyard, & Sedaca, 2014). Although Ferroni and Castle (2011, p. 1066) argue that “the private sector goes only where there is commercial incentives”, it has become accepted that private investment in the agriculture sector is critical for inclusive growth.

The global finance, food and climate change crisis in 2008 has increased awareness of the critical role of agriculture investment in tackling poverty and ensuring food security (Zoomers, 2015). Aligned with the increasing number of urban consumers in developing states, a growing number of private companies have expanded their outreach to poor rural areas to ensure sustainable access to raw materials and supplies. The IFAD (2013a, p. 5) emphasises that in the agricultural sector alone, the private industry has become “the main engine of growth for rural economies, and private investment in agriculture is now greater than official development assistance”. This shows the potential contribution of the business sector in addressing rural development issues.

Recent studies by the FAO (2016, p. 10) and the OECD (2014, p. 7) estimate an increase in agricultural production by at least 60 per cent by 2050 is required to meet the rising demand of food for the more than nine billion people in the world. A report by the IFAD (2013) estimates that over 1.4 billion poor people are living on less than US \$1.25 a day, and over 70 per cent of them live in rural areas where agriculture is their main source of livelihood. Given the limited scope in a context of rising land and water scarcity, agricultural growth will rely mainly on new increases in productivity (OECD, 2014). Hence, many authors now agree that investment in agriculture and

rural development is the most important and effective strategy for poverty reduction in the rural areas (World Bank, 2008; WEF, 2016), and a “powerful tool” to bring about sustainable development (FAO, 2016, p. 6). To address these global development challenges, the investment in collaboration between the government and the private sector through PPP has become increasingly important.

2.5. The Concept and Typology of Agricultural PPPs

PPPs have been introduced as a new mode of public service delivery to redefine the roles between the public and private sectors. According to Bovaird (2004, p. 200) the concept and practice of PPPs have been “strongly contested”. The author further emphasises that the interpretation of the nature and role of PPPs differs greatly within specific contexts and that it is, therefore, not necessary to standardise the meaning of the term. The literature has also attempted to define a PPP, yet there is currently no single agreed definition (IFAD, 2013a; OECD, 2008; Rankin et al., 2016). Various agencies have their own definitions for PPPs. For example, the World Economic Forum (WEF) (2005, p. 23) arguably offer the most commonly used definition of PPP, defining it as a:

Voluntary alliance between various equal actors from different sectors whereby they agree to work together to reach a common goal that involves shared risks, responsibilities, means and competencies.

This WEF definition has addressed a wide variety actors within a PPP, whereas de Vries and Yehoue (2013, p. 9), more strictly define a PPP as “risk-transferring and long-term cooperation between the State and a private institution to realize a public facility and/or service”. Here the term “public” in a “public-private partnership” refers to the government. This is similar to the OECD (2008), which defined a PPP as “a long-term agreement between the government and a private partner where the service delivery objectives of the government are aligned with the profit objectives of the private partner”. It is interesting that the OECD highlights the “profit” objectives of the companies within a partnership. Thus, by considering the different nature of each party within a PPP, the objective of PPPs to achieve a ‘common goal’ among different actors as defined in most PPP definitions has become arguable. The OECD’s definition also does not include non-profit organisations that co-operate with governments. Another definition by the IFAD (2012b, p. 6) defines PPPs as

voluntary and collaborative relationships between public and private actors, with the desire to achieve a common goal and to share the risks, responsibilities, resources and benefits.

With regard to the potential purposes of PPPs, there has been much debate about the possible contribution of various forms of PPPs to sustainable economic and social development. The most cited benefits are substantial public profits, cost savings, and risk-sharing opportunities (Bloomfield, 2006). Many studies emphasise the primary goal of a PPP is still the same since it was first conceptualised, which is to improve efficiency in public organisations and using the private sector as an intermediary so that allow the public sector to take advantage of more financial resources (Brinkerhoff & Brinkerhoff, 2011; de Vries & Yehoue, 2013, p. 31; Ghobadian et al., 2004). The OECD (2008, p. 132) highlights there is “value for money” (VfM) for all actors involved as the main objective of a PPP. However, Greve and Hodge (2013) explain that 13 out of 31 PPP-related studies during the period 1998–2010 showed that PPPs provided negative VfM. A recent study by Mouraviev (2017, p. 2) argues that transitional countries use their own approaches to PPP development and a VfM perspective cannot be used as a basis for decision-making related to PPP implementation. As mentioned earlier, however, one can relate that the main objective of PPP is to gain greater outcomes than the parties involved can do on their own.

In the agricultural sector, the implementation of PPPs is still “relatively new” as compared to other sectors (Rankin et al., 2016, p. 3). This newly growing interest in agricultural PPPs is well reflected in recent development agency strategies promoting PPPs (FAO, 2013; IFAD, 2012b; OECD, 2014; Rankin et al., 2016; Willoughby, 2014; WEF, 2016), as well as in the development literature (Ferroni & Castle, 2011; Poulton & Macartney, 2012; Spielman et al., 2010). Agricultural PPPs have become a new avenue of investment to address development issues in rural areas.

Smallholder farmers in developing countries often share similar constraints, for instance, limited access to technology, finance and markets, and a lack of farmer organisation capacity (Spielman et al., 2010; Thorpe & Maestre, 2015). In this regard, although data on outcomes and impacts of agricultural PPPs are limited (IFAD, 2013a), some studies have found that PPPs in agriculture offer a number of potential

benefits (Fairtrade Foundation, 2014; IFAD, 2012b; IFAD, 2013a; Poulton & Macartney, 2012). Many studies argue that PPPs in the agriculture sector are important for boosting incomes and consumption in rural areas, which can contribute to the improvement of wellbeing, poverty reduction and food security (IFAD, 2012b; OECD, 2014; Sahan & Mikhail, 2012). Smallholder farmers benefit from linkages to secure markets and access to technology, services, innovation and knowledge (IFAD, 2012a; Natawidjaja et al., 2015; IFAD, Rankin et al., 2016). For public-sector partners, in addition to achieving socio-economic targets associated with projects, general benefits from involvement in PPPs include the strengthening of public-sector institutions, and skills in project design and management (Rankin et al., 2016; Willoughby, 2014). Lastly, the corporate sector is able to secure their supply side (Rankin et al., 2016; Thorpe & Maestre, 2015). These advantages are recognised by Brinkerhoff (2002, p. 3), who argues “partnerships contribute to effectiveness by affording actors access to crucial resources—including expertise and relationships—that would otherwise be inaccessible”.

Similar to PPPs in other sectors, no universal definition of agricultural PPPs has been agreed upon, and each agency has their own definition as seen in Table 2.1. It is true that most of these definitions have given the same emphasis to PPPs as a new investment arrangement facilitated by a cooperative approach as well as resource and risk sharing to achieve an agreed-upon goal. Nevertheless, some distinctions are also clearly seen. While the FAO’s definition stresses the agricultural PPP as a “formalised partnership” for the benefits of the public, the IFAD and Spielman’s approaches to the definition are more general. Only the Syngenta Foundation, a non-profit organisation established by Syngenta³, emphasises the objective of the PPP is specifically “to improve the livelihoods of resource-poor smallholders in developing countries”.

³ Syngenta is a leading agriculture company focusing on improving smallholder productivity in developing countries. Syngenta is a member of several global agriculture PPP initiatives, such as Grow Africa Initiative and Grow Asia Initiative.

Table 2.1 Definitions of agricultural PPPs

Source	Definition
Food and Agricultural Organisation [FAO] (2016, p. 5)	A formalised partnership between public institutions and private partners designed to address sustainable agricultural development objectives, where the public benefits anticipated from the partnership are clearly defined, investment contributions and risks are shared, and active roles exist for all partners at various stages throughout the PPP project lifecycle.
International Fund for Agricultural Development [IFAD] (2012b, p. 6)	Voluntary and collaborative relationships between public and private actors who agree to work together to achieve a common goal or undertake specific tasks. It usually implies that partners share the risks, responsibilities, resources and benefits.
Spielman et al. (2010, p. 261)	Collaborations between public and private sector entities in which partners jointly plan and execute activities to accomplish agreed-upon objectives while sharing the costs, risks, and benefits incurred in the process.
Syngenta Foundation (2014)	Important mechanism to harness technology, resources, skills, expertise and market access to improve the livelihoods of resource-poor smallholders in developing countries.

PPPs in the agriculture sector are formed between the government and international and national companies, civil society organisations (CSOs), international institutions, and farmer groups and associations. The critical role of each agency in agricultural and rural development through PPP investment has been recognised in many reports (IFAD, 2012a; Natawidjaja et al., 2015; Poulton & Macartney, 2012; Rankin et al., 2016; Thorpe & Maestre, 2015; World Bank, 2008). Firstly, the state is responsible for providing core public goods such as rural infrastructure, agricultural research, education, and healthcare, as well as enabling the investment climate for the private sector (IFAD, 2012b; 2013a; World Bank, 2008). Also, the state is expected to be more engaged in encouraging market development (Poulton & Macartney, 2012). Secondly, the private sector via investment then stimulates “inclusive economic growth by creating employment and brings expertise, financing capacities and marketing networks to enhance the competitiveness of agricultural production and value chains” (OECD, 2014, p. 8). Companies are both “collaborators and instigators” of partnerships in order to secure the supply of commodities and ensure food safety standards are met (Thorpe & Maestre, 2015, p. 7). In addition, it is often an international organisation or international NGO that acts as a “broker”, “independent facilitator” (IFAD, 2013a) or “mediator” (Brinkerhoff, 2002, p. 82) between local

government, the private sector and smallholders to build sustainable profitable partnerships. Based on the role of each party in a PPP, one can see the potentiality of PPPs in the agricultural sector.

There are various types of PPPs in the agricultural sector, and my study outlines at least three different categories: (a) partnership objectives; (b) scale of partnership; and (c) type of partnership (see Table 2.2). The first typology is provided by the FAO (Rankin et al., 2016), who classifies agricultural PPP initiatives according to their partnership objectives as seen in Table 2.2 (a). The FAO reviewed PPP projects for sustainable agricultural development in 15 countries and classified the scope of each PPP. Overall, more than half of the PPPs were set up for value chain development (VCD) and a quarter for innovation and technology transfer (ITI). Similar to the FAO, Hartwich et al. (2008) argue that most agriculture partnerships are concerned with various problems such as improved production and productivity, adding value and markets, and post-harvest management.

The second typology is based on the scale and aims of the project. Oxfam divides PPPs into three categories as seen in Table 2.2 (b) (Willoughby, 2014). Oxfam emphasises the ‘mega-scale’ approach to PPPs, in which greater resources, technology and information help boost productivity, strengthen economic growth, provide more employment and improve livelihoods (for example, the Grow Africa Initiative and the Grow Asia Initiative under the WEF). The third typology is based on the role of each party involved in a PPP as outlined in Table 2.2 (c) (Grow Africa & IDH Sustainable Trade Initiative, 2015). Similar to other cooperation projects, there are various models of collaboration among PPPs in the agricultural sector.

Lastly, PPPs are often thought to be a holistic approach of agribusiness intervention or as specific only to one particular aspect of one or more agricultural commodities. For example, several ongoing PPP initiatives in Indonesia concentrate specifically on improving smallholder cocoa farmers’ livelihoods, including the Cocoa National Movement (CNM), the READ programme, as well as the Sustainable Cocoa Production Programme (SCPP).

Table 2.2 Various Typologies of PPPs in the Agricultural Sector

Rankin et al. (2016, p. 15).	<i>(a) Partnership Objectives</i>				
	(1) Value chain development (VCD) partnerships that aim to develop agricultural value chains	(2) Innovation and technology transfer (ITT) Partnerships for joint agricultural research and ITT	(3) Market infrastructure (MI) Partnerships for building and upgrading MI	(4) Business development services (BDS) Partnerships for the delivery of BDS to farmers and small enterprises	
Oxfam (Willoughby, 2014, p. 9), adapted from S. Kinornay and F. Reilly-King	<i>(b) Various Scales of Agriculture PPPs</i>				
	(1) ‘Mega’ or Macro level Changes in economic, legal and regulatory policies to ensure that conditions exist for the private sector to develop; Increases in domestic and foreign direct investment (FDI); Improvements in agricultural productivity/job creation	(2) Meso level Making markets work for the poor; Providing grants or non-recourse loans to further business ideas that could have a positive impact on poor people		(3) Micro level Reducing risk for smallholder farmers and improving livelihood options; Transferring technology to farmers	
Grow Africa and IDH Sustainable Trade Initiative (2015, p. 2)	<i>(c) Types of Agriculture PPP Models</i>				
	(1) Company led Companies are both collaborators and instigators of partnerships to secure the supply of commodities, ensure food safety standards are met, or as part of their corporate social responsibility	(2) Coalition Multi-stakeholder initiatives often include developing country governments, donors, private sector, civil society organisations and research institutions	(3) Donor led Donors increasingly want to engage the private sector in innovation and improvements to the effectiveness and value-for-money of development interventions	(4) Business-NGO alliance Where NGOs have sought out or been sought out by private sector actors to partner on development interventions	(5) NGO led NGO initiatives that lead to the creation of a viable social enterprise or for-profit company that exports goods to developed countries

2.6. Concerns related to PPPs in Development

The increasing popularity of PPPs in development cooperation has raised a series of economic and technical concerns. Three major concerns regarding PPPs are: whether PPPs are equal partnerships, the governance in a PPP, and the issue of sustainability beyond the duration of PPPs.

A PPP as an Equal Partnership

The first concern is related to the different stance of each stakeholder within a PPP. The fact is widely accepted that every individual or institution has their own motivations, purposes, and interests in doing development intervention. This has become critical in the case of PPP, as argued by Brinkerhoff and Brinkerhoff (2011), since partnership constitutes heterogeneous, complex and dynamic relationships, which encompass diverse interests and resources. The standing of participants, thus, becomes important to determining their power relations with each other. The authors further question the various sources of authority add nuance and complexity to the determination of power and their implementation in the PPPs. Hence, many people would say that an equal PPP is difficult—if not impossible—to achieve (Brinkerhoff, 2002) because a PPP brings more than one type of authority, where one may be relatively weak and strong in another.

Authors highlight the nature of the private sector, which ultimately seeks to maximise profits (Friedman, 1970; Sanger & Crawley, 2009; Stiglitz, 2008). Notwithstanding, there is now evidence that companies are committed to taking more seriously the “corporate social responsibility (CSR)” aspects of their activities through the implementation of PPPs (Bovaird, 2004). It is true that the private sector in development provides extensive financial support, expertise and innovation technology, market access, as well as offers more effective and efficient project management. However, a study by Ferroni and Castle (2011) found that the essence of profit-minded corporations which are to convey value and market products. They conclude that “the private sector goes only where there is commercial incentives” (Ferroni & Castle, 2011, p. 1066). It appears that PPPs are established because they can provide benefit for all parties involved. Many studies argue that the common rationales for PPP establishment are always similar, which is to gain greater sustainable

outcomes than individual organisations can do on their own (Brinkerhoff, 2002; Ferroni & Castle, 2011).

On the other hand, PPPs indeed offer an “off-public-budget financing” route, whereby PPPs may offer private funding of the capital expenditure of investment outside the government budget (de Vries & Yehoue, 2013, p. 22). Research by Hodge and Greve (2007, p. 552) further describe PPPs as a “mega credit card” for governments because the availability of the private sector to finance large-scale projects. Hodge and Greve’s finding is similar to Sturup (2013) who claims that PPPs have been touted as the solution to the problems of mega-projects, especially the ability to deliver them on time and budget. In other words, the engagement with the private sector within a PPP appears to resolve the inability of the state not only to fund but also to conduct the project. Therefore, Bovaird (2004, p. 201) argues this capability has given rise to the possibility that these partnerships between government and the private sector are essentially “marriages for money”, in particular, for large-scale PPP projects.

A case study by the Fairtrade Foundation (2014) provides an example of how the overall engagement between smallholders in PPPs in three African countries appears weak, particularly because most of the PPPs are demand driven (e.g. by commercial interests). In this regard, small farmers are often perceived only as project beneficiaries, not as equal partners of these PPP initiatives. Similarly, using three case studies in Africa as references, Oxfam (2013) concludes that ‘mega’ agricultural PPPs appear to benefit the more capable and the wealthy, whereas the unfortunate and most vulnerable bear the risks. Further, in the process of negotiation of a partnership agreement between the government and private enterprises, the public is not allowed to supervise the process, and small-scale producers and civil society organisations were also excluded from the formulation of the agreement (Oxfam, 2013). Studies show that agriculture PPPs place smallholders as objects of development projects between the state and corporations, rather than treat them as equal partners within a partnership. Fairtrade Foundation (2014) states it is significant to understand the degree of involvement of smallholders because it depicts to what extent the empowerment, participation and the impact they possess from which they should benefit. The objective of agriculture PPP activities to improve smallholder livelihoods,

thus, has become debatable, since smallholders' voices were not prioritised in the project design.

From the above explanations, it can be seen that each actor has divergent motives and interests within a PPP. The design and implementation of the partnerships are “determined by objectives, context, preferences and the strategies actors employ to address them, which are embedded in the organisations' missions, interests and socio-political context” (Brinkerhoff, 2002, p. 73). Brinkerhoff and Brinkerhoff (2011) therefore conclude that it is challenging to attain right balance of interests and incentives among diverse partners in order to achieve an equal partnership. They suggest it is important to understand the comparative advantages and interests of the actors within a PPP, including smallholder farmers. Ferroni and Castle (2011) also emphasise the selection of appropriate partners should be taken solemnly. Building effective relationships, developing mutual trust and respect, maintaining excellent communication (Groves & Hinton, 2013; Thorpe & Maestre, 2015), as well as keeping the benefits of all parties in mind (IFAD, 2013a) are also essential as the key concepts for successful PPP implementation.

Governance in a PPP

The second issue is concerning the implementation of governance in a PPP. A recent study by the FAO (Rankin et al., 2016) found that the success or failure of agricultural PPPs relies heavily on strategies designed by government and encouraging environment that support the partnerships. They include some of the principles of governance and implementation issues that are critical to ensuring well-performing PPPs, including formalities of the PPP arrangement, practices on the sharing of risks and costs, exit and adjustment strategies, and participation of small enterprises and farmers (Moreddu, 2016). Furthermore, the most important management challenge related to the process to create transparent processes and value-for-money concepts to choose and consider agribusiness PPPs, aggravated by the low skills of workforce in the public sector (Rankin et al., 2016). Consequently, transparency has often been ignored, especially in selecting private partners and risk sharing which is essential issue of PPPs. This ignorance is similar to study findings by Willoughby (2014) who highlight that one of the most common criticisms faced by agriculture PPPs that involve large-scale investments is the lack of transparency in selecting private partners

and allocating land or granting land-use rights. Therefore, most studies mention the need for clear objectives and rules regarding, for example, the sharing of costs, benefits and risks, and responsibilities.

Sustainability Beyond the Duration of PPPs

The last concern is regarding the issue of sustainability, where PPPs are expected to contribute to sustainable economic development. As mentioned earlier in the background of the establishment of PPPs during the early neoliberalism period (see Section 2.2 above), improved productivity would contribute to the improvement of economic growth. It was assumed that to sustain productivity means to sustain economic growth, which will also lead to smallholders having sustainable livelihoods. One can relate that most agriculture PPP initiatives have addressed the issue of improving the productivity of agriculture products as the basis of their activities. Agriculture PPPs also aim to ensure sustainability in the sense that they are open linkages between farmers and the private sector or the market. These links have become important, as it is widely known that the private sector in many cases acts as the primary buyer of agricultural commodities.

The change to progressively market-based agricultural systems that consider present-day and future demand drifts for food, raw material and labour is one of the eminent transformational challenges in developing countries' agricultural sectors (Rankin et al., 2016). The quality, efficiency, or to form sustainable market regulations, even if the support from public sector's terminated, is usually used as justification for the role of the private sector (Heinrich, 2013). There is no doubt that PPPs may provide sustained raw supply for the private sector in the agricultural sector. Most agricultural PPPs assist smallholder farmers in increasing agricultural production by first improving their productivity, so that those agricultural products can meet the company standard requirements in the end. Nonetheless, the impacts of these PPPs to the sustainable livelihood of smallholder farmers or producers still need to be further addressed (Rankin et al., 2016). Research findings by Thorpe and Maestre (2015, p. 44) concluded that a PPP "is not, in itself, enough to achieve commercially-viable business models with improved outcomes for farmers". Thus, the authors continue: "involving the private sector did not guarantee the long-term commercial viability of the arrangements". Particularly for those small, unorganised farmers who participate

primarily in informal markets, or who lacked access to productive assets, where public investment and public procurement programmes are more important for them (Oxfam, 2013). It is then still relevant to agree with the Department of International Development (DFID) of the British Government (2003, p. 1) who argues that “experience with PPPs is not exclusively positive”.

2.7. Chapter Conclusion

This chapter has provided a literature review about PPPs in development cooperation and the experience of PPPs in the agricultural sector. Studies found that the implementation of PPP as an approach to economic development has increased since the 1980s. Notwithstanding, the term ‘partnership’ raises a number of fundamental questions and the term “public-private partnership” itself is still debated widely. The prominent adoption of PPPs arguably indicates the potential contributions of PPP initiatives to development in various sectors of development cooperation in many countries, including in the agricultural sector.

There are several points this chapter has highlighted. Firstly, there has been growing attention on the implementation of agricultural PPPs globally. Many studies have shown the potential roles of PPP initiatives in achieving development goals, yet little ground research has been conducted regarding the outcomes or impacts of agriculture PPP projects. Thus, the benefits of the partnerships, in particular for smallholder farmers’ livelihoods, are still arguable. Secondly, there are various types of PPPs in the agricultural sector. Thirdly, a PPP involves complex and dynamic relationships among various stakeholders that encompass different interests and resources. Therefore, maintaining mutual trust, respect and accountability have become determining factors of the success of the partnerships. In relation to that, scholars still argue the motivation of the business sector in PPPs, as by nature they are designed mainly to earn profits. Lastly, this chapter also emphasises three major concerns related to PPPs in development, which are PPPs as an equal partnership, governance in PPPs, and the issue of sustainability beyond the duration of a PPP.

In short, the literature suggests that PPPs have become a new avenue of investment to address development issues in rural areas. Investment from both the public and private sector through PPPs in the agriculture sector can create changes for the lives of many poor rural people. However, it is still arguable to what extent the PPPs actually contribute to the achievement of sustainable livelihoods for smallholder farmers. The next chapter discusses the concept of rural poverty and livelihoods to provide a comprehensive understanding to explore the effects of PPPs on farmers' livelihoods.

