INSIGHTS PAPER

Building more sustainable and inclusive cocoa supply chains in Indonesia

In our Insights series, TRANSFORM shares successes and learnings from our projects to:

- Help the SME and entrepreneur community gain knowledge and learn from our projects
- Showcase to funders what can be achieved through impact-led initiatives

PROJECT AT A GLANCE:

TRANSFORMING SMALLHOLDER COCOA PRODUCTION INTO A MODEL OF REGENERATIVE, INCLUSIVE AGRICULTURE IN INDONESIA

Sugata is an Indonesian regenerative agriculture enterprise working to build more sustainable, traceable and inclusive cocoa supply chains. Through farmer training, agroforestry and carbon tracking, it supports smallholders to improve productivity while reducing environmental impact.

Collaboration is key to scaling impact enterprises. Learn more about the successful programmes that other enterprises and funders have delivered together. Read more stories here.

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THE CHALLENGE

Cocoa farmers in Aceh, Indonesia, face mounting environmental and market pressures. Ageing trees, soil degradation and monocrop expansion disrupt ecosystems and threaten productivity. Unmanaged cocoa pod waste left to decompose in fields contributes to greenhouse gas (GHG) emissions and increases pest and disease pressure, further weakening cocoa health. Limited understanding of regenerative practices and unequal gender roles stifle farm innovation and resilience. At the same time, the absence of reliable carbon and traceability data limits farmers' ability to meet emerging sustainability and compliance expectations.

THE INNOVATION

With support from TRANSFORM and implementation partner Koltiva, Sugata delivered an integrated programme to strengthen regenerative cocoa production and improve farmer livelihoods in Aceh. The project combined five workstreams: gender empowerment, agroforestry demonstration plots, regenerative agriculture training, cocoa waste utilisation and greenhouse gas tracking. The workstreams were designed to complement each other and deliver impact across social, economic and environmental dimensions.

THE IMPACT

Over the 19-month project, more than 600 farming households were trained to strengthen the involvement of women and young people in household and farm decisions. Over 500 farmers received technical training in regenerative agriculture and agroforestry to support wider adoption of climate-smart practices.

Cocoa waste was converted into low-cost organic inputs such as biochar, compost and liquid fertiliser, improving soil health in demonstration plots. The project also established a carbon baseline and introduced GHG measurement on farms, laying the foundation for future opportunities linked to low-carbon production as demand grows from emissions-conscious buyers.

WHAT'S NEXT?

Sugata will continue expanding its regenerative training programme across its farmer network, using demonstration plots as living classrooms and strengthening one-to-one coaching to support long-term adoption of improved practices. Alongside this, Sugata aims to improve bean quality and scale the production of traceable regenerative cocoa, helping farmers to benefit from higher-value markets while strengthening incomes and supply chain resilience.

INSIGHTS:

PILOTING INCLUSIVE, REGENERATIVE, AND LOW-CARBON COCOA FARMING PRACTICES

1. SEQUENCE SENSITIVE TOPICS CAREFULLY TO BUILD TRUST

Gender norms in Aceh made discussions about household roles and decision-making sensitive.

Introducing gender-related topics too early risked resistance and low participation. Sugata began with agroforestry and regenerative agriculture training to build credibility and trust before introducing discussions on women's participation and household decision-making. Group-based sessions proved less effective for these sensitive topics, so the team pivoted to household-level delivery, which improved engagement and acceptance.

2. BUILD FLEXIBILITY INTO TIMELINES TO RESPOND TO CLIMATE DISRUPTION

High-intensity rainfall and flooding disrupted field-based activities.

Heavy rainfall delayed demonstration plot establishment, composting trials and hands-on training sessions. Sugata kept implementation timelines flexible and adjusted sequencing of activities to remain climate-responsive. This adaptability allowed the project to maintain momentum despite environmental disruption.

3. BLEND THEORY WITH FIELD-BASED LEARNING TO IMPROVE KNOWLEDGE RETENTION

Complex technical content can be difficult to absorb in online sessions.

Some regenerative agriculture and carbon-related concepts were dense, risking low retention during online sessions. Sugata adopted a blended approach, delivering theoretical content through online training and using offline sessions for practical application. Demonstration plots, alongside hands-on coaching and field exercises, allowed farmers to observe and practice regenerative techniques in real conditions, strengthening understanding and uptake.

4. PROVIDE ONGOING COACHING TO SUSTAIN BEHAVIOUR CHANGE

Without continued support, farmers may revert to established farming practices.

Shifting away from long-held methods takes time and reinforcement. Sugata provided regular follow-up and coaching beyond initial training sessions, helping farmers embed regenerative practices into day-to-day farm management. This continued engagement proved essential for sustaining long-term adoption.

5. Address cost and labour constraints to support adoption of recycling technologies

Upfront costs, time demands and labour requirements can limit farmers' ability to adopt cocoa waste recycling practices.

Producing biochar and organic fertiliser from cocoa pod waste required collecting and processing husks alongside existing farm activities, creating additional time and labour demands on top of already full workloads. Sugata supported farmers with materials and practical training to trial recycling methods and worked with them to identify simpler and more cost-effective approaches. By continuing to purchase cocoa from participating farmers over time, Sugata helped reduce the perceived risk of adopting these practices.

6. Strengthen field-team capacity to support reliable carbon measurement

Carbon measurement requires specialised skills and consistent data collection at the farm level.

Collecting greenhouse gas baseline data using a farm-level carbon measurement tool required technical training and additional capacity within Sugata's field team. Sugata invested in targeted training and refresher sessions for field staff to strengthen their ability to carry out measurements consistently and accurately. This helped ensure reliable data collection and lays the foundation for future participation in low-carbon cocoa supply chains.

TRANSFORM

TRANSFORM is an impact accelerator that unites corporates, donors, investors and academics to support visionary enterprises across Africa and Asia. Together, we test and scale new market-based solutions that build inclusive, sustainable economies, empower marginalised communities, and drive climate-resilient growth.

Combining grant funding, business insight and research, TRANSFORM is advancing the development of innovative business models to help solve global challenges. It was established in 2015 and is led by Unilever, the UK's Foreign, Commonwealth and Development Office, and EY.