

Lessons from the Internal Control System of the CoCoA Aceh Utara Cooperative

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The organic cacao cultivation practice at the CoCoA Aceh Utara Cooperative was started in 2007, with the foundation of the organic cacao cooperative. The foundation was facilitated by the government of Indonesia, in collaboration with the German agency for technical cooperation (*Deutsche Gesellschaft für Technische Zusammenarbeit, GTZ*), under the “Organic and Fairtrade Cacao in Aceh” Program. Through the GTZ program, the farmers received training on sustainable cacao cultivation system, which spans the land preparation through to post-harvest processing. The program supported the construction of cooperative’s office and processing unit buildings. It also supported the certification of organic cacao, in collaboration with an international certification agency, the Institute for Marketecology (IMO) of Switzerland.

Some cacao farmers had previously heard of organic farming, but they had not understood how to perform organic farming correctly. To support the organic standard conformance by the farmers, the cooperative developed an internal control system (ICS). The cooperative also promotes the organic cacao program to its farmer members.

Some farmers understood that the use of chemicals would damage the cacao trees, the environment, and their own health. But some other farmers were in the opinion that chemical use would improve cacao productivity and quality, while organic farming would hamper productivity. In reality, farmers that use chemicals in the long term would see a decrease in productivity with higher production costs. In contrast, the organic farmers spend less (because they make their own organic fertilizers and pesticides) and enjoy increasingly higher productivity. These evident benefits encourage more farmers to shift to organic farming.

To promote organic cacao, the ICS unit often conducts group discussion to find out on-site problems faced by the farmers and to provide solutions, in particular through training. The ICS unit also provides training to the farmers regarding organic standards. However, the ICS staff is still reluctant to conform to the administration requirements, such as filling in data forms and facilitating land inspection, which they perceive as too complicated. This problem is aggravated by the farmers that often times provide unreliable information to the ICS unit. Understandably, the ICS staff has farmers' background, with low education levels, thus they often face problems in conducting data collection and farmland inspection.

The ICS continues to approach the farmer members of the cooperative, promoting ICS implementation. ICS staff also routinely visit farmers' plots and conduct discussion with the farmers on the challenges they face in implementing organic farming, especially regarding pest and disease attacks. The continuous instruction on sustainable farming has proven to be beneficial to the farmers through better price for their product. The premium encourages the farmers to keep supporting organic cacao farming.

Implementation of ICS is not an easy task for the cooperative. For farmers, ICS is a new initiative and thus often becomes a source of confusion and misunderstanding. For example, when the ICS staff asks questions about their farmland area, they would inflate the number with the hope of receiving more aid. This means the supplied data mismatch the actual situation. The data on ownership and land area also often change constantly. This is due to the lack of clear land ownership. It is quite common in Aceh that farmers only have a village record to support their claim of ownership, not land certificates legalized by a notary. Therefore, they often provide unreliable data on land. This poses a problem to the ICS unit in documentation and inspection. Worse, the third-party certification who performs the external inspection might assume that the ICS unit could not perform its function satisfactorily, because the ICS data disagree with actual on-site situation. Another challenge is the old habit of farmers of using chemicals, especially herbicides to get rid of weeds. They are willing to refrain from using non-organic fertilizers and

pesticides, but not herbicides, especially for young cacao trees (under 2 years of age).

With all the challenges, the ICS unit strives to continually improve its performance, proven by obtaining the organic certification from IMO.

Several lessons could be learned from the experience of the ICS unit, such as:

1. ICS staff often comes from among farmers, who often have low education levels. This might affect the performance of the ICS unit, especially in completing ICS documentation and inspection forms.
2. Low capacity of ICS unit in implementing ICS means the ICS staff requires continuous training on organic standardization.
3. The high turnover of ICS staff means there are always new staff that needs training on ICS.
4. The ICS unit requires a solid system to document farmers' land (both organic and conventional) and to monitor and evaluate their farming practice, because farmers often provide irregular information on the area and condition of their land.
5. The ICS unit receives a preset portion of the cooperative's profit to perform various activities, such as internal inspection.
6. The marketing of organic cacao product is still inadequate. Despite the organic certification, the cooperative is still unable to access better market. This means the farmers do not enjoy a premium and might have less confidence on the benefits of organic farming.
7. Facilitation of support on cooperative's capital, through collaboration with banks or buyers, is needed to enable the cooperative to manage (absorb) farmers' cacao output.
8. Training on organic cacao cultivation is needed for the farmers, especially in case of pest/disease attacks, to keep the farmers from using chemical pesticides and herbicides.
9. Financial support for organic certification is needed, because the cooperative has not been able to get a premium on the organic cacao and thus unable to apply for the certification extension.

10. Government support for organic farming is needed. Even though the cooperative has obtained organic certification, several government programs still include the distribution of chemical fertilizers to farmers.

Even though the government has promoted the “Go Organic” program, the actual condition is still disappointing. There are many programs from the Bureau of Agriculture that include the distribution of chemical fertilizers to farmers, even though the bureau is aware that the farmers have shifted to organic farming. Usually, the farmers would then sell off the fertilizer.