3. RURAL POVERTY AND SUSTAINABLE LIVELIHOODS

3.1. Introduction

The previous chapter showed that public private partnerships (PPPs) have gained influence in the agriculture sector. While agriculture remains the primary source of income in developing countries, poverty persists and people's livelihoods are increasingly under stress in rural areas due to rising urbanisation, increasing youth unemployment, demographic shifts, climate change, and an increasing integration of food supply chains and food systems (IFAD, 2016). This chapter aims to provide an understanding of the concepts of sustainable livelihoods, particularly for smallholder farmers. This is important, as the purpose of this thesis is to explore the extent to which PPP activities have an impact on the livelihoods of smallholder cocoa farmers in Indonesia. Furthermore, the Sustainable Livelihood Approach (SLA) is considered relevant for this study as it provides a framework that enables the analysis of the impact of PPP programmes on farmers' livelihoods.

This chapter is divided into several sections. The first section discusses the linkages between rural poverty, economic growth, smallholder farmers and agricultural productivity. This is fundamental to providing a thorough background on the idea of sustainable livelihoods. The concept of livelihoods in development will be explored in the second section, which comprise a brief origin and discussion around the definition of sustainable livelihoods. The third section will discuss some underlying principles of sustainable livelihoods. The Sustainable Livelihood Framework (SLF), adopted by the Department of International Development (DFID) of the British Government is also introduced in following of this section. To achieve the aim of this research, this thesis focuses specifically on two components of the framework, which are assets and livelihood outcomes. This chapter concludes with an exploration of the debates regarding values and concerns of the SLA in academic research.

3.2. The Intersection between Rural Poverty, Economic Growth, Smallholder Farmers and Agricultural Productivity

It is evident that significant progress against poverty has been made across the globe. According to the Sustainable Development Goals (SDGs), the number of people living in extreme poverty fell by more than half between 1990 and 2015, from 1.9 billion to 836 million (UNSTATS, 2017). Nonetheless, recent studies argue that the prevalence of global poverty remains a massive and predominantly rural phenomenon with small family farms dominating the rural landscape across developing countries (IFAD, 2016; World Bank, 2016a). For example, nearly 98% of farmers in China cultivate farms smaller than two hectares and about 80% of farmers in India are also cultivating the same size farms (Rapsomanikis, 2015, p. 1). It is common that smaller farms tend to produce higher yields per hectare compared to larger farms, yet small farms produce less per worker. Most of these smallholder families are poor and have limited access to markets and services (FAO, 2014). This predominant trend of rural poverty is likely to continue for the foreseeable future (Heinemann, 2015; Milbourne, 2016).

Despite rural poverty persisting, agriculture remains a major source of livelihood for the world's poor (Elliott, 2013). In low-income countries, the agriculture sector is the primary engine of overall growth, as size and growth linkages are important to other economies (Csáki & Haan, 2003), and improving agricultural productivity and increasing return from agricultural output are essential to ensure the achievement of food security (IFAD, 2016; Rosegrant et al., 2006). The importance of the agriculture sector was highlighted in the findings of a study by the World Bank in the *World Development Report 2008: Agriculture for Development* (2008). The study suggests that enhancing agricultural productivity in smallholder farming as well as improving linkages to the private sector are critical to accelerating economic growth (World Bank, 2008). Increased productivity in small farms contributes towards growth by providing cheaper staple foods as well as generating employment for the rural poor (Rapsomanikis, 2015). In this context, the High Level Panel of Experts on Food Security and Nutrition (HLPE) (2013) argue that investment is a core means of increasing productivity. Thus, increasing the productivity of smallholders should be a priority of the development agenda.

Scholars argue that smallholder farmers in the developing world are being perceived as engines of growth (Ellis & Biggs, 2001). They cultivate their land and produce food for most of the world's population (Rapsomanikis, 2015). The role of smallholder agriculture and its effects on poverty alleviation are well reflected in a study by Lipton (2005) as cited in Birner and Resnick (2010, p. 1442). Lipton examines that "there is virtually no example of mass poverty reduction in modern history that did not start with sharp increases in employment and self-employment income due to increased productivity among small family farms". This quotation shows that there are linkages between poverty, income and productivity. It also explains that increases in smallholder productivity will have an impact on increases in income, which as a consequence will contribute to poverty alleviation.

Although evidence has shown the significant contribution of smallholder farmers to rural development, nevertheless, over three-quarters of the world's rural poor are constrained by a lack of productive employment opportunities, poor infrastructure and limited access to basic services (OECD, 2016). Smallholder farmers in particular face long-standing drawbacks to accessing knowledge, technology, finance, and markets (IFAD, 2016). Rural people in developing regions generally depend on agriculture within their overall livelihoods. Hence, a focus on rural development and investment in agriculture has become more prominent in efforts to achieve sustainable livelihoods for smallholder farmers.

3.3. A Livelihoods Perspective in Development

Sustainable livelihoods perspectives have become increasingly prominent in discussions of rural development over the past few decades (Chambers & Conway, 1991; Ellis, 2000b; Scoones, 2015). Numerous studies have been done to explore the origins, concepts and implementation of sustainable livelihoods in development.

A study by Morse and McNamara (2013) offers understanding of sustainable livelihoods in theory and practice. The researchers argue that the concept of sustainable livelihoods grew organically from several older trends and ideas. Drawing on Conway (1985), they point out that the application of system-based approaches

(e.g. Agro-Ecosystems) influenced the notion of SLA, in which this approach sought to combine ecological concepts with social and economic aspects of agriculture. The practical application of this idea is knowledge generation among farmers. However, this model was linear with information flowing in one direction, where farmers were considered as mere recipients of new knowledge and technology generated by research services, and transferred through extension service or through what is now called technology transfer.

In order to achieve sustainable outcomes, Chambers (1987, p. 7) promoted participatory, people-centred approaches as he argued that people must be put first, and then the “environment and development are for people, not people for the environment and development”. Chambers emphasised that rural poverty comprises more than just lack of income and low ability for consumption. Within such consideration, the phrase “sustainable livelihood” was endorsed in discussions of the Advisory Panel on Food Security, Agriculture, Forestry and Environment of the World Commission on Environment and Development (WCED) in May 1985 and included in the Brundtland Report (1987). The Brundtland report links sustainable livelihoods to basic human needs, food security, sustainable agricultural practices and poverty.

Many authors assert that there are also some similarities between SLA and other approaches in development, including Integrated Rural Development (IRD) (Krantz, 2001) and “basic needs” approaches, which are based on the notion that human beings need a basic set of resources to survive (Ravallion, 1997; Thirlwall, 2006). The SLA also was mainly influenced by a “capabilities” approach (Sen, 1984; Sen & Hawthorn, 1987) and vulnerability (Chambers, 1989; Moser, 1998). These are connected in the sense that having a more diverse capability can reduce the vulnerability of livelihoods (Morse & McNamara, 2013). The United Nations promotes “human development” by emphasising the importance of enhancing capability:

Human development is a process of enlarging people’s choices. In principle, these choices can be infinite and change over time. But at all levels of development, the three essential ones are for people to lead a long and healthy life, to acquire knowledge and to have access to resources needed for a decent

standard of living. If these essential choices are not available, many other opportunities remain inaccessible. (UNDP Human Development Report, 1990, p. 10)

The UNDP (1990) further assesses that the expansion of the human capital base, for example by education and training, is one way to broaden people's choices. In this regard, Morse and McNamara (2013) argue that SLA can be a framework for achieving human development at the scale of the household and community.

The livelihoods perspective rose to prominence in the 1990s (Carney, 1998; Chambers & Conway, 1991; DFID, 1999; Scoones, 1998) and is still widely applied in many developing countries as the most comprehensive framework for understanding how people live, what they need, and the choices they make (Levine, 2014; Morse & McNamara, 2013; Pender, Johnson, Weber, & Fannin, 2014).

3.4. Defining Sustainable Livelihoods

As discussed above, the concept of sustainable livelihoods was built on various development approaches. As Scoones and Wolmer (2003, p. 4) argue, "sustainable livelihoods" is widely used in the development literature and it has become a development buzzword and umbrella term used by many international organisations. Chambers and Conway (1991, p. 6) have offered the most commonly used definition of sustainable livelihoods:

Livelihoods comprise the capabilities assets including both material and social resources and activities for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks; maintaining and enhancing its capabilities and assets while not undermining the natural resource base.

Ellis (2000a) also echoes the Chambers and Conway definition of livelihood with modifications to emphasise the notion of access. Access involves the rules and social norms that determine the ability of people in rural areas to own, control, claim, or make use of resources such as land and common property (e.g. Scoones (1998, p. 8)). Livelihood is also defined by the impact of social relations, for example gender, class, ethnicity and belief systems, on the ability to access resources (Ellis, 2000b, p. 9). While Chambers and Conway describe access as an important attribute of livelihoods

that is subsumed under assets, Ellis argues that the impact of social relations and institutions is recognised in the definition. Access also refers to the ability to participate in, and derive benefits from social and public services provided by countries such as health care, education, water supplies, roads, and so on (Ellis, 2000b, p. 9). Hence, Ellis (2000b, p. 9) defines livelihoods as:

Compris[ing] the assets (natural, physical, human, financial, and social capital), the activities, and the access to these (mediated by institutions and social relations) that together determine the living gained by the individual or household.

As a follower of the Chambers and Conway line of thinking about livelihoods, Scoones (1998) emphasised that sustainable livelihoods consist of assets, as well as institutions and policies that mediate the process for people to gain access to assets. He identifies five main groups of capital as contributing assets in the livelihood definition: natural capital (land, water, trees); physical capital (tools, machines); human capital (education level and health status); financial capital (stocks of cash, access to credit); and social capital (social networks and associations). Moreover, Scoones (2015) in his latest book suggests four dimensions of a new politics of livelihoods: politics of interests, individuals, knowledge and ecology, in which he referred to as “new challenges of [the] livelihoods approach” (Scoones, 2015, p. 299). He also offers an “extended livelihoods approach”. A detailed discussion on this approach will be provided in the following section.

It is important to note there are similarities between views (Chambers and Conway, Ellis and Scoones) in the way that they highlight the strong emphasis on enhancing access to assets and the prevention of further environmental degradation. Moreover, in defining livelihoods, all authors share similarities when they explain it in the context of rural livelihoods. Rural livelihoods comprise one or more activities, including cultivation, gathering, labouring, trading and processing, which Scoones (1998) describes as livelihoods strategies. In short, livelihoods enhance resource productivity on a long-term basis to support wellbeing (Chambers, 2005).

3.5. Sustainable Livelihood Approach (SLA): A Holistic Approach to Development

The SLA utilises a more holistic approach in terms of understanding rural poverty. Drawing on Chambers and Conway (1991), White (2015) provides an in-depth discussion regarding the measurement of poverty. He argues that in a conventional way of thinking, income and consumption are considered the only assessment for poverty. This means, whenever someone earns income under the poverty line or if their consumption falls below a specified level, they will be assessed to be poor. Nonetheless, for the poor, there are aspects other than income that are more relevant for defining poverty (Oxford Poverty & Human Development Initiative [OPHI], 2016; White, 2015). It includes, for example, basic health and education needs, sanitation, access to clean water, electricity, and other services. In this way, a sustainable livelihood approach highlights the need for holistic thinking on poverty. As Krantz (2001, p. 1) notes:

The concept of sustainable livelihood is an attempt to go beyond the conventional definitions and approaches to poverty eradication. These had been found to be too narrow because they focused only on certain aspects or manifestations of poverty, such as low income, or did not consider other vital aspects of poverty such as vulnerability and social exclusion.

A greater change in approaches to development through the 1980s and 1990s is correlated to this approach, which focuses not only economic growth, but also sustainability and prosperity of human being (Solesbury, 2003). Similar to Krantz, Kaag (2004) assesses poverty in a multidisciplinary way based on political, cultural, social and ecological factors, beyond merely economic concepts, while Levine (2014) also emphasises that understanding people's wellbeing based solely on the sources of one's income would not be adequate.

Many scholars would argue development today is a far wider notion than the mainstream concept of economic growth (Potter, 2015; Thirlwall, 2015). Thirlwall (2015, p. 62) emphasises that "economic growth is not the same as economic development". It is true that development implies growth or a positive change in living standards, but relying on growth rates alone is not a sufficient benchmark to measure the increase in the wellbeing of societies. A more comprehensive approach to development is required to meet major economic, social and other objectives

(Thirlwall, 2006), or as Potter (2015, p. 104) calls it “the multidimensional nature of development”. The basic needs approach or the provision of adequate health services, nutrition, housing, education, sanitation, and water pioneered by the World Bank in the 1970s had also considered a shift of emphasis from exclusive concern with per capita income to these wider development issues (Thirlwall, 2006).

3.6. Sustainable Livelihood Approach (SLA): People-Centred Development

The livelihoods approach focuses on poor people’s lives and daily needs and draws heavily on Chambers’ work (1987). This alternative development approach emphasises that people must be put first. Poverty is best approached from the perspective of the people themselves and not outsiders (Chambers, 1997). Similar to Chambers, other authors concede that this view developed as overtly technocratic approaches to rural development (De Haan, 2012; Levine, 2014). Levine (2014) explains that top-down approaches tended to generate technical advice. Technocratic perspectives have generally lacked focus on people since this approach did not explicitly analyse why people make the choices they do and what constraints others may face in trying to apply different solutions. A livelihoods approach at its core is a preoccupation with the desire to understand “how different people in different places live” (Scoones, 2009) and “how and why people make the choices that they do” (Levine, 2014). In short, the SLA is participatory and focused on local people’s perceptions. By doing so, it allows people to have control over and to direct their own development. The SLA approach is able to recognise “multiple influences, multiple actors, multiple strategies and multiple outcomes” (Mafa, Manyeruke, Gudhlanga, Mpofu, & Matavire, 2015, p. 18).

3.7. The Sustainable Livelihood Framework (SLF): A Tool of the SLA

A common framework has been developed to define the factors involved in attaining sustainable livelihoods, and the relationships between these factors. Figure 3.1 (below) shows one of the most prominent frameworks, the Sustainable Livelihood Framework (SLF), as strongly promoted by the UK’s DFID as an analytical device to improve the understanding of livelihoods and poverty (Ashley & Carney, 1999). This framework is

arguably the most commonly used and although it was developed in the late 1990s, it remains influential today (Levine, 2014).

The DFID SLF supports poverty alleviation by improving the livelihoods of the poor as a central goal of development efforts. This framework identifies five types of capital assets that people can build up and/or draw upon: human, natural, financial, social and physical assets. These five assets are structured in the form of ‘pentagon assets’, which is used to highlight their interconnections and the fact that livelihoods depend on a combination of assets or resources of various kinds. To some extent they can be replaced with each other. Thus, the poor may draw on social capital, such as family, when financial capital is insufficient.

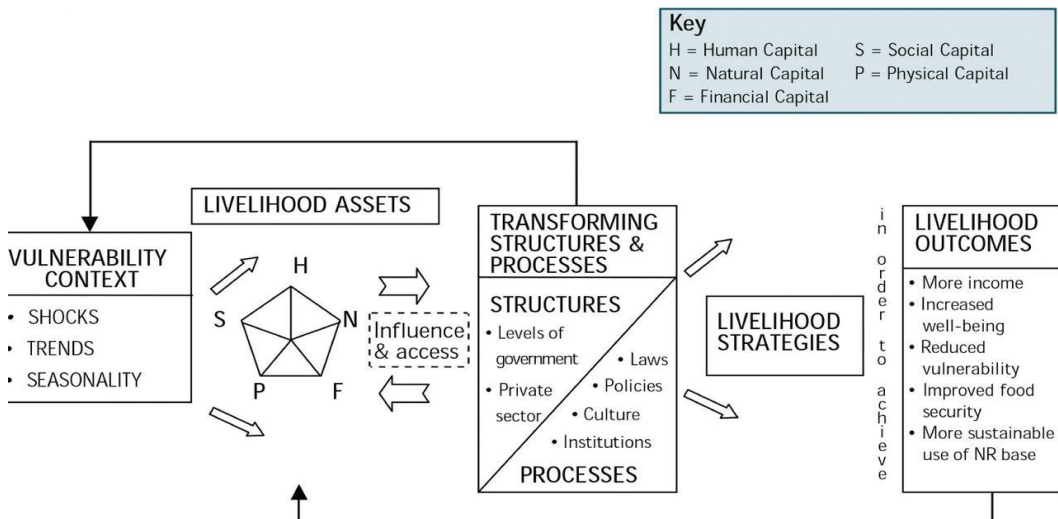


Figure 3.1 The DFID Sustainable Livelihood Framework
(DFID, 1999)

The livelihoods framework considers the status of individual assets or poor households as fundamental to understanding the options open to them (Freeman & Ellis, 2004). In a broader view, assets are “vehicles for instrumental action (making a living), hermeneutic action (making living meaningful) and emancipatory action (challenging the structures under which one makes a living)” (Bebbington, 1999, p. 2022). In this regard, this thesis focuses its lens on changes in assets of smallholder cocoa farmers as program beneficiaries after they participated in PPP activities.

It is a common view that rural people tend to pursue multiple activities and outcomes. Scoones (2009) identifies three types of livelihood strategies open to rural communities: agricultural intensification or extensification, migration, and livelihood diversification. Likewise, Ellis (2000b) also underscores the importance of seeing rural livelihoods in terms of a diverse array of strategies, farming being only one of many, differentiated across and within households.

Livelihood outcomes will not be simply monetary, nor even tangible in all cases. Scoones (2015) offers six different measurements to assess livelihood outcomes, including (i) income and expenditure measures; (ii) household living standard surveys; (iii) human development indicators; (iv) wellbeing assessments; (v) quality of life measures; and (vi) employment and decent work.

There are also some change agents within the framework including institutions, organisations, laws and policies that shape livelihoods in the structure and transformation process. Within this context, multiple rules may apply since each player has their own agenda and mechanism. As a result, conflicts of interest potentially occur. This is also linked to the fact that different households have different access to livelihood assets. In this regard, Scoones (2015) emphasises that multiple power relations among diverse players influence access to resources for livelihoods. Hence choosing appropriate livelihood strategies ensures the formation of immediate and long-term capital to reduce vulnerability and improve the quality of life, as shown in the livelihood outcomes in the right-hand box of Figure 3.1 (above).

3.8. Values and Concerns about the Sustainable Livelihood Approach

A review of the literature suggests that the SLA is useful as an analytical tool (Carney, 2003; Chambers & Conway, 1991; Clark & Carney, 2008; DFID, 1999; Zoomers, 2015). It provides a way to order information and understanding of not only the complexity and substance of poor people's lives but also the links between different aspects of people's livelihoods (Clark & Carney, 2008). Carney (2003) in her review identifies 16 positive contributions of SLA to development. For example, SLA helps development practitioners to appreciate the importance of process, engaging poor people in development, and building capacity to be responsive to changing agendas.

The SLA also increases focus on participatory poverty assessments and helps them become more analytical and rigorous. In a broader view, the SLA contributes to a debate about how securing world food production cannot ignore rural households. For example, land grabbing for food production and biofuels removes some land-based livelihoods and creates more inequality (M'Cormack, 2011).

Despite the benefit of the application of Sustainable Livelihood thinking in development, nevertheless, this approach has been subject to criticism. In this regard, this study identifies a number of concerns of SLA as explained as follows. The first concern is regarding the complexity of the SLA (Ashley & Carney, 1999). Many authors view complexity of this approach from different angles. For example, Levine (2014) said the framework is “too complicated to be useful” and further explains that a livelihoods analysis often “does too little because it tries to do too much”. In Levine’s view, SLA sets out to describe the context of vulnerability and policies, institutions and processes that shape livelihoods, and inevitably end up too superficial to explain how these factors have shaped the livelihoods of different people. Scoones (2015) argues that the terms “capitals” and “assets” in the framework “reduces the complexity of livelihood processes to economic units”, and the five capitals concept is also limiting. Morse and McNamara (2013) also comment that “the [DFID] diagram may be a neat and simple representation but people’s lives are complex”. However, as Cahn (2002) points out, complexity is inevitable as people’s livelihoods are complex. Therefore, any perspective that seeks to understand something as broad as how people maintain their livelihoods must face a large number of complex questions (Levine, 2014).

The second significant drawback of the livelihood approach is the relative neglect of structural limitations (Zoomers, 2015). It is true that in the context of globalisation, shifts in relationships between classes are inevitable (Scoones, 2015). However, in certain communities, there are limitations for people where positions in social hierarchies are often more important than physical capital. In this case, the framework may not be sufficient. The poor often have limited capital. Even though the assets may be exchanged, in some cases, the inferior position in society will not help people move away from poverty. Here, strategic actions alone are insufficient to leverage the possibility of leaving poverty and achieving sustainable development.

The third critique is that the sustainable livelihood framework is perceived as failing to address an array of development issues, including policy and economic processes, gender relations, environmental sustainability (M'Cormack, 2011), politics and power, as well as violence and conflict (see for example Collinson et al., (2003); Lautze and Raven-Roberts (2003)). Those authors argue that the framework places too much emphasis on material and economic assets. Levine (2014) also argues that the narrow focus on assets and economics may result from a framework mainly developed by and for economic development practitioners.

Another point of criticism is regarding how to translate detailed analysis of the approach into pro-poor policy interventions. The claim that the process is liberating for participants applies only if those people have the same power to bring about change or indeed if they have choices (Morse & McNamara, 2013). The last concern regards the fact that this approach was designed to work across sectors. This can be difficult in practice as sectors typically are managed by different government ministries and departments (Cahn, 2002, p. 5). Regardless of the limitations of the DFID sustainable livelihood framework, it can be argued this framework is still relevant and useful today.

3.9. Chapter Conclusion

This chapter has offered an exploration of the concept of the Sustainable Livelihood Approach (SLA) in the rural development context. There are three main points that can be concluded. Firstly, a review of the literature suggests that there are relatively strong linkages between poverty reduction, economic growth, smallholder farmers and agricultural productivity. The majority of the rural poor are smallholder farmers; therefore, improving agriculture productivity is one of the critical aspects that contribute to overall economic growth.

Secondly, a sustainable livelihood is an alternative form of development thinking. It is apparent that the term “sustainable livelihood” has become a buzzword in development discourse. There is diversity in conceptualising the concept of this approach. Yet, it appears that many authors share similarities in the way they view sustainable livelihoods as a holistic and multidisciplinary approach to development

that has given strong emphasis on a people-centred approach and encourages participation in their implementation. This framework enhances people's access to assets and the prevention of further environmental degradation.

Thirdly, the sustainable livelihood framework (SLF) helps development researchers, practitioners and policymakers to understand not only the complexity and substance of poor people's lives but also the links between different aspects of people's livelihoods. Many authors suggest both SLA and SLF are useful as analytical tools. Nonetheless, many limitations are also acknowledged in the literature, including the complexity of the approach, neglect of structural limitations, and failure to address a broader range of issues. The next chapter will explore the methods employed to explore the effect of PPPs on smallholder cocoa farmers' livelihoods.

4. METHODOLOGY

4.1. Introduction

This chapter aims to provide information regarding the research methodology used for this research. To reiterate, the aim of this research is to explore and analyse the practices of PPPs in the agricultural sector in Indonesia, particularly focusing on cocoa. This study aims to investigate the effects of the READ-PPP initiative on the livelihoods of smallholder cocoa farmers in Sulawesi Tengah, Indonesia. This chapter will, therefore, begin with an explanation of the primary research approach, which is a qualitative case study, followed by explaining the data collection methods and tools, which included semi-structured interviews, 'H' assessments, structured household interviews, and a secondary data analysis. A description of the fieldwork in practice will also be discussed. The chapter then will provide ethical considerations and reflections on the positionality, and limitations of in this research. This chapter concludes by explaining how the data analysis was conducted.

4.2. Qualitative Research Methodology

This research has applied a qualitative case study. Applying this qualitative methodology was ideal for this study since it provided a means to capture and listen to smallholder farmers' perspectives in answering the research questions. This is because, as Denzin and Lincoln (2018, p. 10) argue, qualitative research involves "an interpretive and naturalistic approach", where a researcher generally goes to a particular location and attempts to interpret how people define a specific phenomenon or construct their reality. In a similar vein, Yin (2011) discusses that qualitative research exposes contextual conditions in the sense that the responses given by interacting directly with the farmers in their own environment may represent the actual—social, institutional and environmental—conditions that affect their lives. Therefore, utilising a qualitative approach in this study allows for the understanding of meanings and interpretation of the smallholder farmers with regards to the PPP implementation and its effects on their livelihoods.

It was suitable to use a qualitative case study approach as the project could be undertaken by focusing on a specific group of people in small areas to gain in-depth information (Schwandt & Gates, 2018; Stewart-Withers, Banks, McGregor, & Meo-Sewabu, 2014; Yin, 2011). This approach is important to understand the complex characteristics of rural livelihoods that are recognised by a number of authors as being more challenging to measure (Jagger, Luckert, Banana, & Bahati, 2012).

4.3. A Case Study Approach

This research has been undertaken based on a critical examination of a single case study as described by Yin (2009). A case study is an empirical inquiry that can be used to explore, describe and explain a contemporary phenomenon to gain a holistic understanding of its real life conditions. The author argues that one essential difference between case studies and other methods (e.g. ethnography or grounded theory) is by having a preliminary theory prior to conducting data collection, and that the purpose is “to develop or to test theory” (Yin, 2009, p. 35). In this regard, this research is an attempt to explore “how” PPPs have affected smallholder cocoa farmers’ livelihoods. Thus, this study is also exploratory in nature, because it “seek[s] to discover theory through observation some social phenomenon in its natural and raw form” (Berg & Lune, 2017, p. 176). Regarding the use of a single case study for this study, this decision was based on the rationale that the chosen case “can represent the critical test of a significant theory” (Yin, 2009, p. 48). This is relevant as the PPP initiative was one of the READ programme’s main activities. Using the READ programme in Sulawesi Tengah as a case study offers an in-depth description, explanation and exploration of many aspects of the PPP initiative and its effects on smallholder cocoa farmers’ livelihoods.

To undertake a deep examination of this case study, one critical element is to use a variety of sources of evidence, as is typical in qualitative research (Silverman, 2016; Stewart-Withers et al., 2014). In this study, multiple methods and sources were important in order to gain a comprehensive picture from various respondents about their perspectives and experiences on the effects of PPP activities on smallholder farmers’ livelihoods. As this qualitative research project involved human subjects as

participants, several key ethical aspects were considered as explained in the following section.

4.4. Data Collection Methods and Tools

Many researchers highlight the importance of using appropriate research methods (Banks & Scheyvens, 2014; Creswell, 2014) and communication, both verbal and non-verbal (Apentiik & Parpart, 2006), particularly in researching the poor. This section discusses data collection methods and tools used in this study, which consist of semi-structured interviews, 'H' assessments, structured household interviews, and secondary data analysis.

Semi-structured Interviews

As the majority of qualitative studies rely on interviews with participants (Mann, 2016), this study was largely based on face-to-face semi-structured in-depth interviews. Many authors argue this form of data collection involves the researcher having a series of predetermined, usually open-ended questions (Berg & Lune, 2017; Creswell, 2014; Mann, 2016). The semi-structured interview or qualitative interviewing (Brinkmann, 2018) was considered a useful means of accessing information for this study. This is because a researcher generally starts with some defined questioning plan, but pursues a more conversational element that may see questions answered in an order more natural to the flow of conversation (O'Leary, 2014).

Moreover, the one-on-one face-to-face interviewing may provide room for "negotiation, discussion and expansion" of the interviewee's responses (Mann, 2016). By communicating directly, a researcher can read the respondent's non-verbal cues (e.g. body language, emotions and behaviour), which indicate a level of interest with the questions. This aspect is crucial in qualitative research to effectively seek accurate findings, although non-verbal cues are easily misinterpreted (Patton, 2015). In this study, my respondents and I came from the same cultural background. This minimised the communication gap between us. Further, face-to-face interviews also provided a greater ability for me to focus the conversation on research-related issues (O'Leary, 2014). There are several ways to optimise the results of semi-structured interviews, including reordering the interview questions, adjusting the level of

language used, and clarifying answers to the respondents. (Berg & Lune, 2017). These abilities of semi-structured interviews best seen as flexible compared to other types of interviews (O'Leary, 2014).

To operationalise this method, a semi-structured interview guide was first developed comprising of a set of questions to guide the interview. The guide was simply used to give direction to the interview with probing and extra questions being asked during the actual interviews. The probing allowed for a comprehensive understanding of the smallholder farmers' thoughts and opinions on the topic of research. All of the interviews were carried in Bahasa Indonesian language, which had to be translated to English during the data transcription. Interviews were carried out with participants from government organisations, non-government organisations, one international organisation, and smallholder cocoa farmers at the programme location. To obtain successful interviews with these respondents, it was important to conduct the interviews at the respondents' convenience. This was to ensure that the respondents were feeling comfortable and competent enough in the discussion so they could express their thoughts during the interaction (Silverman (2016).

Interviews with officials from different institutions were mostly carried out in their offices, while interviews with farmers were conducted at the farmers' houses or at their farms. Hence, most of the respondents appeared to feel comfortable during the interviews. This can be seen from the way interviewees responded to me during the interactions. Comfort was also reflected in the relaxed gestures of their bodies during the interviews, such as leaning on their back, sitting with their legs up, or smoking. Data gathered included information regarding knowledge and experiences of the smallholder farmers with the PPP activities within the READ programme, as well as PPP outcomes and their effects on smallholder farmers' livelihoods.

'H' Assessments

At the end of each semi-structured interview, I used the 'H' assessment method as an experiential tool to identify local perceptions of strengths and weaknesses of the programme. Adapted from Skovdal and Cornish (2015), this tool also can be used to capture local recommendations on how to make improvements to a programme. This method can be used in a group as well as with individuals and serve as an activity to spark dialogue in an interview.

In this study, I prepared the assessment prior to each interview by writing a large 'H' on a large sheet of paper and the following headings: (i) name of the programme (e.g. READ programme); (ii) positive effects; (iii) weaknesses or adverse effects; and (iv) recommendations for improvements. Then I explained the purpose of the exercise to the participants. Following that, I asked the participants to first think about and then list some of the strengths and benefits of the programme, these were placed to the left of the 'H'. Then I asked the participants to brainstorm and list weaknesses or adverse effects of the programme. These were written on the right of the 'H'. Lastly, I asked the participants to list their ideas and recommendations for how the programme could be improved and wrote these thoughts below the middle 'H' bar, and then a discussion followed.

The questions in this assessment were similar to the questions that were being asked in the semi-structured interviews. Unlike the interview method, which was a two-way communication between farmers and myself, this assessment provided more space for farmers to express their opinions more fully through writing. As Patton (2015, p. 225) argues, the experience of being involved in a participatory form of research can have multiple benefits, such as “how they view the things they do and on their capacity to engage thoughtfully in democratic processes”. This tool was useful for this study since it provided an effective way for my respondents to identify and analyse by themselves and discuss the effects of the programme with me.

During fieldwork, there were some constraints when applying the 'H' assessments. First, in Sidole, which is the first village that I visited, due to limited access and time of some farmers, personal meetings could not be done. Interviews and the 'H' assessments were conducted simultaneously with five farmers as a group. In the other two villages, Sibalago and Olobaru, the 'H' assessments were done individually. However, one concern raised regarding the implementation of the 'H' assessments, both individually and in a group is related to the limitation of the farmers' ability to elaborate on their answers. Although this assessment provided more space for farmers to express their opinions, the poor smallholder farmers who were the beneficiaries of the programme, showed limited capacity in detailing their experiences. Consequently, the answers written in the 'H' assessments tended to be general, yet some keywords were successfully mapped for further analysis. Out of seven assessments, only four

farmers could articulate their answers to the questions well.

Structured Household Interviews and Questionnaires

Structured household interviews and questionnaires were conducted at the end of the meeting with each participant. In the case of Sidole, some interviews were conducted by phone to clarify some of questionnaire questions. Structured or standardised interviews were considered to be an appropriate method for gathering data because they collected quantitative information based on closed, fixed-response interview questions, centred around the participants' personal backgrounds, livelihoods and their experiences as cocoa farmers. Data gathered from these interviews were analysed and aggregated to support and compare the findings. The questionnaires were filled in on the basis of personal interviews conducted. The questionnaires were distributed to all respondent cocoa farmers at the study sites.

There are two issues I would like to mention regarding the implementation of this method during fieldwork. Firstly, when I asked about the size of farmers' land, most farmers did not know the answer. That is because usually they have several plots across multiple areas. Secondly, Scheyvens (2014) highlighted that sensitivity is needed when asking about finances to the poor. During interviews, after I asked the monthly expenses-related question, I told the farmers that they were entitled not to answer all the questions. All of the farmers answered the question on expenses. However, the responses I received were diverse. For example, there were those who stated their monthly spending amount on a weekly basis. On the other hand, some farmers had difficulty in answering the question due to their economic conditions that were still very limited. In contrast to non-finance-related questions, where they were able to respond aloud, some farmers whispered their response when I asked about their monthly spending, even though it was just the farmer and me. Above all, I was very respectful of the answers given and felt so grateful for the openness and trustworthiness of the respondents in answering the questions that I asked.

Document Analysis

Secondary data analysis according to Bishop (2016, p. 867) refers to "reusing data created from previous research projects for new purposes". These data were sought on an ongoing basis from various sources, such as government, organisation or NGO

reports and policies; statistical reports; academic publications; and newspapers. The objective for this analysis was to strengthen my knowledge on the research concepts, questions and strategies. Further, Berg and Lune (2017, p. 162) argue this method is also important because secondary sources often provide access to primary ones where details are not always immediately apparent in the primary sources. Most importantly, a document analysis is also useful to provide a group or organisation's subjective perspective on a topic (Savin-Baden & Major, 2013).

In this study, I reviewed and analysed several documents as main references in order to deepen my understanding regarding the issue of PPP in the agricultural sector and its effects on smallholder farmers' livelihoods. In particular, this method was used to explore the first research question of this research. These documents are:

1. *Alliances in Action: AMARTA Sulawesi Kakao Alliance* (USAid, 2009)
2. *Brokering Development: Enabling Factors for Public-Private Partnerships in Agricultural Value Chains* (Natawidjaja et al., 2015)
3. *The READ Programme Completion Report* (Wiyati, E. K., 2015)
4. *Mars in Principle Action Summary Report 2016* (Mars, 2016)
5. *Sustainable Cocoa Production Program Indonesia Annual Report 2016* (Swisscontact, 2016)

4.5. Undertaking Fieldwork

The fieldwork was an essential part of the data collection and analysis with qualitative information obtained through a set of interviews. This section discusses my fieldwork activities conducted from 24th of June to 31st of July 2017 in Indonesia. This includes access to a gatekeeper, selection of case study villages and research participants.

Working With a Gatekeeper

There was one gatekeeper in this research—the District Manager of the READ programme in Parigi-Moutong. A gatekeeper is an individual or a group that controls access to and power over certain resources, knowledge and information (Apentiik & Parpart, 2006, p. 35). I sent a letter with information regarding my research plan as well as a request for his participation and acknowledgement of him as a gatekeeper to his office. He used to work in the Parigi-Moutong District Agricultural Agency, but since the project ended, he works in the District Food Security Agency.

During the fieldwork, we discussed his experiences during the PPP project. I thereafter asked for his guidance in identifying the first interviewee farmer. However, as Banks and Scheyvens (2014, p. 172) point out, “gatekeepers commonly try to influence the direction of the research by directing the researcher to speak only to certain people or to visit certain ‘star’ projects that are known to perform well”. Therefore, to anticipate such occurrences, I asserted my intent and purpose of the research to him in my first meeting. As it transpired, the gatekeeper was very helpful in opening up my access to contact the farmers.

At first, I intended to recruit one local university student to become my research assistant. Scheyvens (2014) notes that a research assistant can provide intangible assistance and support in the field. The aim to recruit a research assistant was to facilitate my mobility during fieldwork and assist me to deepen my understanding related to local context aspects. Therefore, one of the criteria for my research assistant was to ride a motorcycle. But upon my arrival in the field, it was the rainy season. Almost every day it rained. Thus it was not ideal to ride a motorcycle. Furthermore, the gatekeeper explained that the distance between the villages was quite far and the roads were winding, so it would have been very unsafe to travel by bike. The idea to have a research assistant was then abandoned, as there would be no gain from having one. Yet, in order to gain local insights, I had conversations with people in the community, such as market stall sellers, parking lot attendants, or lodging officers at the study sites. Most of my respondents were proficient in Indonesian, so in this case, language was not a significant barrier between the respondents and me.

Sites Selection and Case Study Villages

The fieldwork was conducted in two provinces of Indonesia: Jakarta and Sulawesi Tengah (see Figure 4.1 below). While interviews with most national government officials and IFAD official were conducted in the capital city, Jakarta, all the interviews with smallholder cocoa farmers was carried out in the Sulawesi Tengah province, which is the location of the READ programme.



Figure 4.1 Study sites: Jakarta and Sulawesi Tengah province

(Sulawesi Tengah Government, 2017)

The programme was active in five out of twelve rural districts of the Sulawesi Tengah province: Parigi-Moutong, Buol, Poso, Toli-toli, and Banggai. These five districts cover an area of 3.27 million hectares. The selection of the fieldwork site in Sulawesi Tengah was done in consultation with the National Programme Manager of the programme. There were two main reasons for the selection of the Parigi-Moutong district over the other four READ districts. According to Statistics of Sulawesi Tengah Province (2016), the Parigi-Moutong district has the highest poverty rates in comparison with other districts in Sulawesi Tengah. Also, the proportion of cocoa production among smallholder farmers in Parigi-Moutong was the largest in Sulawesi Tengah in 2015.

Out of 30 villages where the programme operates in the Parigi-Moutong district, two villages—Sidole and Sibalago—were chosen (see Figure 4.2 below), as these were the first villages where the programme was implemented (PPP implemented in 2012 to 2014). While a piloting project was implemented in Sidole village in 2011, Sibalago village received support from Mars Company in 2012. In addition, the first Cocoa Development Centre (one of the PPP commitments) was established in Sidole. Thus, it has been fascinating to observe the effects of PPP activities on smallholder cocoa farmers' livelihoods in these villages. After visiting Sidole and Sibalago, however, I was also interested to see the livelihoods of cocoa farmers in other villages that were not in

the main Mars Company operational area. Therefore, I visited Olobaru village, which is located not far from the city of Parigi. In this village, there is no Cocoa Village Centre (CVC).

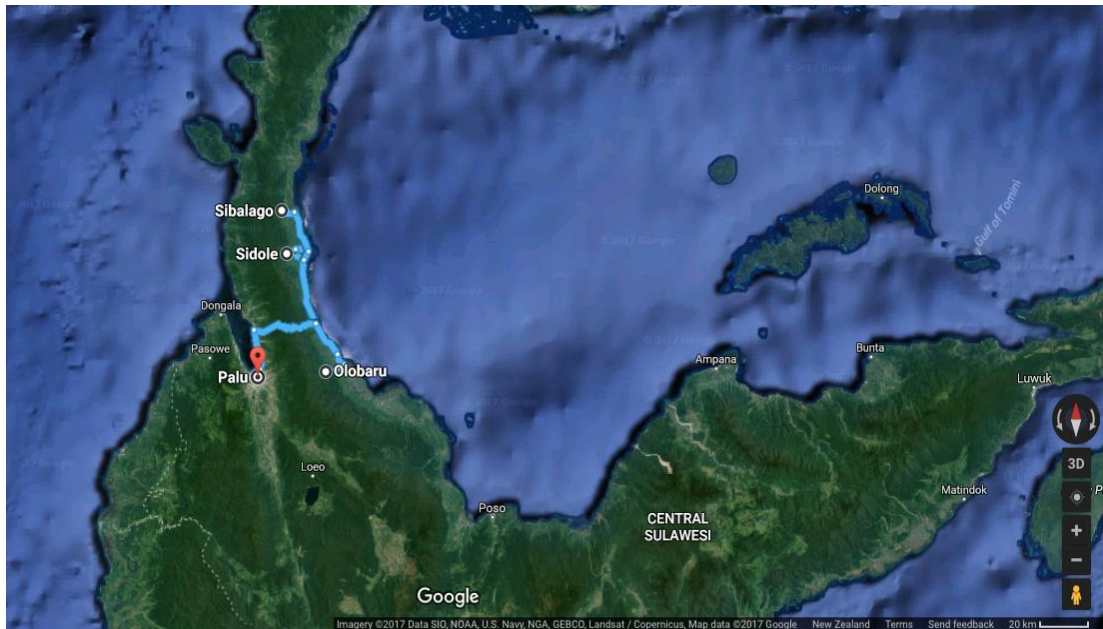


Figure 4.2 *Sidole, Sibalago, and Olobaru in Sulawesi Tengah province*

(Google Maps, 2017)

The distance from Jakarta to Palu, the capital of Sulawesi Tengah, is two hours forty-five minutes by aeroplane. Given the limited research time and the distance to the study sites, I had to prepare everything well in advance of the actual fieldwork. Within the six-week field work period, I spent the first two weeks in Jakarta obtaining a research permit, preparing logistics (accommodation and transportation) in Sulawesi Tengah, contacting key informants to schedule meetings, discussing with the National READ Programme Manager about my fieldwork progress, and collecting secondary documents. I spent two weeks interviewing my research participants in Sulawesi Tengah. In the final two weeks, I interviewed the key informants.

Selection of and Access to Participants

There were 20 participants in this research and they were divided into two sets of respondents (see Tables 4.1 and 4.2). The first set of participants (Table 4.1 below) was purposively selected based on their degree of involvement in the READ project. They consisted of key informants from government organisations (MoA, and

provincial and district governments of Sulawesi Tengah), one local non-governmental organisation (Equator), and one international organisation (IFAD).

Table 4.1 *Key Informant Profiles*

Informants	Location	Number of Informants
Ministry of Agriculture – International Cooperation Bureau – READ National Supporting Unit	Jakarta	3
Sulawesi Tengah Province Govt./READ Provincial Facilitator Unit	Palu, Sulawesi Tengah	1
Parigi Moutong District Govt./ READ District Management Unit	Parigi-Moutong, Sulawesi Tengah	2
Equator/Village Facilitator	Parigi-Moutong, Sulawesi Tengah	1
IFAD	Jakarta	1
Total		8

Some scholars argue that students who conduct fieldwork in their home country have several advantages, including having contacts that have been previously established (Borovnik, Leslie, & Storey, 2014), while Ali and Cotton (2006) emphasise that gaining access to government programmes and delivering these results to them may be a challenge for many researchers, especially in developing countries. In my case, it is true that as a researcher who had worked previously in the government provided some privileges in terms of access to respondents. Nonetheless, it did not guarantee that access to all my respondents was easily obtained. For example, I failed to interview the business partner involved (Mars Company) due to delays in the process of permit administration. Regarding access to key informants, a letter was sent to each participant's office. I also contacted some of them informally via email. The letter and email included information regarding the research plan and a request to interview one of their experts who was involved in the project. I then contacted the appointed informant and scheduled a meeting.

The second set of participants (Table 4.2 below) were smallholder farmers in three villages—Sidole, Sibalago, and Olobaru—in the district of Parigi-Moutong, Sulawesi Tengah. The number of farmers selected in each village varied for several reasons. I

conducted the interviews during the rainy season, where the condition in the villages can be really poor and visiting the farmers one by one was not feasible.

Table 4.2 *Cocoa Farmer Profiles*

Pseudonym	Village	Gender	Age	No. Family Members	Farming Experience (years)	Role
Farmer 1	Sidole	Male	49	4	25	Cocoa Doctor ⁴
Farmer 2	Sidole	Male	45	6	20	Cocoa Doctor
Farmer 3	Sidole	Male	37	6	15	Cocoa Doctor
Farmer 4	Sidole	Male	35	5	20	Farmer
Farmer 5	Sidole	Male	39	5	17	Cocoa Doctor
Farmer 6	Sidole	Female	42	5	15	Farmer
Farmer 7	Sibalago	Male	53	5	27	Cocoa Doctor
Farmer 8	Sibalago	Male	40	4	15	Farmer
Farmer 9	Sibalago	Male	38	4	15	Farmer
Farmer 10	Sibalago	Male	42	8	20	Farmer
Farmer 11	Olobaru	Male	44	4	15	Farmer
Farmer 12	Olobaru	Male	68	5	40	Farmer

Initially, my data collection plan was to use the snowball sampling method to select the farmers as respondents. In this method, the first respondent would be selected by using a set of criteria (e.g. accessibility, involvement in the project, and achievement) in a purposive manner and approached through a gatekeeper. A face-to-face interview would then be conducted and the participant would be asked to suggest another farmer to be the next participant. Nevertheless, in the case of Sidole, this plan was abandoned due to the rainy weather, which would have led to a costly and inefficient data collection process. In this case, the gatekeeper suggested to ask all the participants to meet at one participant's farm. However, not all farmers accepted the invitation as some of them were trapped by flooding rivers. Thus, in reality, the respondents were selected according to their availability at the time I conducted the interviews.

⁴ Cocoa Doctors are selected farmers trained and coached by Mars as part of the Sustainable Cocoa Initiative (SCI) to run small self-owned businesses that deliver agricultural training and access to good quality plants, fertilisers and pesticides.

In Sibalago, I employed the initial data collection plan by first visiting the farmer who was the only cocoa doctor in the village. Following that, I asked him to recommend other farmers to participate in this research. I anticipated the potential drawback of this snowball technique, which was “limit[ing] the diversity of your informants” (Taylor, Bogdan, & DeVault, 2016, p. 108), by specifying the type of farmers that I interviewed (e.g., year started and achievements in the programme). Through other farmers’ information, my endeavour to seek farmers who knew a lot about the programme was fulfilled. In Olobaru, I was only able to interview two farmers because some farmers who were contacted were not at home or on their farms when I came.

During the fieldwork, I kept an open mind and carefully considered the possibility of having more respondents for both groups of respondents. For example, I decided to add respondents from Olobaru to enrich my perspectives, since Sidole and Sibalago have similarities in terms of support received from the programme, as they were considered priority working areas for Mars. They were also pioneer villages (joined in 2011 and 2012), whereas farmers in Olobaru only participated in the READ-PPP programme in 2013. In addition, both in Sidole and Sibalago there were cocoa doctors who were trained by the Mars Company, whereas in Olobaru, there were no cocoa doctors. Based on that, I had an assumption that the effect of the programme in Olobaru would not have been as significant as in the other two villages. From these situations, I realised the importance of being adaptive, responsive and flexible during the fieldwork depending on the circumstances at the study sites.

4.6. Ethical Considerations

The notion of the importance of ethical social research has grown significantly in the last few decades (Apentiik & Parpart, 2006; Overton, 2006). Many researchers argue this is partly a response to criticism of earlier research that ignored local practices and changing contemporary ideas about high social research standards expected, including accountability, transparency, or more generally, recognition of the rights of the ‘researched’ (Brydon, 2006; O’Leary, 2014). Qualitative research is characterised by the way it seeks to understand the world through interacting with, empathising with, and interpreting the actions and perceptions of its actors (Brockington & Sullivan, 2003).

The nature of interpretivist research is to explore and understand the social world of the phenomenon being studied in which close relationship and engagement must inevitably be built. Therefore, the issue of ethics, including positionality of the researcher, plays a critical role to minimise any potential harm arising from the relationship between the researchers and participants (Massey University, 2015).

Before commencing the fieldwork, an in-house ethics process was conducted as required by the Institute of Development Studies at Massey University. The Massey University Code of Ethical Conduct (MUHEC) provided guidance on how the research process should be approached. Further approval was then sought from the Massey University Ethics Committee after the in-house process (see Appendix 3). The research project was evaluated by peer review by three lecturers and judged to be low risk. This category is for studies where the process of gathering information from participants' does not result in their psychological or emotional wellbeing being compromised.

Several ethical considerations regarding this research were raised. For example, at the beginning of the fieldwork, clear and concise information sheets and consent forms needed to be provided to support participants and ensure they were fully informed of the interview process. These documents were translated into Bahasa (Indonesian language). The participants were also informed that they could withdraw from the study at any stage and could refuse to answer any questions. Since the readership of the research thesis is beyond my control (Brydon, 2006), and it is important to recognise the rights of respondents regarding data and publications (Laws, Harper, & Marcus, 2003), I chose to use pseudonyms for my respondents' names as a way to protect their confidentiality in this study.

Furthermore, to avoid potential bias and conflict of interest, as well as to balance the power relations between the participants and myself as a researcher it was necessary that I was transparent with participants regarding my status as a civil servant of the Indonesian government before I interviewed them. This was important as "interviewees respond to us based on who we are" (Silverman, 2016, p. 135). Power differences between a researcher and participants can be in the form of money, career, or other resources that may cause respondents to feel inferior to the interviewer

(Scheyvens, 2014). In other words, a researcher's position in qualitative research is vital as it may affect the trustworthiness of the research due to the influence of their values, culture, experiences, and perceptions, which may intervene data collection and interpretation in the research setting (Grbich, 2013). Hence during the fieldwork, I clarified with participants about my status as a Ministry of Agriculture (MoA) employee but then explained to them that I had come as a student researcher. As far as I was aware, my dual identity provided advantages and disadvantages during fieldwork, and the acceptance and openness of the farmers was one of the benefits that I felt. I emphasised that the purpose of this study was to explore the extent of the impacts of PPP activities on farmers, most warmly welcomed the research I was undertaking. In addition, I ensured participants that their responses would only be used for research purposes and that their identities were protected by pseudonyms.

4.7. Reflections on Positionality

My experience of interviewing smallholder farmers was delightful. Being able to meet and discuss with them in my home country was a humbling experience. From the beginning, I was aware of my dual role as a university researcher and a government officer. I acknowledge that my previous job as government officer in the Ministry of Agriculture (MoA) could cause a conflict of interest I also recognised the primary concern of conducting work-related research is the potential for bias and subjectivity, both in the process of collecting data as well as in interpreting the results of the study.

As I mentioned earlier, the PPP-READ programme was a multi-stakeholder collaborative programme led by the MoA. My involvement in the project led me to know some of the parties involved in the READ project. While I worked at the MoA, I had also visited the project location several times. My position as an “insider” in the MoA in some ways has also been an advantage. An “insider” can benefit from access into specific situations and thereby gain better understanding compared to an outsider (Unwin, 2006). For example, I did not face difficulty in accessing my target respondents. While access to farmer participants was gained through a gatekeeper, access to the main informants in Jakarta was attained mostly via informal communication. However, my previous knowledge, experiences and relationships, and even sense of attachment with the project, might have affected the responses in the

research process and the way I capture and filter information obtained during the fieldwork.

Therefore, to minimise bias, I applied the principles of reflexivity as guidance throughout this study, particularly during research fieldwork. Reflexivity in research, according to O'Leary (2014, p. 11) refers to “the ability of the researcher to stand outside the research process and critically reflect on that process”. Throughout the research process, I was actively and consistently involved in critical self-reflection on my potential biases and predispositions. Even though I cannot guarantee whether the responses I received were biased toward my role as a civil servant, I learned that being honest and up-front about my research interests and identity was important to establish a situation where the participants could trust me and fully express their opinions (Brydon, 2006). Most respondents accepted me with full enthusiasm. Their earnestness in participating in my research has given me more responsibility. Some of the farmers in particular hoped that the information they shared could contribute to better programmes in the future. As much as it may be frowned upon that my positionality was not neutral, I actively reflected on my professional biases at all stages of the research.

4.8. Limitations

This research is defined by some limitations. Firstly, the PPP referred to in this study is limited in its scope to the READ programme. Secondly, the study area is limited to parts of the district of Parigi-Moutong in Sulawesi Tengah, Indonesia and only twelve-smallholder cocoa farmers were interviewed based on voluntary participation. Thus, the findings of this study might not be generalised to other populations or contexts. Also, since I failed to interview the private sector involved in the PPP, this research sees ideas mostly from the government's, IFAD's, and NGOs' perspectives. Therefore, I would suggest further research should look at the same issue from the perspective of the business sector to gain deeper understanding of these partnerships.

4.9. Data Analysis

Analysis was undertaken to convert interview responses into data. According to Berg and Lune (2017), analysis is taken to make sense of the information accessed during the data-gathering phase. The nature of the analysis of a case study is to “integrate and synthesise interview responses from throughout the interview into a coherent story” (Patton, 2015, p. 443). Therefore, several analysis processes are conducted to create an accurate story based on the findings.

Data gathered during interviews and 'H' assessments were used to highlight patterns or themes among each respondent in order to better understand the relationships between PPP activities and their impacts to farmers' livelihoods. After the completion of my fieldwork, all interview information was collected and transcribed manually. My fieldwork notes were also tidied up and then reread carefully along with the transcription results. Taking these notes aimed to gain an overall sense and understanding and explore links between one aspect and the other. The next process was to read line-by-line from the transcription texts and underline important ideas and significant statements. These results were then categorised for further in-depth analysis. The analysis carried out resulted in themes or patterns and relationships, which were based on the answers given by the respondents. Finally, the significant statements or themes were then interpreted and related back to the literature.

4.10. Chapter Conclusion

This chapter has examined the methodology involved in this study, which also has set the scene for the following research context and results chapters. This study employs a qualitative methodology in the form of a single case study. This approach is considered appropriate to answer the research question, which is to gain an in-depth exploration of diverse aspects of PPP initiatives and their effects on smallholder cocoa farmers' livelihoods. The ethical concerns have also been discussed in order to provide transparency to the research findings. Further, to operationalise the theoretical framework and to achieve accurate findings, this study utilises different methods and tools of data collection, including semi-structured interviews, 'H' assessments, structured household interviews, and secondary document analysis. A limitation of this research was that the exploration of the effects of PPP on smallholder cocoa

livelihoods in this study was limited to the READ-PPP programme in Parigi-Moutong, Sulawesi Tengah, Indonesia. The next chapter will provide the context for this research topic and a detailed description of the case study (READ-PPP). Some comprehensive results of document analysis on four cocoa Indonesian PPPs projects will also be included in the following chapter.

5. AGRICULTURAL DEVELOPMENT AND PUBLIC PRIVATE PARTNERSHIPS IN THE COCOA SECTOR IN INDONESIA

5.1. Introduction

This chapter provides some background information on the agriculture sector in Indonesia. It will then also provide a contextual analysis of the project used as a case study for this thesis, public private partnership within the Rural Empowerment and Agricultural Development (READ-PPP). This chapter therefore presents results of my study, from the document analysis focusing on PPP practices in the cocoa sector implemented in Indonesia. This analysis aims to provide an overview of Indonesian PPPs in the cocoa sector and to provide a comparison between PPP projects in relation to objectives, types and the impacts of partnerships on the livelihoods of smallholder cocoa farmers. This analysis addresses the first research question in this thesis related to the concepts and practices of cocoa-focused PPP initiatives in Indonesia. Results from interviews with key respondents from the government and international organisations related to policy on PPPs in Indonesia are also included in this chapter.

The chapter begins by firstly discussing the recent developments in poverty reduction strategies, and a description of the agriculture development in Indonesia that includes the agriculture outlook and investment. The next section will provide a background explanation of the emergence of PPPs in the Indonesian agricultural sector, placing emphasis on the cocoa sector and smallholder cocoa farmers as the main focus of this study. Key findings from document analysis and comparison of four different PPP projects will then be presented. An explanation of the selection of the READ-PPP Programme as a case study in this thesis is also described in this section. The final section introduces and then details the programme.

5.2. Recent Development in Poverty Reduction Strategies

In the Indonesian context, the establishment of a formal poverty reduction strategy is quite recent. In the past, the Government focused on economic growth, stability and equality, but poverty reduction was never explicitly stated as a priority objective of

development during the New Order Government⁵ (1966-1998) (Suyahadi, Yumna, Reku Raya, & Marbun, 2010). Statistics Indonesia (2017b) measured the incidence of poverty for the first time in 1984 covering the period of 1976-1981, but began to publish the figures annually only in 2003. Under Suharto's leadership, the Government managed to reduce poverty rates from 40.1% in 1976 to 17% in 1996 (Statistics Indonesia, 2017a). According to Suyahadi et al. (2010), poverty reduction strategies became the main policy instrument after the Asian Financial Crisis (AFC) of 1997-1999. The crisis had a profound impact on domestic economic and political stability. As a result, the level of poverty rose from 17% in 1996 to 23% in 1999 (Statistics Indonesia, 2017a). This event also contributed to significant changes in the national development approach to poverty reduction.

In their *Interim Poverty Reduction Strategy Paper* (2003), the Indonesian Government recognised that poverty alleviation could only be achieved if the entire nation addressed poverty as a priority. In order to reach this goal, the Government needed to forge a coalition with different partners in the private, public and civil sectors. More recently, President Joko Widodo and Vice President Jusuf Kalla published a document called *Nawacita* in 2015, as a guide for the Government's development priorities (Indonesia Government, 2015). Although the document does not explicitly mention multidimensional poverty, the priority agenda of *Nawacita* reflects various dimensions of human development and a strong focus on poverty reduction.

Despite continuing reductions in the incidence of poverty (from 24% in 1999 to 11.3% in 2014), 27.77 million Indonesians (10.70% of the population) still live below the poverty line⁶ (Statistics Indonesia, 2017b, p. 205). Poverty is concentrated in rural areas, especially in the upland areas and eastern region, including the Sulawesi Tengah province. Figure 5.1 below shows the number of poor people in rural areas between 2010 and 2015 was significantly higher than in urban areas (Statistics Indonesia, 2017b, p. 205).

⁵ The New Order was a term coined by the second Indonesian President Suharto to distinguish his policy with his predecessor, Sukarno (Old Order). The term "New Order" has become synonymous with Suharto's years in office (1966-1998).

⁶ Statistics Indonesia used poverty lines that were estimated based on the Food Energy Intake (FIE) method, which is calculated using an expenditure of 2,100 calories worth of food per capita per day, plus some essential non-food allowances (Statistics Indonesia, 2017b).

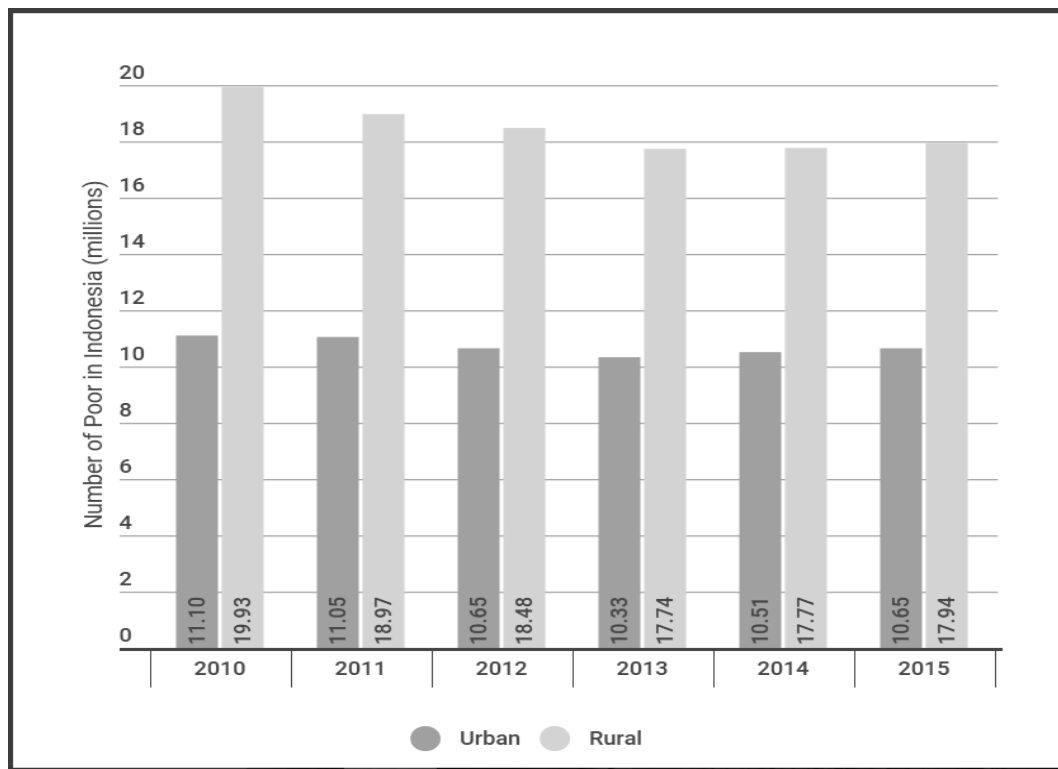


Figure 5.1 Number of Poor People in Urban and Rural Areas of Indonesia between 2010- 2015

(Statistics Indonesia, 2017b, p. 205)

For more than fifty per cent (50.42%) of all Indonesians who are living in rural areas, and especially for the poorest of them (13.96%), agriculture is their main source of their income (Statistics Indonesia, 2017b, p. 205). As discussed in Chapter 2, one potential key lever for poverty reduction in rural areas is by improving agricultural growth. How Indonesia is dealing with this will be further discussed in the following section.

5.3. Outlook on the Indonesian Agricultural Sector

The new paradigm of “Agriculture for Development” as stated in the *Indonesian Grand Strategy of Agricultural Development 2015-2045*, places the agricultural sector as a significant driver to achieve sustainable development in Indonesia (Ministry of Agriculture [MOA], 2015b). In line with that, in the *National Medium Term Development*

*Plan*⁷ 2015-2019, the Government highlights agriculture as one of four key sectors with the main aim to strengthen food security and improve people's livelihoods through innovation, increased productivity, investment in infrastructure, and better resource management (Indonesia Government, 2015). The importance of the agricultural sector has been emphasised in every national development strategy.

Aside from being a major sector that provides food security for the community, agriculture has a strategic role in solving social and environmental issues. The critical contribution of the sector can be seen from the average total share of Indonesia's GDP in 2012 to 2016 of 10.33% (Statistics Indonesia, 2017b, p. 618). Although this value has dropped significantly from 46% in 1971, this sector continues as a main source of income for 39.67% of all households (Statistics Indonesia, 2017b, p. 210). The data shows that almost half of the population in Indonesia depend on livelihoods based on the agriculture sector.

As a tropical archipelagic country, Indonesia produces a wide range of agricultural products. With an average value of agricultural production at US \$65 billion in 2014 (FAOSTAT, 2014), Indonesia is one of the world's key agricultural producers. Between 2011 to 2015, the production of major food crops increased: rice production increased from 65 to 75 million tons, maize from 17 to 19 million tons (Statistics Indonesia, 2017b, p. 223). The Government has also promoted some potential commodities for the export market, including palm oil, rubber, cocoa, coffee, pepper, cloves, tobacco, tea, and jatropha (MoA, 2015b). Production of estate crops—rubber, sugar cane and cocoa—have changed little, except for palm oil and palm kernel, which increased substantially between 2011 to 2015 (Statistics Indonesia, 2017b). According to Statistics Indonesia (2017b), most of these crops are produced by small-scale farmers.

⁷ The National Medium Term Development Plan (RPJMN) provides policy guidance and programs for five years for both national and local governments, based on the vision and mission of the elected president.

Smallholder farmers⁸ with limited agricultural land dominate the agriculture sector in Indonesia. These farmers are still based on small farms that use traditional mechanisation. They often use poor agricultural techniques and have limited access to suitable extension services or appropriate technology. The Government policy (Law No. 16/2006) to assign one agricultural extension worker to each village to support farmers has not really been implemented (Indraningsih, Sugihen, Tjitrpranoto, Asngari, & Wijayanto, 2016; Sudarsono, 2017)⁹. In addition, vulnerability to external shocks such as price fluctuations, natural disasters and crop failure, creates long periods of food shortages. Geographic isolation of rural areas and lack of access to markets and finance also greatly limit opportunities. Although Indonesia produces high-value crops (such as cocoa, coffee, nutmeg and cloves), lack of investment in management, processing and marketing systems has resulted in limited expansion in these areas (Natawidjaja et al., 2015, p. 4). Small farmers are faced by complex challenges, for instance, inadequate input and output market structures lead to an imbalance of bargaining power between farmers and input suppliers or output buyers (Sudaryanto, Susilowati, & Sumaryanto, 2009); therefore more investment in agriculture from various parties is needed to empower and to improve the lives of smallholder farmers.

5.4. Public and Private Investments in the Agricultural Sector

One of the crucial aspects to enhance agricultural growth and to achieve sustainable rural development is investment. According to the Ministry of Agriculture (MoA) (2015b, p. 9), the Government's investment is estimated as only 4% of total investment in the agricultural sector. Insufficient and poor quality infrastructure, low human capital enhancement in agriculture, lack of access to financial institutions, and no clear land rights have been identified as major constraints to increased investment in agriculture in Indonesia (OECD, 2012). Given the limited resources available, the Government has actively promoted agriculture through various mechanisms, including creating a conducive policy environment to attract investment (OECD,

⁸ Definitions regarding small farmers vary depending on their crops. In food crop farming, farmers who own farms between 0.25-1.0 ha are categorised as small farmers, while in estate crops, small farmers are those who own less than two hectares of land (Sajogyo, 1976).

⁹ The number of Indonesian villages with agricultural potential is around 72,000, while the number of agricultural extension workers is only about 44,000 (Sudarsono, 2017). Extension workers provide facilitation to farmers to improve knowledge, skills and attitudes of farmers in managing their farms.

2012). Between 2010 and 2014, both domestic and foreign investment grew on average by 4.2% and 18.6% per year (MoA, 2015b, p. 3). The share of domestic and foreign investments in agriculture over this period accounts for an average of 12.15% and 6% of the total investment (Badan Koordinasi Penanaman Modal [BKPM], 2017). The majority of agriculture investments were made in food and estate crops, accounting for 98% of total agricultural investments (MoA, 2015b, p. 10)

However, it is interesting to see the difference in spending between the public and private sectors. Public expenditure has targeted mostly food crops (MoA, 2015b; OECD, 2012). For example, 80% of the total sub-national expenditures on agriculture in 2009 were spent on rice, maize, cassava and irrigation infrastructure, reflecting the priority given by local governments to the production of food crops (OECD, 2012, p. 228). On the other hand, most private investment has targeted estate crops, such as palm oil, rubber, cocoa and coffee. A similar trend is likely to occur in the next few years as the Government currently is committed to achieving self-sufficiency in five key staple commodities: rice, maize, soybeans, sugar and beef (MoA, 2015b; OECD, 2012).

Given the potential contribution of the business sector involvement in the Indonesian agriculture sector, particularly for the estate crop commodities, since 2010 the Government has been promoting PPP as a new approach to work with communities and businesses to achieve the desired outcome of development priorities (Rankin et al., 2016). One of the perennial crops developed through PPPs is cocoa, which is the focus of this study. The following sections will discuss the background of PPPs in the Indonesian agricultural sector generally and the cocoa sector.

5.5. PPPs in the Indonesian Agricultural Sector

Agricultural PPPs are a relatively new concept in Indonesia¹⁰ (Fizzanty & Masyhuri, 2013; Natawidjaja et al., 2015). PPPs have become a popular approach in the agriculture sector since 2010, when the Ministry of Agriculture (MoA) of Indonesia established a new PPP scheme to accelerate rural investment and agricultural

¹⁰ PPPs were previously used only for large-scale infrastructure projects in Indonesia.

development (PISAgro, 2016; WEF, World Economic Forum [WEF], 2015). The MoA (2015a) describes PPPs as a potential tool for sustainable and inclusive agricultural development with a primary objective of achieving food security and economic growth. The Government is promoting PPPs as a new approach to working with communities and businesses to achieve the desired outcome of development priorities (Rankin et al., 2016). Previously, partnerships in the Indonesian agricultural sector were predominantly established as business-to-business (B2B) relationships, usually in the framework of supply chain management. For instance, there has been collaboration between large-scale horticulture companies and smallholder farmers to supply markets or export markets (Fizzanty & Masyhuri, 2013).

Establishing PPPs, as the Government suggests, is one solution to address limited public financial resources and to promote development programmes (MoA, 2015a). Further, PPPs in the agricultural sector would decrease food insecurity, provide more jobs and generate higher earnings for the community (Natawidjaja et al., 2015). A study by Akiyama and Nishio (1997) shows that the Indonesian Government has adopted a hands-off approach to industry development that creates a highly competitive market for farmers and the industry. Under these conditions, it is arguable that there is room for PPPs to develop well in Indonesia. Moreover, Mudiarta and Sujana (2012, p. 312) found that the decentralisation policy has also made a significant contribution to the increasing role of the private sector, whereas the role of the government has changed to a "facilitator" or "stimulator" in development.¹¹ Agricultural development today relies very much on the participation of the community and the private sector.

Most of the agricultural programmes in Indonesia support a PPP whereby smallholder farmers are linked to one or more of the private sectors. For instance, the READ-PPP programme linked cocoa farmers only to the Mars Company, whereas the Sustainable Cocoa Production Programme (SCPP) is currently collaborating with a number of major players in the cocoa sector, including Cargill, Mondelēz International, Mars and Nestlé. Both READ-PPP and SCPP also involve CSOs as partners in their

¹¹ Indonesia began a process of rapid government decentralisation in 1999 from a formerly strong centralised government structure.

implementation (Swisscontact, 2015). The Government is responsible for facilitating access to rural infrastructure and empowering the community. The private partners' roles are to provide technical assistance, business management training and link farmers to business development services (IFAD, 2013a; Rankin et al., 2016). In this environment, the society (smallholder farmers) acts as the key development agent who determines the success of the PPP activities (Mudiarta & Sudjana, 2012).

As discussed earlier, PPPs have gained popularity in Indonesian agricultural development particularly since the MoA promoted a new framework under the initiative of the World Economic Forum's New Vision for Agriculture Initiative in 2010.¹² This global partnership model is one example of an effective multi-stakeholder approach in agriculture as a contribution to the UN SDGs (WEF, 2016). To enhance the achievement of agricultural sustainable development through PPPs, the Government, together with multinational companies and CSOs, have established the Partnership for Indonesia's Sustainable Agriculture (PISAgro)¹³ and prioritised 11 strategic commodities aligned with the Government's food security plan, which are: beef cattle, coffee, cocoa, corn, dairy, horticulture, palm oil, potatoes, rice, rubber and soybeans (WEF, GrowAsia, 2016; 2016). By creating sustainability in the value chain of companies, PISAgro aims to improve farmer's productivity, reduce poverty, and reduce greenhouse gas emissions, all by 20% by 2020 (PISAgro, 2016). PISAgro currently is the largest agricultural PPP platform in Indonesia (GrowAsia, 2016; PISAgro, 2016; WEF, 2016). Despite strong commitments from all stakeholders in the PISAgro initiative, Darto (2012) argues,

PISAgro offers no differences with what has been initiated by the World Bank in the 1980s, where the action had trapped the oil palm farmers and only provides benefit for the industry. The industry will monopolise the entire business community's plantations.

Furthermore, some studies explain that the collaboration under PISAgro is the same practice of business as usual of Corporate Social Responsibility (CSR). A study

¹² The New Vision for Agriculture Initiative promoted by the WEF is a global multi-stakeholder partnership (governments and agribusiness companies) that aims to accelerate the flow of investments into agriculture. This initiative has had a major impact on PPP applications in many developing countries, for example, Ghana, Kenya, Indonesia and Vietnam (Rankin et al., 2016).

¹³ PISAgro was officially established on 20 April 2012 (GrowAsia, 2016).

conducted by Lalwani, Nunes, and Chicksand (2016) related to social sustainability initiatives by four major cocoa companies in Africa (Ferrero, Mondelēz International, Mars and Nestlé)—three of which are members of PISAgro—points out that these companies’ cocoa supply chain sustainability initiatives have integrated three bottom-line approaches as part of their strategic CSR agenda. Nonetheless, the Country Director of the IDH Sustainable Trade Initiative (a member of PISAgro) stated, “PISAgro is not a CSR platform” (Ardiansyah, 2016). This argument might be supported by the fact that one component of PISAgro’s activities is financial assistance for smallholder farmers, where the funds allocated by the private sector for PISAgro are separated from the CSR account (Kusbiantoro, 2013). Yet, discussion related to the relationship between PPP and CSR is a complex issue, hence more comprehensive exploration is needed to adequately address this issue.

5.6. PPPs in the Indonesian Cocoa Sector

Cocoa is one of the first agricultural commodities that has been developed under Indonesian PPP initiatives. This is based on the potential of cocoa that can still be strengthened in addition to current production. Furthermore, most cocoa is produced by small farmers; thus activities related to cocoa production and productivity are needed to improve the lives of smallholder cocoa farmers. The material in this section will draw on the document analysis (see list of document used in Chapter 4 see page 47).

As the world’s third largest cocoa producer (Food and Agricultural Organisation [FAO], 2017; International Cocoa Organization [ICCO], 2017), cocoa plantations in Indonesia have grown enormously over the last four decades whereby in 2015 the total area of cocoa plantations in Indonesia was 1.72 million ha (MoA, 2016a, p. 1). A sharp decline in output from West Africa in the late 1970s and early 1980s resulted in high world cocoa prices, which prompted a significant expansion in land and cocoa production by Indonesian smallholders¹⁴ (Akiyama & Nishio, 1997; Ruf, 1993). Squicciarini and Swinnen (2016) argue that policy reforms and strong economic incentives also have encouraged cocoa production in Indonesia (e.g. market

¹⁴ Inexpensive labour, suitable climate and land, proximity to Malaysia for exports, and the overseas aid policy for development in this sector were factors that led to expansion in Indonesia (Ruf, 1993).

liberalisation, no taxation on cocoa, frequent currency devaluations that made cocoa exports more competitive internationally). In addition, the Government started to promote several secondary business opportunities related to cocoa production such as distribution, delivery, milling and packaging (Ruf & Siswoputranto, 1995). These factors have had a great influence on the increasing position of the cocoa sector in Indonesia's agricultural development.

Compared to other estate crops, cocoa is one of the few plants that does not require much care. This is one of the major reasons smallholder farmers cultivate cocoa (based on interviews by the author). In addition, the economic potential of cocoa commodities generally lies in prices and market opportunities (Fold, 2001). The higher the price of cocoa, the greater motivation of farmers to increase their production. Nevertheless, cocoa prices in the domestic market essentially follow international market price fluctuations. In global trade, the interaction between production, consumption and stock of cocoa beans will simultaneously affect price movement (World Bank, 2005). Also, world economic conditions and speculative demand include factors affecting the rise and fall of cocoa seed price (Aklimawati, 2013). A study by Aklimawati (2013) showed that cocoa prices in commodity markets are more responsive to global economic fluctuation than world demand and supply conditions. In the past fifteen years, world cocoa production and consumption have tended to rise despite relatively fluctuating supply availability (MoA, 2016a).

While demand for cocoa is steadily increasing, cocoa production in Indonesia has been falling since the 2000s (MoA, 2016a). Constraints to small farmers to increase their productivity include pests and disease, ageing trees, lack of information and technology, and lack of access to inputs such as fertiliser and credit. Moreover, some farmers have shifted production to more lucrative enterprises, including palm oil, rubber industries and other nonfarm activities. To reverse this decline, since 2009, the Government has begun to promote various programmes in order to boost production through intensification, rehabilitation, rejuvenation, agribusiness, and capacity-building activities together with a wide range of key players in this sector (MoA, 2016a). One of the efforts is through PPPs and is discussed in the section below.

Four PPP projects that have focused on smallholder cocoa farmers will be used as examples of current PPPs in the cocoa sector. These are:

- (1) The Agribusiness Market and Support Activity/AMARTA Sulawesi Kakao Alliance (ASKA);
- (2) The Sustainable Cocoa Initiative (SCI);
- (3) The Sustainable Cocoa Production Programme (SCPP), and
- (4) The Rural Empowerment and Agricultural Development (READ) Programme (see Tables 5.1 and 5.2).

The selection of these four projects was based on the different partnership characteristics in each project. Highlighting these differences aims at providing a comprehensive understanding of the current variety of partnerships under Indonesian agriculture PPP schemes. Data presented in Table 5.1 and Table 5.2 below was collected through a review of secondary documentary sources, such as organisation websites, companies' websites, and related project documents (a list of documents used for this analysis is provided in Chapter 4 (on page 46).

For this analysis, I divided the information into two tables. Table 5.1 is organised into ten sections that include duration, location, main objectives, key activities, and number of farmer beneficiaries and public and private partners involved. The table also covers information regarding types of partnership objectives, scales and models as described in Chapter 2 (see page 20). Table 5.2 focuses more on the impacts of each PPP project on the livelihoods aspects of smallholder cocoa farmers, such as improved capacity, improved production and productivity, and increased income.

As seen in Table 5.1 below, most of the PPP initiatives started in 2010, in line with the promotion of PPP schemes by the Indonesian Government (with the exception of the ASKA project that started in 2007). All four PPP projects were implemented in the central areas of cocoa production in Indonesia, including all the provinces on Sulawesi Island, some parts of Sumatera and East Nusa Tenggara. The four projects focused on capacity-building activities of cocoa farmers as a key component of their interventions. Training materials provided to targeted farmers show that SCPP has the most comprehensive training activities, covering not only cocoa farming but also other aspects of farmers' lives such as good nutrition and household financial

management. READ, which adopted the SCI project, did not include the components of agribusiness development into their training materials. Similar to ASKA, READ focused only on increasing cocoa production and productivity based on Good Agricultural Practices (GAPs).

In general, most of these projects have aimed to improve the livelihoods of smallholder cocoa farmers and support sustainable cocoa production by increasing production, productivity, and the quality of Indonesian cocoa. SCI targets not only smallholders but also farmers with a high improvement potential. As explained in Chapter 2 (see Table 2.2 (a)), according to each PPP objectives and activities, as can be seen in Table 5.1, all four PPP projects can be classified as value chain development (VCD) projects. Because, even though most of these PPPs focus mainly on delivered extension services to enhance farmers' capacity, the projects were aimed to improve productivity, quality, and market access at all levels of the value chain.

There are differences in the models of partnership among these PPP projects. Based on the category of the partnership model (see Table 2.2 (c)), the ASKA project can be categorised as a donor-led model, where the United States Agency for International Development (USAID) as a funder increasingly seeks to engage the private sector in innovation and improvements to the effectiveness and value for money of development interventions. However, SCPP, led by Swisscontact, can be characterised as a business-NGO alliance model, where NGOs have been sought out by private sector actors to partner on development interventions. Table 5.1 below shows that the SCPP project has involved a large set of funding partners. Further, the READ programme can be included in the category of coalition models because these are multi-stakeholder initiatives involving governments, donors, the private sector and civil society organisations. The SCI initiative undertaken by Mars Company can be classified as a company-led model in which Mars acts as an initiator and collaborator of the partnership in order to secure the sustainability of their supply chain. This initiative is part of creating "mutuality of benefits", as a principle for Mars Company (Mars, 2016).

Furthermore, these four PPP projects involve the government, the private sector, NGOs and cocoa farmers as project beneficiaries. The role of the government is primarily to support partnerships through creating policies to facilitate these programmes and projects. Most companies involved act as “the guarantor for the farmers by securing the market and facilitating access to capital” (MoA, 2013, p. viii). NGOs serve as a facilitator between farmers and other stakeholders, and farmers are mainly involved as users and providers of new technologies and innovation. In addition, in the SCI and READ projects, private parties involved in partnerships have been required to establish buying points to enable farmers to sell their crops easier. These two projects also included established Cocoa Development Centres (CDC) at the district level that serve as training centres for technical experts and farmers to share knowledge and skills. In terms of research and development (R&D), in the ASKA and READ project, R&D has been done in collaboration between private and government research institutions (Indonesian Coffee and Cocoa Research Institute, MoA), whereas in the SCI project, R&D is done entirely by a private party (Mars Company).

Table 5.2 below summarises all the outcomes claimed by the projects based on their reports. The outcomes were classified into six categories: capacity building, infrastructure, market access, incomes, environment, and production/productivity.

As shown in Table 5.2 below, despite the different levels of detail provided in the reports, all projects stated they had improved farmers’ capacity and their income levels. In terms of capacity building, the SCPP project had the largest number of trained farmers (63,922) of all the programmes. However, it is notable that the number of beneficiary farmers for SCI is unknown.

In terms of improving farmers’ earnings, the ASKA project states that their farmers had up to 117% increases in their income. Arguably then, the ASKA project provided more benefit to farmers’ economic wellbeing than the other projects. However, this statement might be limited, as the SCI and READ projects did not explicitly state in their reports the levels of increase in their farmers’ income.

Table 5.1 *PPP Initiatives in the Cocoa Sector in Indonesia*

PPPs on Cocoa	Agribusiness Market and Support Activity/ AMARTA Sulawesi Kakao Alliance (ASKA)	Sustainable Cocoa Initiative (SCI)*	Sustainable Cocoa Production Programme (SCPP)*	Rural Empowerment and Agricultural Development (READ)
Duration	2007-2009	2010-2020	2010-2020	2012-2014
Location	Throughout Sulawesi	Sulawesi Selatan; Sulawesi Tengah	Aceh, Sumatra Utara, Sumatra Barat, Lampung, Bali, Nusa Tenggara Timur, Sulawesi Selatan, Sulawesi Tenggara, Sulawesi Barat, Sulawesi Tengah, and Gorontalo	Sulawesi Tengah
Activities undertaken	Training and technical expertise (in pest and disease control technologies and cocoa best management practices); Established buying stations	Training and technical expertise; Establishing Cocoa Development Centres (CDCs) and Cocoa Village Centres (CVCs); Increase access to high-quality plants and fertilisers	Train Master Trainers and cocoa farmers on topics including GAP (Good Agricultural Practices), GNP (Good Nutritional Practices), GFP (Good Financial Practices), and Good Environmental Practices (GEP), and Certification facilitation	Training and technical expertise; Established buying stations; Established Cocoa Development Centres (CDCs) and Cocoa Village Centres (CVCs); Increased access to high-quality plants and fertilisers
Number of farmers involved	20,683	N/A	130,000	20,000
Scale of PPP	Meso	Meso	Meso	Meso
Main objectives	To increase productivity and incomes for rural farmers in Sulawesi	To increase yield and raise farmers' profitability	To increase farmer household income from cocoa by 75% and reduce greenhouse gas emissions from the cocoa sector by 30%	To support sustainable cocoa production

PPPs on Cocoa	Agribusiness Market and Support Activity/ AMARTA Sulawesi Kakao Alliance (ASKA)		Sustainable Cocoa Initiative (SCI)*	Sustainable Cocoa Production Programme (SCPP)*	Rural Empowerment and Agricultural Development (READ)
Type of partnership objectives	Develop agricultural value chain (VCD)		Develop agricultural value chain (VCD)	Develop agricultural value chain (VCD)	Develop agricultural value chain (VCD)
Type of partnership model	Donor-led		Corporate-led	Business-NGO alliance	Coalition
1.	Public partners	United States Agency for International Development (USAID); MoA; Indonesian Coffee and Cocoa Research Centre CDC (ICCRI)	Local agriculture agency	Swiss State Secretariat for Economic Affairs (SECO); the Sustainable Trade Initiative (IDH); the Embassy of the Kingdom of the Netherlands (EKN); Millennium Challenge Account-Indonesia (MCA-I); IFAD; Ministry of Home Affairs (MoHA)	IFAD; MoA
2.	Private partners	Olam International; Blommer Chocolate; EFFEM; Cargill; Armajaro	Mars ; Swisscontact; Mercy Corps	Armajaro; Cargill; Barry Callebaut; BT Cocoa; Ecom; Mondelēz International; Mars; Nestlé; Swisscontact	Mars ; Equator (local NGO)

Notes:

* Ongoing projects

Bold text: Funding partner

Table 5.2 *Development Outcomes of PPP Initiatives in the Cocoa Sector in Indonesia*

Development Outcomes	PPP Project Initiatives			
	Agribusiness Market and Support Activity/ AMARTA Sulawesi Kakao Alliance (ASKA)	Sustainable Cocoa Initiative (SCI)*	Sustainable Cocoa Production Programme (SCPP)*	Rural Empowerment and Agricultural Development (READ)
Capacity Building	<ul style="list-style-type: none"> Trained farmers: 20,683 	<ul style="list-style-type: none"> Trained farmers: N/A 	<ul style="list-style-type: none"> Trained farmers: 62,834 Trained master farmers: 1,088 	<ul style="list-style-type: none"> Trained farmers: 20,000 Trained extension workers: N/A
Infrastructure Facilities	Built buying points: N/A	Built training hubs: N/A	Built buying points: N/A	Built training hubs: <ul style="list-style-type: none"> 5 in districts 100 in villages
Market Access and Networking	Direct access to exporters	None	None	None
Incomes	Increased income: 75-117%	Increased income: N/A	Increased income: 75%	Increased income: N/A
Environment /Greenhouse Gas (GHG)	None	None	Reduction of GHG emissions: 30%	Improved soil quality
Production and Productivity	<ul style="list-style-type: none"> 30,000 hectares improved Increased yields: 50-100% 	None	<ul style="list-style-type: none"> 79,087 hectares managed Increased yields: 60% 	Increased yields: 50-75%

Notes:

Data based on 2016 annual report

** Ongoing projects*

None: The outcome was not stated in the document

N/A: The outcome was stated in the document with no further details provided

Another interesting finding that is apparent in Table 5.2 above is the differences of infrastructure support provided in each project. While the SCPP project established buying points (though the number is unknown) to help their participants sell their cocoa, the SCI and READ projects built training hubs for their participants to share their knowledge. On the other hand, the ASKA project did not build any facilities for their farmers. In this regard, the similarities between the SCI and READ programmes are presumably due to Mars Company being the sole private company involved in both projects.

Of the six outcome categories, Table 5.2 shows that market access is the least common outcome for the projects compared in this study. Only ASKA mentioned market access, and their report stated 67% improvement for farmers after the project concluded. The absence of market penetration support in the rest of projects might be because in Sulawesi the market already existed and the main problem for farmers was meeting standards set by the market itself.

Among the four cocoa PPP projects discussed above, I chose the READ-PPP project as a detailed case study in this research for several reasons. Firstly, the project was one of the pioneer agriculture PPP projects undertaken as a government initiative (Ministry of Agriculture) and this project had just one private partner (Mars Company), while the other projects involved two or more companies. Secondly, as this project was considered successful in achieving its objectives, the government in several other regions in Indonesia replicated the programme after the project ended in 2014. These factors made the READ-PPP project preferable over the rest of the projects for use as a case study.

5.7. Indonesian Policy on PPP in the Agricultural Sector

This section will make use of outcomes from interviews with government officials of the Ministry of Agriculture and International Fund for Agricultural Development (IFAD). Informants from both agencies noted positive results of PPP projects that have improved smallholder farmers' welfare in various regions of Indonesia. Interviews with both groups of participants were more focused on views related to the PPP model and the future policy direction of Indonesian PPPs in the agricultural

sector. The establishment of PISAgro in 2011 (followed by a number of agricultural PPP initiatives) showed the Indonesian Government's awareness of PPP's potential to eradicate rural poverty and improve the lives of smallholder farmers in Indonesia.

During interviews, informants from the Ministry of Agriculture stated that the Government of Indonesia through the Ministry of Agriculture continues to develop PPPs as one of the strategies to accelerate agricultural development. One government official noted that research and technology, marketing, and capital had advantages in partnering with the private sector, which can provide significant benefits to the parties within a PPP. In contrast, the PPPs in the infrastructure sector were regulated under the Presidential Regulation No. 38 of 2015 on the Cooperation between the Government and Business Entities in the Provision of Infrastructure. Until now there was no regulation on PPPs in the agricultural sector. As further explained by this government official, Indonesia was still developing and exploring the best PPP model to be nationally replicable.

However, the IFAD informant did not fully affirm this statement. The IFAD Country Program Facilitator for Indonesia argued that there is a reluctance at the national level, on the part of the Government, to use the term PPP in the agricultural sector due to the absence of an appropriate PPP model in the agricultural sector (as opposed to PPP in the infrastructure sector). Related to this, the Program Facilitator commented:

The challenges of implementing agricultural PPP in Indonesia are big, but the potential is also huge. There are already a variety of agriculture PPP models. Now is only a matter of Government to willingly take that as an approach model that can be developed as a policy.

Moreover, this IFAD official added, another reason why it seems difficult to make PPP national policy is because there is still a perspective that defines PPP as Corporate Social Responsibility (CSR) in Indonesia and not a partnership. Yet, for IFAD, PPP is one of their long-term vision strategies. Therefore, IFAD will continue to conduct policy dialogue, to facilitate between government, private and other relevant parties.

5.8. Introduction to READ-PPP Programme in Sulawesi Tengah, Indonesia

The READ Programme (2009-2014) was funded by the IFAD and implemented through the Ministry of Agriculture, was intended to improve the livelihoods of the rural poor in a sustainable manner. The project covered 150 villages in five target districts—Banggai, Buol, Parigi Moutong, Poso and Toli-Toli—in Sulawesi Tengah and targeted a total of 19,390 households or more than 100,000 poor people (READ Programme Completion Report, 2015, p. 21). According to *The READ Programme Design Document* (2006), the overall objective was the sustained growth of economic activities and improved natural resource management in the target villages. The specific objective of the programme was to enhance the capacity of the local community, especially the rural poor, in planning and managing their skill development as well as improving their standard of living in a sustainable manner.

The programme had four components: A) community empowerment; B) farm and off-farm enterprise development; C) rural infrastructure construction; and D) programme management and policy analysis. However, a Mid-Term Review (MTR) in 2011, which included an in-depth review of performance of the programme, made several recommendations to IFAD management, leading to the initial programme redesign (IFAD, 2013b). The programme's new design implemented in 2013 included four components, with a changed focus of the B component from “farm and off-farm enterprise development” to “livelihood improvement”. At the end of the programme in 2015, the READ programme rated as effective in achieving most of the goals and results (READ Programme Completion Report, 2015). The next section will discuss the initiative of the PPP within the READ programme (READ-PPP), as the main focus of this thesis.

Background of the READ-PPP Initiative

At the start of the implementation of the READ programme, there was no private sector involvement or focus on particular commodities. The first phase (2009-2011) of the programme was implemented in fifty villages and focused on infrastructure development, mobilising farmers to form village-level groups, and developing their institutional capacity. In regards to cocoa farmers, as mentioned above, the MTR review undertaken in 2011 identified that the existing resources were not sufficient to

improve farmers' capacity to increase their cocoa yields (Natawidjaja et al., 2015). One of the commitments was to support the cocoa value chain through a PPP involving Mars Company. Mars had proven successful in its Sustainable Cocoa Initiative¹⁵ and were willing to provide cost sharing and technical experts to support the collaboration in the READ-PPP programme. The partnership with the Mars Company was formalised under a Memorandum of Understanding (MoU) between parties involved at the national level and also in each district. A pilot cooperation with Mars was implemented in Sidole Village, Parigi Moutong District.

The READ-PPP aimed to support sustainable cocoa production by overcoming smallholders' constraints—mainly ageing or diseased trees, lack of access to inputs, and limited knowledge of good crop management practices. It also aimed at building smallholders' capacity to organise and run a small business, while giving them high-quality technical assistance.

Partners and Responsibilities

Each partner's roles and functions were defined in the MoU. As seen in Figure 5.2 below, the READ-PPP project involved public and private sector partners: the government (the Ministry of Agriculture) and a private sector company with cocoa expertise (Mars Company). IFAD acted as the main broker, providing funds for the project and for village-level revolving funds. The programme management was responsible for improving rural infrastructure and for developing farmers' capacities to organise. The MoA was also responsible for facilitating the establishment of Village Cocoa Clinics (VCC) in READ-project villages, while Mars Company was responsible for providing trainers and regular assistance to farmers in the villages, as well as facilitating technical personnel in the implementation of Cocoa Development Centres (CDC) and VCCs. In this partnership, READ contracted the NGO Equator to provide facilitators at the village level to deliver its capacity-building support (including training in financial management, leadership, communication, and other issues not limited to cocoa production).

¹⁵ The Sustainable Cocoa Initiative was a global initiative launched by Mars in 2010 to increase cocoa productivity through technology transfer for cocoa farmers in Africa and Asia.

The programme headed by the National Supporting Unit (NSU) coordinator, working through the Provincial Facilitator Unit (PFU) and the District Management Unit (DMU). They coordinated with Mars Company to provide technical assistance and training for farmers. Mars had a provincial CDC coordinator and a CDC manager at the district level.

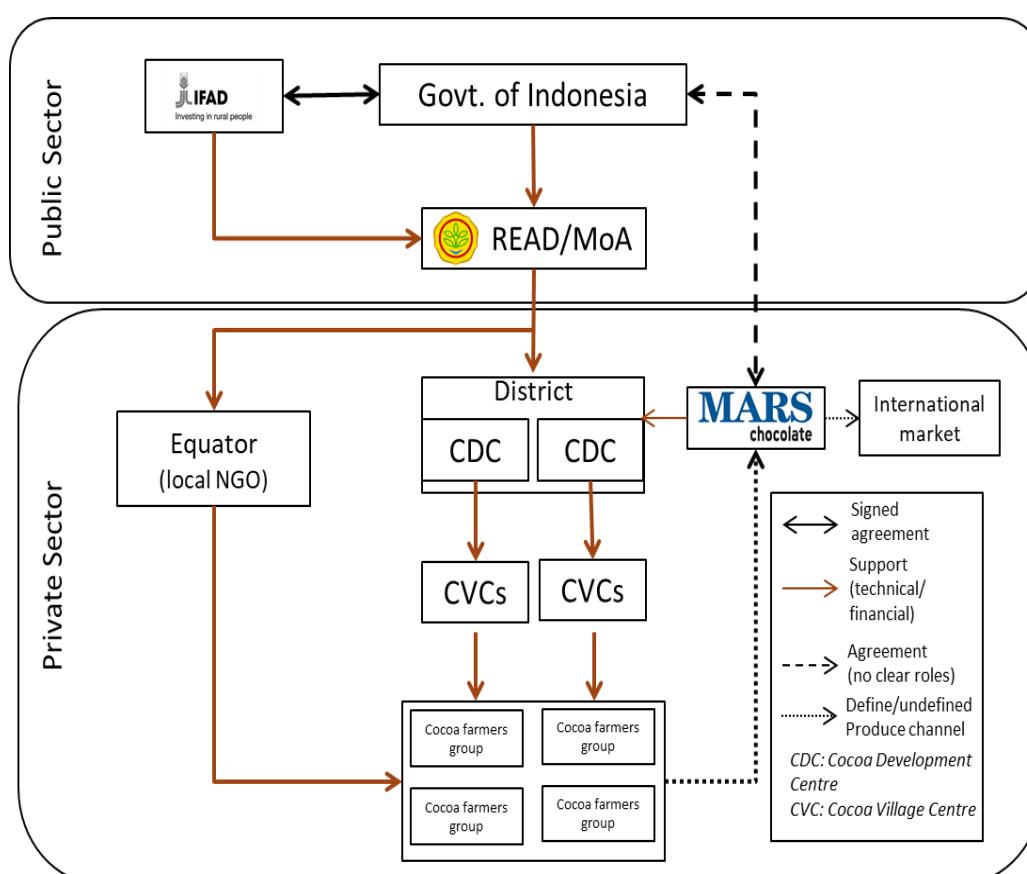


Figure 5.2 The READ-PPP Scheme.

(Natawidjaja et al. (2015, p. 7)

READ-PPP Design and Implementation

The READ-PPP project design adopted the concept of a previous programme implemented by Mars Company, the Sustainable Cocoa Initiative (SCI), with several adjustments. In the SCI and READ programmes, key farmers and extension workers were selected to receive training at the Mars Cocoa Academy. In the READ programme, demonstration and training were also conducted at the Cocoa Development Centre (CDC) at the district level. Regarding training material, in the SCI model, the training included a “productivity package”, consisting of information on good farming practices, cocoa production techniques and business management.

Whereas in the READ model, training only focused on cocoa cultivation technology. As stated in the MoU, details of activities in the READ-PPP were: (1) capacity building of farmers' motivation; (2) training of trainers (ToT) for the cocoa field school; (3) farmer training using the cocoa field school method; (4) monitoring workshops; (5) evaluation workshops; and (6) the establishment of VCCs in the READ project villages.

The READ Programme Completion Report¹⁶ (2015, p. 42) shows that 144 agricultural extension workers and selected key farmers participated in TOT production and post-harvest cocoa (field school method). Two hundred ten farmers participated in the capacity building of farmer motivation, 2,628 people in the cocoa production training, and 1,188 people in the cocoa monitoring and evaluation.

With their expertise, Mars Company conducted trainings and transferred gradually to selected key farmers. After receiving trainings, the farmers selected key farmers and extension workers of the READ programme and then applied what they learnt during the trainings at the VCCs located in their respective villages. They also disseminated their knowledge and skills to other farmer groups in the villages. There were two significant differences between the original SCI and the READ model. The first is related to the duration of training for farmers. In the SCI, key farmers (who later were certified as Mars Cocoa Doctors) were given three months of intensive training, (25% theory and 75% practical). While in the READ programme, training was only done for four days, with 75% theory and 25% practical training (Natawidjaja et al., 2015). The second difference is related to the management of VCCs, where Cocoa Doctors act as entrepreneurial farmers managing their own VCCs as a small business in the SCI model. While in the READ programme, VCCs managed by farmer groups acted as field training facilities. In terms of similarities between the two models, they both typically had demonstration gardens, seed production facilities and inputs. For example, each VCC was equipped with a set of tools to optimise the productivity of cocoa farmers. These tools included a fermentation box, cocoa water content gauge,

¹⁶ The READ Programme Completion Report covers all activities of the management and implementation, as well as achievements of the programme.

lawn mower, chainsaw, and scales (Agency for Agricultural Extension and Human Resource Development [AAEHRD], 2015).

5.9. Chapter Conclusion

This chapter has provided firstly, a background on the agriculture sector and PPPs in Indonesia. It secondly, presented some findings from my research related to the concepts and practices of PPPs in the cocoa sector. Key points from this chapter included that the Indonesian Government has made continuous efforts to reduce poverty in rural areas through agricultural development. Small farmers are seen as the main drivers of the achievement of sustainable agricultural development, but they face various obstacles and challenges. Therefore, as soon as possible these issues are aimed by the Indonesian Government to be solved by involving business partners. Agricultural investment through various mechanisms is considered by government as one of the most critical elements to support farmers. This chapter has also highlighted the potential and trends of cocoa plantations in Indonesia. Most are still cultivated by small farmers and various development projects have been implemented to support these farmers to improve their livelihoods.

In this chapter, four PPP projects that focused on smallholder cocoa farmers have been analysed by the use of a document analysis. These four projects represent different PPP models, which are the ASKA project as a donor-led model, SCI as a corporate-led model, SCPP represents a business-NGO alliance, and READ is a coalition-based partnership model. The results of this analysis show that the majority of cocoa PPP programmes were focused on increasing production and productivity through capacity building of cocoa farmers. Hence, the main activities of these PPP projects were focused on trainings covering various topics such as Good Agricultural Practices, side-grafting techniques, and pest and pesticide management. In addition, some projects also include a component of improving access to inputs and markets, nutrition and gender integration into their activities.

The results of the document analysis also show that the four PPP projects had significant impacts on various aspects of livelihoods of cocoa farmers in the targeted villages, particularly improved capacity building, increased cocoa production and productivity, improved access to markets, and increased incomes. Finally, this chapter introduces the READ-PPP programme as a case study for this thesis. The next chapter will present key findings from the fieldwork regarding the effects of the READ-PPP programme on smallholder farmers' livelihoods in Sulawesi Tengah.

6. THE EFFECTS OF THE PPP-READ PROGRAMME ON SMALLHOLDER COCOA FARMERS' LIVELIHOODS

6.1. Introduction

This chapter contains the analysis that resulted from twelve semi-structured interviews, twelve household questionnaires, and seven 'H' assessments along with key informant interviews. This chapter also draws on secondary data sources and field observations (see Chapter 4 page 43 for details). These are used in respond to the second research question: *How has the PPP initiative within the Rural Empowerment and Agricultural Development (READ) Programme in Sulawesi Tengah, Indonesia affected local smallholder cocoa farmers' livelihoods?*

Based on the data analysis, this chapter has been divided into two major sections. The first section focuses on the positive effects of the READ-PPP programme on smallholder cocoa farmers' livelihoods in Sidole, Sibalago and Olobaru in the Parigi Moutong district in the Sulawesi Tengah province of Indonesia. The analysis shows that the READ-PPP programme has contributed to some aspects of smallholder cocoa farmers' livelihoods in the project area. Farmers particularly mentioned improvements in their knowledge and skills, increases in cocoa production and income, and expanded social networks as the significant effects that impacted their livelihoods. The second section explores the challenges the farmers experienced in relation to the programme. Three primary themes have emerged from this section including unequal results, sustainability of outcomes and farmers' resource constraints.

6.2. Improved Farmers' Capacity

Analysis of the 'H' assessments shows that improvement of cocoa cultivation knowledge and techniques were the primary effects of the READ-PPP programme for the smallholder cocoa farmers surveyed at the study sites. This was not surprising, as stated in Chapter 5, the central aspect of the READ-PPP was to empower smallholder cocoa farmers through the provision of various trainings at district and village levels. The first set of questions in the interviews, therefore, was aimed to explore the extent of the effects of the READ-PPP programme on farmers' livelihoods. Nevertheless,

another important finding related to improved capacity also emerged during fieldwork. It was related to broader social networking through farmer groups and training meetings that were a real effect of the programme for respondent farmers.

Cocoa Cultivation Knowledge and Technology

There was a number of activities undertaken to improve cocoa productivity as part of the READ-PPP programme including: (1) training of trainers (ToT) of cocoa production (Farmer Field School method); (2) farmer motivator training; (3) monitoring and evaluation workshops; and (4) establishment of Cocoa Development Centres (CDCs)/Cocoa Village Centres (CVCs) and related equipment/facilities. The latter was the most critical component, as the CDCs and CVCs were used as demonstration and training centres for capacity-building activities in this programme. Of the study population, all respondent farmers responded favourably to the implementation of the READ-PPP programme's activities.

Findings from the field indicate that seven out of twelve of the farmers interviewed received direct training from Mars Company, of which five of them served as Mars Cocoa Doctors. Cocoa Doctors are selected farmers trained and coached by Mars as part of the Sustainable Cocoa Initiative (SCI). The task of Cocoa Doctors is to run small self-owned businesses that deliver agricultural training and access to good quality plants, fertilisers and pesticides. The rest of the interviewed farmers said they participated in the training conducted by key farmers in the villages. This result shows that the READ-PPP model, which aimed to provide training at various levels (at CDCs by Mars Company and continued at CVCs by key farmers), proceeded in accordance with the planned project design.

The most important finding is regarding the effects of trainings as the main activity of this programme. Results show that nearly all the farmers surveyed in Sidole, Sibalago, and Olobaru felt that the READ-PPP programme had benefited their lives. For example, Farmer 1 was a cocoa farmer who had been farming for twenty years, and he struggled with pests and diseases. With the READ-PPP, he came for training and learned new techniques on how to care for his trees, maintain his farms, and produce more and better cocoa. Back on his farm, he applied the new techniques he learned.

Before the programme, he only harvested 50 kilograms of cocoa twice a year. After receiving the training from Mars Company, he produced 100 kilograms of cocoa twice a month. He also passed on his skills to other farmers in his village who could not participate in the training, so that these new techniques spread, which has led to greater cocoa production across the village.

Similarly, other farmers also expressed how the training had impacted positively on their lives:

In the past, I really did not know where to go to share my cocoa problems in my farm. At that time, I felt like I do not have enough capacity to continue my farm. But when I have heard about this programme, I am happy because I can meet and gather with fellow cocoa farmers to exchange knowledge. (Farmer 6)

Since I joined the programme, my knowledge of cocoa has become richer. I also learned about side-grafting techniques to rehabilitate an old or damage cocoa trees, how to prevent pests and diseases, and how to do nurseries. We also learned how to improve and sell our cocoa. All in all, it was beneficial as my life really depends on cocoa. (Farmer 7)

The programme [READ-PPP] was excellent because through various training; we received many inputs to improve our cocoa production. (Farmer 10)

All three quotations above show the extent that the READ-PPP programme has benefited the farmers. Farmer 6 found the programme provided a media for him to share information with fellow farmers. Farmer 7 and Farmer 10 expressed how new knowledge and techniques of planting cocoa have become very useful for increasing their cocoa production.

These results are in line with assessments of improvements to cocoa farmers' access to new technology as stated in the READ Programme Completion Report. The report shows the average cocoa farmers' satisfaction level on improvement to technology access was 4.5 to 5.5 (satisfactory) on a scale of 6 (very satisfactory) (READ Programme Completion Report, 2015, pp. 68-69). The reasons for this level of satisfaction given in the report were similar to the responses of the interviewed farmers in this study, for example, “essential for improved production”, “pests prevention”, and “old cocoa trees rejuvenation”.

I also asked respondent farmers about the application of new techniques on their cocoa farms. The majority of the respondent farmers had commented that they have tried to apply what they learned in training. One of Mars Company' approaches in its training was a demonstration of a "WOW Farm" (see Figures 6.1 and 6.2), which showed how an average cocoa farm could multiply their production and also become a "WOW Farm" by applying a productivity package introduced by Mars (2014). During the training, all farmers learned the required techniques to achieve better productivity results. Most farmers stated that they felt excited and motivated as soon as they saw the "WOW Farm". Together with their fellow farmers, they began to practice the skills they gained on their farms. As one farmer expressed:

Mars' "WOW Farm" is excellent. They did not only provide us with training material, but they also showed us an evidence of the success of the application of the techniques that they taught us. I am amazed. (Farmer 3)

The introduction of new technology through the promotion the "WOW Farm" is considered very appropriate according to the READ National Programme Manager. He mentioned the WOW Farm was "the most attractive part of Mars' facilitation for farmers". In line with this, the READ Programme District Manager also agreed with his statement as he said:

People here tend to believe in new technologies as soon as they see favourable results of the adoption of the technology. In this case, Mars Company has taken a successful approach with its "WOW Farm." (READ Programme District Manager)

Figures 6.1 and 6.2 below illustrate the conditions of two different cocoa farms. The cocoa garden in Figure 6.1 produced lower quality cocoa beans, while Figure 6.2 shows the a farm that implemented the "productivity package" introduced by Mars Company to produce high-quality cocoa.

Moreover, the application of technology was also apparent from the condition of the cocoa farms owned by the respondent farmers. Land clearing and pruning are essential operations of maintaining a cocoa farm. Clean and well-pruned fields will improve yields, avoid insects, pests and diseases, make it easier for cocoa farmers to manage the land (Afoakwa, 2014). In this regard, based on my observation, most the READ-PPP's cocoa farms were relatively clean, neat and appeared well maintained.



Figure 6.1 *Average farm with average cocoa productivity.*
(Mars, 2014)



Figure 6.2 *WOW Farm with optimum cocoa productivity.*
(Mars, 2014)

There was another finding from a visit to a cocoa farm of one of the farmers. Farmer 7 took some harvested pods and broke them with a sharpened blade. He said:

In training, we were taught not to cut a cocoa pod by using metal-based sharp objects. What I am doing now, if Mars knows, they will not allow me. Mars teaches us to split a cocoa pod using wood or stone to keep the quality of cocoa beans. The beans must be free from metal-based material.



Figure 6.3 *High-quality cocoa pods.*
(Author's field documentation)



Figure 6.4 *Fresh cocoa beans*
(Author's field documentation)

When I asked him for the reason why he used a knife to cut the pods, he answered it was simply for practical reasons. I further asked him whether he still applies the Mars rule about no metal knives at harvest time, he laughed, and he replied, "sometimes, but more often not, because that will takes longer time." Drawing from Farmer 7's story, in my other interviews with other repondents, I included a question about the type of tool that farmers use to split cocoa pods. Interestingly, all farmers shared similar opinions as Farmer 7. These results show that the training in this regard was not a benefit because it was impractical for the farmers to adopt the new practice. The

story of Farmer 7 above also indicates the extent to which knowledge gained during training can be applied by respondent farmers. These findings suggest that farmers will choose the most appropriate and efficient method to open a cocoa pod for them. In the case of Farmer 7, he understood very well the reason for tool selection used to cut cocoa pods. Yet, for time and efficiency reasons, the farmer decided to keep using a metal blade to break the cocoa pods. For him, the most important thing was to ensure the quality of cocoa beans was well maintained, whether he split them using knives, stones or wood. Figures 6.3 and 6.4 above show cocoa pods just picked by Farmer 7 (Figure 6.3) and fresh cocoa beans freshly cut by knives by Farmer 7 (Figure 6.4).

Social Networking

A scheme of commodity group formation (including cocoa farmer groups), which encourages networking, and knowledge distribution and sharing was a component of the broader intervention under the READ programme (IFAD, 2013b). For the interviewed farmers, the ability to organise through cocoa farmer groups was found to be one of the advantages of the READ-PPP activities. At the end of the programme, 207 cocoa groups were reported as having been successfully developed or strengthened (READ Programme Completion Report, 2015, pp. 106-107). Table 6.1 shows the distribution of cocoa groups in the five beneficiary districts of the READ programme.

Table 6.1 *Profile of READ Cocoa Farmer Groups*

District	Number of Cocoa Farmer Groups	Number of Group Members	
		2011	2014
Banggai	54	807	795
Buol	15	343	323
Parigi Moutong	40	775	720
Poso	58	1,357	1,174
Tolitoli	40	810	800
Total	207	4,092	3,812

Source: READ Programme Completion Report (2015, pp. 106-107)

When I asked respondent farmers about how the establishment of these cocoa groups had empowered them, a variety of perspectives were expressed. For example, some farmers said that when the programme started, they tended to be closed and shy in expressing their opinions. Nevertheless, after regular group meetings, they slowly began to open up and had the courage to convey their thoughts. They also did not hesitate to share the difficulties they faced on their cocoa farms. One farmer in Olobaru shared his thoughts about the meaning of cocoa farmer groups for him:

Through this programme, we were taught how to form in a group. In the past, we did not belong to any particular group. The presence of cocoa groups has helped us to share our joys and sorrows. I am grateful to have a space to share everything with my fellow farmers. (Farmer 6)

Farmer 11, who shared how his participation in a cocoa group had influenced his behaviour change, also shared similar view. He realised that he became more active and motivated since joining the group. The story of Farmer 2, one of the farmers in Sidole, is probably the most astonishing one. His experiences in managing a farmer group improved his self-esteem so that he was now able to volunteer as Secretary of the Village. This is considered a major achievement for a smallholder cocoa farmer.

Another farmer described the success of his cocoa group in managing revolving funds. Revolving funds were a main component of the broader READ project and served as group capital. The programme supported farmer groups by providing a revolving fund of approximately IDR 21 million or US \$1,750 per group, depending on the number of group members (Natawidjaja et al., 2015). Farmer 12 reported:

Now we can enjoy the benefits of the group that we built a few years ago, as evidenced by the revolving funds that are still running until today from the initial capital of 19 million to 27 million. If there is no cocoa group, our life probably more difficult. (Farmer 12)

Farmer 12 was the oldest respondent farmer in this research. He had been farming cocoa for over 40 years. For him, the approach of the READ-PPP programme through group formation and management of revolving funds were the most effective ways of improving the farmers' lives. He also told me about the joys and sorrows amongst the cocoa group. For example, if one of the members had an issue, they would help each other so that farmer could solve the problem.

In a similar vein, the District Coordinator of Village Facilitation agreed on how the formation of cocoa farmer groups can be counted as one of the successes of the READ-PPP project. At the beginning of the programme, farmers were reluctant to learn new knowledge via group meetings. She pointed out key issues in this regard:

For me, the most challenging part of assisting the farmers was to change their mindset. Before the programme, many of them do not want to join any regular meetings. After months, they were finally keen to gather.

Here, she mentioned that the hardest part of being a facilitator was to alter farmers' perspectives about the programme. Beneficiaries of this programme were poor farmers from remote areas of the project. Most of them had not experienced the effects of any aid programmes. Therefore when the programme came, there was resistance from the farmers to be actively involved, especially when the programme did not provide them with money in their meeting. Nonetheless, eventually the farmers were able to comprehend that the programme was created to teach them a better way of farming. The farmers were then content with the training and this was a jubilant feeling for the Village Facilitator:

The community thought that in training they would get some money. However, training within READ programme really only about transferred knowledge. I was first also felt sorry for them if they could not get money because after all they had wasted their working time in the farms. In some other programmes, I know, they provide money in each meeting, but not with this programme. We as facilitators remained patient to assist them until finally they understand and feel satisfied. That's why we feel is invaluable. So all in all, in terms of building the capacity of the farmers, it may be said that this programme had been successful in many different ways. (District Coordinator of Village Facilitation)

The above quote resembles previous statements by the farmers: it can be seen that the Village Facilitator also agreed that the formation of farmer groups was one of the key successful aspects of the READ-PPP programme. Although farmers received no monetary gain, sharing knowledge and building farmers' capacity were achieved within farmer group meetings.

The experiences shared in the above interviews are in accordance with results of the assessment on strengthening the READ farmer group activities as reported in the READ Programme Completion Report. For all farmer groups, the establishment of

these groups was rated as "satisfactory" (score 5 out of 6) because it was considered successful in empowering farmers in organising, managing revolving funds, managing group activities, and undertaking savings and loan activities (READ Programme Completion Report, 2015, p. 19). The READ report also identified broader elements of behaviour change in smallholder farmers, including changes in behaviour, mindset, communication, working motivation, and household financial management.

In a broader respect, further analysis on the effects of READ-PPP activities on the improvement of capacity can be seen from wider network connections outside the cocoa groups. One of the farmers pointed out that the formation of a cocoa group has made him more open to other farmers, whom previously he did not know very well. As mentioned earlier, each farmer group usually has a meeting once or twice a month. These forums have strengthened the relationship among farmers because they have an opportunity to share their difficulties and obstacles they face in the cocoa fields. Furthermore, another farmer in Sibalago commented that farmers meetings at the village and district levels have also expanded his social networks, not only among farmers but also between farmers and other stakeholders such as in the private sector (Mars Company officers), NGO officers, and village and district officials, as he revealed:

Since I joined the programme, I became acquainted with friends from other provinces; for example, I am still in contact with a farmer friend from Sulawesi Tenggara. We share information about seeds and diseases, and much more. In the past, I also did not know the Head of the Village, but now I know him and the people who work in the district agriculture agency. I sometimes ring them: "do you still remember me?" and then they answered: "of course, I remain the same as I used to be. [He laughs]". Yes, this programme has impacted many impacts on my social relationships. (Farmer 7)

Other farmers recounted the same experiences. They agreed that farmer group meetings have become a place for them to expand their networks. Some also added that these experiences at a certain level must benefit farmers.

On the whole there was consensus that the READ-PPP programme had beneficial impacts on capacity building of farmers through the establishment of cocoa farmer groups and various trainings, which have become a forum for farmers to exchange ideas and share experiences as well as expand their network with other farmers in

other villages or provinces. These activities have also empowered farmers by changing their mindset and behaviour; for example, some farmers are now able to express their opinions confidently in public.

6.3. Increased Production and Productivity

The main objective of the READ-PPP was the achievement of sustainable cocoa production through capacity building of smallholder farmers, as described in the previous section. Based on the fieldwork results, the majority of respondent farmers acknowledged that increased knowledge and techniques of cocoa cultivation could improve their production of cocoa. Whilst a minority (two out of twelve) mentioned that no significant increase in their cocoa production was evident, this study found that most farmers had an increase in their cocoa production by 50-75% (average 1.2–2 ton/ha/year) as a result of participating in the programme.

Driven by a desire to increase their cocoa production, most farmers said they had applied the new skills and techniques that they learned from the training. Just one farmer (Farmer 11), who joined the programme in 2013 and started to replant his cocoa trees in 2014, just before the programme ended, was still waiting for results. Therefore, up to the day I interviewed him, his cocoa plantation had yet to bear fruit. The farmer expressed:

I can't talk much about the effects of this programme on my income because my cocoa trees have not yet entered the harvest period. But I hope there will be much increase. (Farmer 12)

On the other hand, five of the twelve farmers stated that they had since enjoyed cocoa yields of 2-3 tons/ha on average as evidence of the successful adoption of improved technology from the programme. According to Farmer 8, the programme has increased his yield to three tonnes of cocoa pods per hectare. Moreover, he added that his plantation has become more resilience to diseases. He stated that:

During the programme, it was great, and we were able to get 3 tons per hectare and not too much disease. Side grafting technique makes our cocoa plants more resistant to pests and diseases. (Farmer 8)

The above quote shows that Farmer 8 felt that the side grafting technique had contributed to improving the resistances of his cocoa trees to diseases and pests. Farmer 10 also made a similar comment. He enjoyed an increase in his cocoa production. He also mentioned that prior to joining the programme, he was struggling with pests and diseases in his cocoa trees. After the programme, his cocoa plantation was better and more resistant to diseases and pests. He expressed his gratitude for the programme by saying:

Training from Mars really has helped us in increasing our cocoa production. Before this programme, we had severe constraints in combat pests and diseases in our cocoa plants. We are very grateful for this programme. Now as you can see, my cocoa trees are blooming. (Farmer 10)

Another farmer, Farmer 2 also agreed with his peers. In term of production, Farmer 2 added more detail to convey his increase in production on his cocoa farm. He said:

The quality of cocoa that we produce today has very much improved. Formerly, to get 1 kg of cocoa required 30 pieces of cocoa pods. But now, we just need 9 pieces of cocoa pods to get 1 kg. (Farmer 2)

The improvement of cocoa quality from Farmer 2 appeared to be a sign of no diseases or pests that infected his cocoa trees. Apparently, this led to a significant increase of his cocoa pod weight.

Similarly, the READ Programme Completion Report (2015) also highlighted a significant increase (193%) in yield for cocoa farmers in the READ programme compared to those not participating in the programme. According to the report, the programme improved cocoa productivity in 2,000 households (READ Programme Completion Report, 2015, p. 10).

Taken together, these results suggest there is a clear association between the introduction of improved technology and cocoa yield increases. In this regard, the contribution of the interventions of the READ-PPP programme to the respondent cocoa farmers has been significant. However, it is important to note that the duration of the READ-PPP programme intervention was relatively short (2012-2014), while the time required for cocoa trees to bear fruit from planting is about 3 to 5 years. Hence

the impacts of the programme on increasing production and productivity for farmers arguably cannot be fully realised.

6.4. Increased Income, Land Size and Household Assets

As stated in the Memorandum of Understanding (MoU) of the READ-PPP, an increase in income was the expected impact of increased cocoa production for participating farmers. This study confirms that some farmers' income increased after participation in the READ-PPP programme. Evidence of this gain varied among farmers. For example, Farmer 5 stated that the increase of his financial capabilities could be seen in addition to increased home appliances. He stated:

The impacts on the increased of household assets, such as electronic, of course, exist. Because most of us mainly depend on farming, so the only source of income comes only from cultivating cocoa. We use the money that we earned from cocoa to buy household necessity. The impacts were much; it's there and real. (Farmer 5)

The above quote shows that he emphasised that the improvements in his house were undoubtedly because of the profit he gained from his cocoa farm. This quote is important to demonstrate that increases in beneficiaries' income were indeed an impact of the programme.

Farmer 4 mentioned how much profit he gained from his involvement in the programme by saying:

Increased income since joining the programme approximately 50% more. For example, we were able to send all children to schools and much more. (Farmer 4)

Although he did not share how much he earned before the programme, a fifty percent increase in profit is enough evidence to describe that the programme indeed helped his financial situation. Farmer 4 also mentioned his ability to send his children to school after he joined the programme.

Farmer 7 gave a more substantial and concrete example. In the interview, he said that his income significantly increased after he joined the programme. He asserted:

I have not been able to buy a car, but a motorcycle; I was able to buy it. Children's clothing also included, I also bought houses for my children in Palu. Because kids in these days, when they go to college, they do not want to rent a house anymore. They want their own home. One each. I also renovated my house step by step. Yeah, sure there is still much more, no need for me to tell that there must be a significant increase in my income as a result of this programme. (Farmer 7)

With his higher income, Farmer 7 was able to buy clothes for his kids and a motorcycle. He also started renovating his home and purchased houses for each of his college-age children in Palu, the capital city of Sulawesi Tengah. These achievements can be considered compelling, as houses in Indonesia are generally very expensive, especially in the capital city of any province. Clearly, after joining the programme, he possessed a quite a fortune compared to before the programme.

For over 20 years, Farmer 7 had experienced ups and downs in cultivating cocoa. While many other farmers had begun to move on to other crops, he continued to grow cocoa because for him there were no other crops that could provide a sustained harvest like cocoa. He said:

For me, my life is cocoa. Although the current condition of cocoa is declining due to high rainfall and other farmers started to farm other plants, such as clove and coconut, I believe that I can still depend on cocoa. My latest [cocoa] harvest was small I know, but it was enough. I mean, enough to feed my family for some weeks. Later there will be a time when the yield will improve again. (Farmer 7)

The quote above indicates current trends in cocoa farming. Based on his comment, his cocoa production was declining at the time because of heavy rain. However, he was confident that this downturn would not last and output would eventually improve. He also indicated that even though he had less production, he was still able to provide food for his family. This can be seen as further evidence that by joining the programme, the life of farmers improved. Even in the most difficult season they were still able to feed their family, which has made farmers feel secure.

Another benefit of joining the programme, which is tied to the improvement in farmers' earnings, was their ability to expand their cocoa fields. An example can be seen from the responses of Farmers 2 and 9 when they were asked about whether their cocoa fields changed after the programme. They expressed:

From cocoa, we're not only able to buy plantation equipment, but also we are now able to buy more cocoa fields! [He laughs joyfully]. (Farmer 2)

Yes, same as my fellow farmer, I had bought a little additional land for cocoa. (Farmer 9)

From Farmer 2's response above, one can observe his joyfulness as he was laughing at the end of his comment. Likewise, Farmer 9 also felt that he was also able to enlarge his cocoa farm, although only by a small amount. Both Farmer 2 and Farmer 9 merely replied to the question asked to them without specifying the practice. Farmer 8 elaborated his answer to explain in how he acquired a new field for his cocoa plantation:

Thank God, because of this programme, now we can save a little money. We use the money to buy household's needs and school children's needs. Further, our land size also has increased, though just a little. Now here, if there is a land sold, we will directly go to check and buy it, if the price is suitable anyway. (Farmer 8)

One can notice Farmer 8's positivity towards the programme because he started his response by saying gratitude to his God. He also said that after his involvement in the programme, he could acquire a livelihood and fulfil his family needs. He ended his response by explaining how the financial improvements have made it possible for him to buy land for his cocoa field expansion. The three responses above from beneficiaries of the programme show that their participation in the programme has improved their buying power. With this new ability, they choose to expand their cocoa field after fulfilling their basic needs. This indicates that the programme not only increased the farmers' incomes but also built their confidence in cocoa farming.

A small number of respondents did not state an increase of their income. As mentioned earlier, Farmer 12's cocoa trees had not yet entered the harvest period. As he had only begun replanting his farm in 2014, he did not have much to say about the effects of the programme on his income. It usually takes three to five years before

farmers can enjoy the results and harvest every two to four weeks. Another farmer chose to put it differently and view it from a more general perspective:

About income, some might feel improvement and some not. In each group meeting, we evaluate the group's progress. Last year we achieved some amount, this year we can reach some amount. This shows an improvement. As such, we are increasingly feeling motivated. (Farmer 11)

All things considered these findings suggest that for some farmers the programme contributed to an increase in their economic capacities. Yet, the positive effects were not applicable to all farmers. The interviews revealed that there were still some farmers who had not been able to feel the benefits of the programme in the form of increased income, even two years after the programme had ended. Some others were still limited in fully optimising the skills they gained. Further explorations on this issue will be discussed in the following section.

6.5. Challenges of the READ-PPP Programme Experienced by Farmers

This chapter also explores a number of issues that are considered as challenges in the implementation of the READ-PPP programme. Information presented in this section is mainly derived from interviews with smallholder cocoa farmers and key informants. Data from secondary sources is also used to strengthen the analysis. From the analysis, two key themes have emerged: unequal results and a lack of sustainability of outcomes.

Unequal Results

The role of the Mars Company functioning as a technical expert was critical in the implementation of the READ-PPP programme. The responsibility included providing instructors for trainings and farmer field school activities, field officers to support farmers in the villages, and technical personnel to support the development of CDCs and CVCs. Assessment of the performance of service providers in the READ Programme Completion Report (2015) categorised Mars as "satisfactory" in its capacity to provide cocoa cultivation training. However, based on the fieldwork, there were some concerns raised about the implementation of this support. Responses from farmers were also quite diverse. Only five out of twelve respondent farmers claimed

they received continuous support from Mars Company. For example, Farmer 7 said that:

Mars field officers come to visit us every month. Yesterday he just came, and we discussed. If he [Mars officer] does not visit, we still can communicate via mobile phone. If I have a problem with my cocoa trees, he [Mars officer] no need to come here, we can just contact by phone.

Nonetheless, these experiences were not the case for the majority of the respondent farmers. When I asked whether they knew their Mars field officer, most of them answered that they did not know any people from Mars Company. As stated by Farmer 12:

I am not familiar with field workers from Mars. So far, if there is a problem with our cocoa plants, we discuss it in our groups only. (Farmer 12)

The District Coordinator of Village Facilitation shared her experiences regarding Mars' commitment in providing technical personnel in the field. While she was assisting the farmers, many of them questioned the lack of Mars' involvement in the programme. Furthermore, she believed that the company did not provide any supervision and she also did not know any Mars' representatives. She said:

During the programme, there were also a lot of complaints because there was no direct supervision from them [Mars] to the villages. In early 2014, they should have started to supervise. But until the end of the programme, there was no accompaniment from them [Mars]... and I did not know any of them. (District Coordinator of Village Facilitation)

However, this Coordinator acknowledged that this was due to the limitation of human resources on the company side. According to her, this was a hindrance to the success of the programme. She added:

As far as I know, limited personnel from Mars became an obstacle in this programme. So the most-developed smallholder farmers were those who close to the location of their [Mars] priorities areas, for example in Sidole. (District Coordinator of Village Facilitation)

The quotation above shows the Coordinator's observation of the implications of this limitation. She concluded that the unevenness of farmers' development in the programme was strongly related to the lack of field assistance from Mars Company. She believed that the farmers in the villages close to company operations were

progressing better than those in other areas because that was where Mars facilitators were assigned. The READ Programme District Manager also supported this conclusion. In a separate interview, he rated farmers' development in areas outside Mars' interest as average:

The most successful beneficiaries were those farmers who were located in the working area of Mars. Beyond that, it was generally mediocre. (READ Programme District Manager)

Both statements confirm that Mars' support in the field was limited and this led to disadvantages for farmers who were not located in the main areas of Mars' operations. These results indicate that in the implementation of READ-PPP activities, there were several issues related to Mars personnel's support for cocoa farmers in the field. The division of responsibilities as outlined in the partnership agreement did not entirely work. One possible explanation for this condition is because the responsibilities of partners involved in the programme were too broadly stated in the contract. In other words, the partnership agreement did not explicitly mention the number of personnel that must be committed by Mars Company.

Sustainability of Outcomes

This study also found concerns related to the sustainability of the project outcomes, for example, CDCs and CVCs as the key instruments within the READ-PPP programme. After the programme ended in 2014, the CDCs and CVCs should have been seen as a means to achieve sustainable benefits of the programme. Therefore, the sustainability of CDCs and CVCs have become critical.

As mentioned in the previous chapters, CVCs serve as training centres at the village level and are managed by cocoa farmer groups. CDCs are the key infrastructure for technology delivery, cocoa garden demonstration, and monitoring and supporting the implementation of CVCs. The CDCs and CVCs formed a new arrangement for delivering cocoa technology to farmers. Based on the results of my fieldwork, the sustainability of these two new institutions is still questionable. For example, the intention of the programme in regards to the sustainability of the CVCs was that cocoa farmer groups and agricultural extension workers would be the key instruments of technology dissemination through these structures. They would be able to continue

the management of each CVC after READ ended. However, this did not seem work as expected.

The National Manager of the READ programme stated that CVCs were built as a means for farmers to share cocoa farming techniques and other skills. Through farmer group establishment, farmers were expected to continue the management of CVC as part of their village assets. He said that when the programme ended not all villages (cocoa farmer groups) were able to maintain this activity. The READ Programme District Manager of the programme also shared a similar view, as he said:

Not all CVCs in this district are still running well. I mean, still exist. Some CVCs are still being used as a place for farmers to hold meetings. Some are also still operating but managed by only some farmers. Some CVCs are not functioning anymore. At the end of the programme, we provided an understanding to cocoa farmer groups in all villages to maintain and continue the management of CVCs. However, now that's the way it is. (READ Programme District Manager)

Similar to the programme manager's responses, when I asked respondent farmers about the CVCs, some said they observed that there were cocoa groups in some villages who were unable to continue the management of these CVCs. Differing from the majority of respondents' opinions, one farmer stated:

The operational of CVC is still work. In our [Sidole] village there are 4 CVCs, as we are Mars' cocoa doctors. For those farmers who want to practice or chat with us to discuss cocoa, I am happy to do so. (Farmer 2)

Nevertheless it is important to note that the CVC referred to by Farmer 2 was a Cocoa Village Clinic (CVC) or Mars-CVC, a small business owned by Mars' cocoa doctors. As explained in the Chapter 5 (see page 77), these CDC and CVC development model adopted the concept of Mars Sustainable Cocoa Initiative (SCI) Programme. The facilities and services in the Mars-CVC and READ-CVC models are the same. What distinguishes them is the management. The management of Mars-CVCs is done by a cocoa doctor/farmer who acts as an entrepreneur. In contrast, the READ-CVC management was handed over to the cocoa farmer groups and agricultural extension workers.

In this regard, the READ Programme District Manager, further stated that the responsibilities of agricultural extension worker was overloaded. Their expected responsibilities not only should focus specifically on cocoa farmers, but also to all farmers in a village. Therefore, relying on extension workers to continue the management of CVCs is clearly a big challenge.

Furthermore, my discussion with the District Coordinator of Village Facilitation affirmed that the management of CVCs could be handed over to farmers only when they already and have sufficient capacity. She highlighted how most of the beneficiary farmers still needed further assistance to be fully empowered:

I had great expectations for this programme. I hoped the cocoa farmer group could be independent after the programme was over. So they can develop their own businesses, e.g., through CVCs. If the community able to establish business entities such as cooperatives or village-owned enterprises, then they can collect their cocoa collectively in the village. They can also look for better markets. That's my hope. But unfortunately, after the program ended, the majority of farmers were not ready for 'without assistance'. They still need a lot of support, whether related to cocoa cultivation techniques, finance or household management. It has been two years since the programme over, and there seems to be no sustainability. I do not know. (District Coordinator of Village Facilitation)

In addition, the READ Programme District Manager further stressed the duration of project interventions were too short to expect the farmers to be able to manage the sustainability of CVCs.

The findings above show that the sustainability of the READ-PPP programme has not been as expected. CDCs and CVCs as the main infrastructure to facilitate transfer of technology among farmers were not fully functioning at the time I conducted my fieldwork. For example, the READ-PPP programme expectation that agricultural extension worker together with farmer groups would manage CVC management in villages could not be implemented. This was due to the large workload of the extension workers and the limitations in farmers' capacity in organisational management.

Farmers' Resource Constraints

During the field research, this study also found that other support is needed to optimise farmers' capacity in applying cocoa farming knowledge and techniques that have been delivered through trainings, for instance financial and agricultural input support. As one farmer stated, the READ-PPP programme indeed had expanded his knowledge but he could not optimally practice the experience gained during the training. He pointed out that:

Through training, we learned a lot of new knowledge. Although sometimes at the initial meeting I had difficulties in understanding the material. But after I received more training, there was deepening of the material, and we became more understood. So then we can practice it in our cocoa farms. However, to be honest, I have not felt the outcome yet due to my economic limitations. (Farmer 12)

This farmer's comment is particularly revealing, as it shows two important points. The first is related to the number of trainings required for him to understanding new information and technology. The second was the inability for him to adopt that knowledge on his farm due to economic constraints. Farmer 12 had financial limitations to maintain his cocoa farm. The revolving funds he received were still perceived as "not sufficient" to optimise the potential of his farm.

These views were also supported by the District Coordinator of the Village Facilitation who gave her assessments on the impacts of the READ-PPP programme on the livelihoods of cocoa farmers. She emphasised:

The impacts of their [READ-PPP] activities [on improving cocoa farmers' living standards] were not that big. Mars' intervention was started through cocoa farmers groups and then the cocoa group gave training to other farmers. In my view, the programme was limited to provide training. But then the application [of the training] was returned to each individual farmer. That has become an issue, because most of the farmers were not capable yet to be fully independent. (District Coordinator of Village Facilitation)

There are two critical points from the above quotation. Firstly, according to the Village Facilitator, the impacts of the programme on livelihood improvement were not significant. This is driven by the second reason, which is the focus of the programme that only emphasised capacity building by providing training. For her, capacity building alone is not sufficient to ensure the improvement of the lives of poor

farmers. With insufficient economic capabilities, farmers would still need other support to apply the knowledge and techniques gained during the training, such as access to high-quality seeds and fertilisers.

6.6. Chapter Conclusion

This chapter presented the analysis of the fieldwork results that related to smallholder cocoa farmers. Key findings included the extent of the impacts of the READ-PPP programme on the lives of smallholder cocoa farmers at the project sites. The majority of farmer respondents reported that their livelihoods had improved after participating in the programme, with particular improvement in their capacities (cocoa cultivation knowledge and techniques), cocoa production and productivity, and income.

Nevertheless, the results of this chapter also identified three significant challenges as experienced by smallholder cocoa farmers after the implementation of the programme. Firstly, fieldwork findings indicate that even though many farmers had benefited, there was a divergence in the programme outcomes. A small number of farmers mentioned they had not gained a significant increase in their production or incomes. Some key informants also confirmed that on a broader scale, the benefits of the programme were unequal. Lack of assistance from Mars Company was considered one of the main causes of this gap. Secondly, sustainability of programme outcomes appears unsatisfactory. This challenge can be seen, for example, in relation to the management of the CVCs, as the primary element of the programme, which mostly no longer functioning properly. Lastly, considering the different individuals' levels of resources to apply the knowledge and technology gained during the training, other support (such as more revolving funds, seeds and fertilisers) would also be needed to improve farmer's livelihoods. The final chapter will discuss these findings and will present the conclusions drawn from this study and their implications for future development programmes.

7. DISCUSSION AND CONCLUSION

7.1. Introduction

This thesis has examined the effects of public private partnerships (PPPs) initiatives for smallholder cocoa farmers in Indonesia. This chapter attempts to place the findings of the previous chapters into context of the aim and key questions that were the rationales for this study. As outlined in Chapter 1, this thesis focuses on one key aim:

To explore how the concepts of PPPs are implemented in Indonesia as a means to address rural poverty and improve livelihoods of smallholder cocoa farmers.

This key aim is explored through two research questions:

1. What are the concepts and practices of Indonesian PPPs that focus on smallholder cocoa farmers?
2. How has the READ-PPP programme in Sulawesi Tengah, Indonesia affected smallholder cocoa farmers' livelihoods?

This study was approached through a Sustainable Livelihood Approach (SLA) lens, which was related to PPPs as a potential mechanism for achieving agricultural development goals, including the improvement of sustainable livelihoods for smallholder farmers. This study was undertaken primarily to provide a space for smallholder cocoa farmers as the respondents in this study shared their views and experiences regarding the contribution of PPPs to their livelihoods.

Two methods were employed to answer the research questions: an exploratory document analysis of four PPP models in the cocoa sector that continues to being implemented in Indonesia, and an in-depth PPP case study analysis of the READ project (READ-PPP). Documents analysed (which was presented in Chapter 5 see page 67) included two project completion report documents (ASKA, 2011 and READ, 2014) and two annual reports for the ongoing PPP projects (SCI, 2016 and SCPP, 2016). Data was also collected through a mixture of 'H' assessments, and semi-

structured and structured interviews to gain insights into the extent of the effects of READ-PPP activities perceived by smallholder cocoa farmers (and results of these were presented in Chapter 6).

As explained earlier, PPP initiatives are perceived as a means and have a number of potentialities, to solve various development problems in rural areas (IFAD, 2012b; Sahan & Mikhail, 2012). In the case of PPPs in the agriculture sector, improvement of smallholder farmers' livelihoods is one of the keys to assessing the success of PPPs. To that end, this study utilised the SLA to explore the extent that PPP initiatives have impacted smallholder cocoa farmers in Indonesia. This has been done by examining the changes that occurred in the ownership of the five assets (human, physical, social, nature, financial) that form the basis of people's livelihoods, as well as examining the extent to which these PPP programmes have adopted the SLA principles in achieving their objectives.

This final chapter critically discussed the main findings presented in Chapters 5 and 6 and links these results with literature presented in Chapters 2 and 3. This chapter then provides an overview of research findings in this study. Results indicate that PPP initiatives in the cocoa sector have had varying impacts on the livelihoods of smallholder cocoa farmers in Indonesia. A discussion on PPPs as a rural livelihoods strategy is then presented. Two sections aim to answer the two research questions. Section 7.2 describes the concepts and practices of Indonesian PPPs in the cocoa sector as these relate to the first research question, and Section 7.3 discusses the effects of the READ-PPP on smallholder cocoa farmers' livelihoods. Section 7.4 presents some implications of these research findings. The chapter finishes with a suggestion for future research (Section 7.5) and conclusion.

7.2. Discussion of Key Question 1: What are the concepts and practices of Indonesian PPPs that focus on smallholder cocoa farmers?

A review of the literature in Chapter 2 of this thesis indicates the diversity of PPP forms in the agricultural sector (Ferroni & Castle, 2011; Rankin et al., 2016; Spielman et al., 2010). Results confirm that there is no specific form of PPP, particularly in the cocoa sector in Indonesia. There were distinct objectives, scales, partnership models,

and divisions of responsibility between partners within the PPPs examined here. When reviewed from the objectives of the partnerships, results of the analysis of these four PPP projects support previous research, which showed that the majority of Indonesian PPPs in the agricultural sector have been focused on value chain development (VCD) to increase production and value-added farming products (Fizzanty & Masyhuri, 2013). At a broader scale, this finding is consistent with that of Hartwich et al. (2008) who argued that most agriculture PPPs in the world are focused on improving productivity, adding value and strengthening markets.

All four PPP projects (ASKA, SCI, SCPP, READ) analysed in this study (see Chapter 5) claimed that their projects had provided positive outcomes for smallholder cocoa farmers' livelihoods. However, further research is needed to explore the extent to which the impacts of the programmes is still present, given that two of the programmes ended in 2011 and 2014, while the other two projects are still ongoing until 2020. This means, value chain relationships and arrangements are still in development and need to operate for a longer time frame before the impacts can be properly assessed (Thorpe & Maestre, 2015).

Results showed that all four observed PPPs were designed to address a lack of farming capacity and low economic capacity of their targeted farmers. These aims seem in line with the majority of scholars who argue that enhancing smallholder farmers' farming techniques and earnings are pivotal aspects to fostering development in rural areas (Rapsomanikis, 2015; World Bank, 2008) and ensuring food security (Rosegrant et al., 2006). The trained farmers should be able to break the barriers that prevent them accessing new technology, which then would enable them to have better knowledge of the market system and eventually gain benefit from their farms. However, while investments in human assets are essential, they are not sufficient for poor people to utilise their capabilities and compete within a market economy (Moser and Dani, 2008). There was one farmer in this study who reportedly could not apply the new skills because of his limited economic capacity (see Chapter 6 page 102). Therefore, as suggested by (Moser and Dani, 2008), parallel investment in other livelihoods assets, such as physical, natural, financial, and social assets are critical to create opportunities for them.

Based on the analysis of results, the four PPP projects have tried to adopt more holistic aspects in addressing farmers' livelihoods. This can be seen from the component of infrastructure development in each project. Table 5.2 shows that all four PPP projects provided facilities to achieve the predetermined PPP goals. While ASKA and SCPP built buying points to make it easier for farmers to market their products, SCI and READ built training centres that could be used by farmers to exchange knowledges. This infrastructure development is arguably critical to support other livelihood assets such as human capital and market access. The establishment of these facilities is also important as an effort to support the operations of farmers' activities (Rankin et al., 2016).

Although some literature mentioned that access to the market is one of the key aspects in improving people's livelihoods (DFID, 1999), in the case of Indonesian cocoa PPPs projects does not appear to have been a priority. This is evident from the four cocoa PPP projects analysed in Chapter 5. Only one project claimed that there had been an increase in market access for beneficiary farmers. This is likely because in the project areas there was already a fairly open market for cocoa farmers, but the difficulty for them is in terms of increasing the quality and quantity of cocoa to meet market demand. This is in line with the results of a report from Fizzanty and Masyhuri (2013), who state that most PPP projects in the agricultural sector have focused more on increasing the production and productivity of agricultural products.

7.3. Discussion of Key Question 2: How has the READ-PPP programme in Sulawesi Tengah, Indonesia affected smallholder cocoa farmers' livelihoods?

The results of this study also support evidence from Poulton and Macartney (2012), Fizzanty and Masyhuri (2013), Rankin et al. (2016), and others about the potential benefits of PPP initiatives in the agricultural sector. With respect to the second research question, interview data (presented in Chapter 6) found that in general smallholder cocoa farmers felt that the READ-PPP programme had positively affected their livelihoods.

Improvement in capacity through the formation of farmer groups and training activities was reported as the most significant benefit of the programme. All twelve

farmers in this study revealed that various trainings provided by the Mars Company during the programme helped them increasing their capacity to improve cocoa production. This result supports research on economic development in Indonesia's cocoa sector by Neilson (2007) who emphasised that access to high-quality research and technology and extension services are essential to provide farmers with knowledge on how to overcome pest problems and increase farm productivity. On a broader scale, this result is also in line with Ellis (2000b), who argued that access is one of the most important aspects of farmers' livelihoods. This finding indicates that the focus of the READ-PPP programme on capacity building is considered relevant given the nature of the programme beneficiaries (smallholder cocoa farmers), who are often located in remote areas of the region. This approach is also in line with many researchers who pointed out that low productivity as a result of farmers' limited knowledge of best practices in cocoa farming, and this has become one of the fundamental challenges of Indonesia's cocoa sector (Badcock, Matlick, & Baon, 2007; Natawidjaja et al., 2015; Thorpe & Maestre, 2015).

The READ-PPP sought to increase farmers' yields through improved access to technology, input, and services as a means of improving livelihoods. In this regard, a rise in cocoa production and productivity was evident for most farmers in this study. This result complements the study by Natawidjaja et al. (2015), which showed farmers who had applied the productivity package introduced by Mars Company in the READ-PPP were able to produce as much as three to four times more per tree per month compared to non-READ-PPP farmer beneficiaries. This finding is not surprising, as the primary aim of this programme was to improve farmers' yields. Further, this study also confirms Natawidjaja et al. (2015, p. 9), who reported that there was a 10-15% average increase in the weight of cocoa pods; this study extended this finding by showing that one farmer recorded a significant improvement of cocoa pod weight by 200%. These results match those observed in earlier studies that the improvement of cultivation techniques to meet specific product quality and secure continuity of production is one of the many benefits of PPPs in the agriculture sector (Fizzanty & Masyhuri, 2013).

Nevertheless, this study also found a small number of farmers (2 out of 12 farmers) who reported no significant increase in their cocoa production. One of these farmers

joined at the end of the programme. Given that it takes 3-5 years for cocoa plants to be ready for their first harvest, this study supports previous research by Thorpe and Maestre (2015), indicating that the time factor (i.e. the cocoa plants had not yet entered the harvest period) is the reason for these farmers not achieving an optimal yield from their farms. This study also presented findings related to farmers' limitations in economic capacity (to buy better seeds and fertiliser) as an obstacle to achieving higher productivity. Although the broader READ programme included revolving funds for farmer groups, for some poor farmers, who had many responsibilities in their households, the funds were not sufficient. These findings, while preliminary, indicate that the READ-PPP programme's objectives for increasing the production and productivity of cocoa farmers were not fully achieved. If the goal of the programme was limited to capacity building of smallholder cocoa farmers through knowledge and technology transfer, in this context, this aim could be considered relatively achieved. But for further results, such as smallholder farmers being able to apply the knowledge and techniques attained to increase their production, this is still questionable.

The effect of the programme also accounted for an increase of income for most of the farmers in the study. Some farmers reported an increase in financial capabilities because they could now fulfil basic needs, and afford household appliances, motorcycles, or more farm land, and were able to send their kids to school. This result confirmed the association between improving productivity and income generation (Rapsomanikis, 2015). This finding also seemed to be consistent with other research, which found that many PPPs have a positive effect on smallholder farmers' income, for example, through improved productivity and quality, and increased capacity (Rankin et al., 2016). Specifically, this result supports evidence from Fizzanty and Masyhuri (2013) that showed some Indonesian agriculture PPP projects had increased farmers' income.

Smallholder cocoa farmers were perceived another benefit of the READ-PPP programme on their livelihoods: they became more empowered. By joining, gathering and sharing knowledge in farmer groups and various trainings, each farmer's knowledge improved. This also created a sense of openness, courage and confidence in expressing their opinions publicly. Carney (2003) stated that deepening the

emphasis on the empowerment aspect is one effective way of adopting a SLA as a way to reduce poverty. Although empowerment was not specifically the goal of the programme, it can be included as a significant impact for the smallholder cocoa farmers.

Among all the above positive results that farmers experienced as impacts of the programme, there is at least one note of caution. This study involved a very small sample of farmer respondents (i.e. 12 people). Although the method of selecting respondents was done by a snowball technique, the responses of other beneficiary farmers of the programme are very likely to be different than what was conveyed by the participants in this study. Therefore, these findings cannot be extrapolated to all beneficiary farmers of the READ-PPP programme.

The READ-PPP seems to have contributed to some important livelihood outcomes. However, two critical challenges were experienced by cocoa farmers in the implementation of the project: unequal results and lack of sustainability of outcomes.

The READ-PPP programme aimed to address the gap related to the limited capacity of extension workers in the cocoa sector in the project area (Natawidjaja et al., 2015). Mars Company, as the business partner in this programme, was responsible for providing technical services for farmers and extension workers in the project area. A finding of this study is that there was a lack of Mars technical personnel, which resulted in uneven results of farmers' development in the programme. An issue related to support from the company was previously identified in the Programme Supervision Mission in 2013. In this report, the mission identified that "the level of support varies from district to district due to Mars' constrained extension capacity" (IFAD, 2013b). The mission then recommended the programme management to follow up with Mars Company to address this issue. Having seen the final results in the field, however, it seemed this remained an obstacle until the end of the programme.

Moreover, this study supports the previous study by Natawidjaja et al. (2015), who identified the limitations of Mars' human resources as a major constraint. According to this report, to support READ-PPP activities that covered all five districts of Sulawesi Tengah, Mars Company provided only three field officers. With a total of

207 cocoa farmer groups, this means each Mars trainer was responsible for 69 farmer groups. As a result of this limitation, Mars focused their activities on Sidole (Parigi Moutong district) and Mayajaya (Poso district). These two districts were the closest to Mars' main procurement areas. The other three districts (Buol, Banggai and Toli-toli) did not have as much support as the first two mentioned districts (Natawidjaja et al., 2015, p. 11).

These results are significant in one major respect, this may confirm a common view that a partnership with the private sector can only work when there are commercial incentives for them (Ferroni & Castle, 2011). In further detail, this study also agrees with the results of an earlier study by the FAO (2007), which stated that the services provided by the business sector are primarily available only to farmers who are close to the market and have good access to economic infrastructure. Interview data in this study revealed that the farmers geographically close to company operations had better outcomes than farmers in other areas. In this regard, this study supports earlier research that Mars Company prioritised farmers in the central area of cocoa production, neglecting more remote and marginalised districts (Thorpe & Maestre, 2015). These findings clearly show gaps in implementation and achievement of the programme outcomes, which led to some disadvantages for many beneficiary farmers. Nonetheless, these findings may be somewhat limited by the absence of confirmation from Mars as I was unable to contact the company during this research. Without their clarification and feedback on some issues on the project there is a risk that these findings do not completely depict the reality of the project.

The second challenge shared by cocoa farmers in this study is related to the issue of sustainability of CVCs as the main instrument of the programme. Key informants in this study reported that not all villages involved in the READ-PPP were able to continue the management of CVCs after the project ended in 2014. This issue had been identified as a potential challenge in Natawidjaja et al.'s study (2015). When Natawidjaja et al.'s study was conducted in 2013; the READ-PPP programme was still running. I conducted my fieldwork in 2017, three years after the project ended. Yet, my study reveals unfavourable results because the issue of sustainability does not seem to have been well managed.

When examined further, this unsatisfactory finding on the sustainability of these CVCs should not be surprising. One key informant of the READ-PPP project reported that the management of CVCs would be continued by farmer groups along with agricultural extension workers in the village, as this was an exit strategy in the project. This strategy is problematic in two ways, one is related to the lack of capacity of farmers to manage CVCs and the second is related to the limited availability of agricultural extension workers. It has been also suggested that developing incentives for the stakeholders, i.e. extension agents, to continue their new roles in ensuring the sustainability of the programme (Natawidjaja et al., 2015; Thorpe & Maestre, 2015). This solution does not appear to necessarily solve this particular challenge. There is a limited number of agricultural extension workers in Indonesia (Sudarsono, 2017), as one agricultural extension worker is responsible for not only one commodity but all aspects related to agricultural techniques in a village, quite often also in two or three villages (Indraningsih et al., 2016). Hence, handing over the management of CVCs to agriculture extension is clearly a huge challenge.

7.4. Implications of Findings

As stated earlier, one of the rationales for the selection of READ-PPP project was that this project had been considered successful, therefore, the Indonesian Government has replicated this particular model to the wider beneficiaries in other provinces by using the national budget. Nevertheless, similar issues found in this study were likely to occur in those new projects. For instance, without a clear definition of responsibility for each party within a PPP, then project beneficiaries (i.e., small farmers) have a high chance to experience unequal benefits. Another important example was related to the issue of project sustainability, where the management of READ-PPP instrument (CVCs) struggled to run properly. Consequently, farmers could not enjoy longer impacts of the project. Thus exit strategy of future PPP project should be more prepared carefully. In these respects, this study may contribute to optimising projects' outcomes by providing some insights to be considered in the formulation of PPP policies that support smallholder cocoa farmers in particular and agriculture sector in general.

7.5. Suggestion for Further Research

This study was able to answer the research question regarding the effects of a PPP on the livelihoods of smallholder cocoa farmers in Indonesia. However, due to my limitation, the private company (Mars Corporation) involved could not clarify some needed information in this research. Although the absence of Mars' company clarification may not change the results of this study, the information from their side will enrich the findings gained from this study. It is, therefore, further research is expected to present the relevant private sector so that the information obtained will be more balanced.

7.6. Conclusion

This research showed the theoretical concept and current practices of PPPs in the context of agricultural development in Indonesia, particularly in the cocoa sector. A review of the literature showed that there was growing attention on the implementation of PPPs, which have the potential to achieve common development goals. While there have been diverse forms of PPPs, most studies presented these in the context of Indonesia, agriculture PPPs have delivered positive development outcomes, specifically in improving smallholder cocoa farmers' livelihoods.

The main findings of this study, however, indicate that the READ-PPP initiative has had varying impacts on the livelihoods of smallholder cocoa farmers in Indonesia. It is evident that most farmers all benefited in some way through their involvement in the project, and most importantly, farmers said the programme had positively affected their livelihoods. The formation of farmer groups as well as the provision of training to improve cocoa productivity has proved to be significant for their livelihoods, but the possibility of long-term impact of these results was doubted.

This study also revealed that there was inequality within the READ-PPP programme. A small number of farmers were unable to enjoy the optimum benefits of the partnership due primarily to Mars Company's resource constraints. The fact that farmers who were geographically close to company operations had better outcomes than farmers in other areas may lead to a conclusion that the company involved has a particular interest to pursue its company's benefits. This finding arguably confirms a

common perspective that a partnership with the private sector can only work when there are commercial incentives for them (Ferroni & Castle, 2011; Thorpe & Maestre, 2015). As a consequence, there is a possibility that a more substantial number of beneficiary farmers were disadvantaged from this condition.

The sustainability issue of CVCs as an instrument for cocoa farmers to exchange information was also a principal focus in measuring programme impacts on farmers' livelihoods. Unfortunately, findings of this study show unsatisfactory results given the sustainability of management of most of the CVCs is still questionable. According to the results and discussions, this study concludes that the effects of READ-PPP in addressing rural poverty and improving smallholder cocoa farmers' livelihoods are still inconclusive.

On the whole, this thesis supports a claim that PPPs can be a potential development approach to improve rural livelihoods. Although evidence of this study show inequality of outcomes within the programme, most farmers to some extent had benefited the programme on their livelihoods. The absence of policies that regulate PPPs' mechanisms in the agricultural sector in Indonesia might affect the effectiveness of achieving PPP targets. Therefore, this thesis also suggests that government policies on PPPs in the agricultural sector should be immediately formulated to ensure that these partnerships provide maximum benefits, particularly for smallholders farmers.

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Appendices

Appendix 1: Interview Guides with Farmers

STRUCTURED HOUSEHOLD INTERVIEW: SMALLHOLDER COCOA FARMERS

Confidential

Date: / / ; Time: - -

I. SAMPLE INFORMATION	
1. PROVINCE	:
2. DISTRICT/CITY*)	:
3. SUBDISTRICT	:
4. VILLAGE	:
5. SAMPLE NUMBER	:
6. HOUSEHOLD HEAD NAME/REF	:

III. PERSONAL BACKGROUND	
1. Number of family members	person
2. Average household monthly income	Rp. /month
3. Average household monthly expenses	Rp. /month

IV. MAIN LIVELIHOOD	
4. Is farming your main livelihood? (if NO) please mention the other livelihood(s):	YES / NO 1. 2. 3.
5. How long have you been farming?	year
6. Do you have farmland? (if YES) how big it is? (Note: 1 Ha = m ²)	YES / NO Ha
7. Do you plant how many types of crops? (If YES) please mention the type of crop(s):	YES / NO crop
8. Other than farming, do you have any other side job? (if YES) please mention the other side job(s):	YES / NO 1. 2. 3.

V. COCOA FARMING ACTIVITY	
9. Is cocoa your main crop for farming? (if NO) please mention your main crop:	YES / NO 1. 2. 3.
10. How much is the average cocoa production?	kg
11. How much is the average cocoa productivity?	kg/m ²
12. In a year, how many times is cocoa harvested?	times/year
13. How many kg was the recently harvested cocoa?	kg
14. To whom do you usually sell your cocoa? Is it always the same buyer in every harvest?	YES / NO

**SEMI-STRUCTURED INTERVIEW:
SMALLHOLDER COCOA FARMERS**

VI. PPP / READ PROGRAMME	
1. Have you ever participated in the PPP activities with Mars under the READ Project? (if YES) could you please share your experience about that? What did you do in the project? What was most important to you about your experience?	YES / NO
2. How did the PPP get started? It would be helpful to hear more about that. Tell me more about how you were involved.	
3. Who told you about the PPP activities?	
4. Who are the actors involved?	
5. Have you received any support from the PPP with Mars? (if YES) what kind of support(s)?	YES / NO

Could you please share your story about that?	
6. In your view, in general, what are the effects of the PPP with Mars?	
7. Has the PPP had any effects on your cocoa production? (if YES) could you please share your story about that?	YES / NO
8. Has the PPP had any effects on your cocoa productivity? (if YES) could you please share your story about that?	
9. Has the PPP had any effects on your cocoa quality? (if YES) could you please share your story about that?	YES / NO
10. Has the PPP had any effects on your cocoa farming assets? (e.g. cocoa farming equipment) (if YES) could you please share your story about that?	YES / NO
11. Were there any changes to your income? (cash, debit/debt/savings?) (if YES) could you please share your story about that?	YES / NO
12. Has the PPP had any effects on your farming knowledge/skills/techniques? (if YES) could you please share your story about that?	YES / NO
13. Could you buy anything for your household? Have there been any new household assets in the last five years? (if YES) could you please share your story about that?	YES / NO

14. Has the PPP had any effects on the physical village infrastructure (e.g.: new roads, markets, production infrastructure)?	YES / NO
15. Has the PPP had any effects on your social networks? (e.g.: being active in farmers groups, farmers group associations, cooperatives, etc.) (if YES) could you please share your story about that?	YES / NO
16. Did you notice any changes to the environment? (if YES) could you please share your story about that?	YES / NO
17. In your opinion, generally, do you think you are better off or worse than before you involved in the PPP?	
Are you happy with the results?	
Has it helped your family?	
18. In your opinion, do you think the PPP programme should be continued in the future? Could you please explain more?	
19. In your opinion, do think there are still unsolved problems? What were the limitations of the PPP? Is there anything you think could change or stop?	
20. The form of support that you expect from the PPP initiative to improve farmers' livelihood? All in all, considering your expectations, how is your view on how the PPP experience went so far? Is there anything else I might not have mentioned/asked you would like to talk about related to the programme?	

Appendix 2: Interview Guides with Key Informants

INITIAL INTERVIEW GUIDELINE

For key informants

These questions form the basis of the semi-structured interviews. Additional and more specific questions will be added in certain circumstances.

No.	Topic	Interview Questions
1.	Personal background	<ul style="list-style-type: none">• Name/reference• Position/organisation
2.	PPP in agriculture sector	<ul style="list-style-type: none">• Types of PPP• Objectives of PPP and their relevance to rural poverty reduction and sustainable livelihoods• Lesson learned from the PPP practices (key successful aspects & major challenges)
3.	Background of READ-PPP	<ul style="list-style-type: none">• Rationales of READ-PPP• Objectives of the programme• Target beneficiaries• Selection of the private sector
3.	Design and Implementation of READ-PPP	<ul style="list-style-type: none">• Scheme of READ-PPP• Responsibility of each stakeholder within a PPP• Benefits of the programme• Challenges during the programme
5.	READ-PPP outcomes	<ul style="list-style-type: none">• READ-PPP effects on smallholder farmers' livelihoods• Changes in assets (cocoa farming, human, physical, social, natural and economic)
6.	READ-PPP limitations & future	<ul style="list-style-type: none">• Weaknesses of READ-PPP• Limitations• Sustainability after the programme ended• Suggestion/input for future PPPs

Appendix 3: MUHEC Approval



Date: 05 May 2017

Dear Yurika Arianti Permanasari

Re: Ethics Notification - 4000017713 - **The Effects of Public-Private Partnership (PPP) on Cocoa Smallholders' Farmers Livelihoods: A Case Study of the Rural Empowerment and Agricultural Development (READ) Programme in Central Sulawesi, Indonesia**

Thank you for your notification which you have assessed as Low Risk.

Your project has been recorded in our system which is reported in the Annual Report of the Massey University Human Ethics Committee.

The low risk notification for this project is valid for a maximum of three years.

If situations subsequently occur which cause you to reconsider your ethical analysis, please go to <http://rims.massey.ac.nz> and register the changes in order that they be assessed as safe to proceed.

Please note that travel undertaken by students must be approved by the supervisor and the relevant Pro Vice-Chancellor and be in accordance with the Policy and Procedures for Course-Related Student Travel Overseas. In addition, the supervisor must advise the University's Insurance Officer.

A reminder to include the following statement on all public documents:

"This project has been evaluated by peer review and judged to be low risk. Consequently, it has not been reviewed by one of the University's Human Ethics Committees. The researcher(s) named in this document are responsible for the ethical conduct of this research."

If you have any concerns about the conduct of this research that you want to raise with someone other than the researcher(s), please contact Dr Brian Finch, Director - Ethics, telephone 06 3569099 ext 86015, email humanethics@massey.ac.nz.

Please note, if a sponsoring organisation, funding authority or a journal in which you wish to publish requires evidence of committee approval (with an approval number), you will have to complete the application form again, answering "yes" to the publication question to provide more information for one of the University's Human Ethics Committees. You should also note that such an approval can only be provided prior to the commencement of the research.

Yours sincerely

Research Ethics Office, Research and Enterprise

Massey University, Private Bag 11 222, Palmerston North, 4442, New Zealand **T** 06 350 5573; 06 350 5575 **F** 06 355 7973
E humanethics@massey.ac.nz **W** <http://humanethics.massey.ac.nz>