EARTH FUND PLATFORM IDENTIFICATION FORM (EFPIF)

THE GEF EARTH FUND TRUST FUND

Submission Date to Earth Fund Board:
02/01/2010

PART I: PROJECT IDENTIFICATION

GEF PROJECT ID[1]:
PLATFORM DURATION: 60 MONTHS
GEF AGENCY PROJECT ID:
COUNTRY(IES): Global
PLATFORM TITLE: Greening the Cocoa Industry
GEF AGENCY: UNEP
OTHER EXECUTING PARTNER(S): Rainforest Alliance, Inc. (see Annex 4)
GEF FOCAL AREA (S)[2]: Biodiversity
GEF-4 STRATEGIC PROGRAM(s): BD SP5/The GEF Earth Fund

INDICATIVE CALENDAR	
Milestones	**Expected Dates mm/dd/yyyy**
Council Approval	03/15/2010
CEO Endorsement	09/15/2010
Implementation Start	01/01/2011
Mid-term Review (if planned)	06/15/2013
Implementation Completion	12/31/2016

A. PLATFORM FRAMEWORK

Platform Objective: The primary objective of this Platform is to incentivize improved production and business practices in major cocoa producing countries and cocoa companies, such that they conserve biodiversity in cocoa production landscapes.

The countries in which cocoa farmers are presently applying the Sustainable Agriculture Standard are: Côte d'Ivoire, Ghana, Dominican Republic, Ecuador, Brazil and Peru. Areas under sustainable management in these countries will grow and Rainforest Alliance (RA) will further promote the standard and its accompanying certification scheme, in alignment with market demand, to other origins of high biodiversity, prioritizing four: Papua New Guinea, including Bougainville; Indonesia, Madagascar and Nigeria. Starting in Ghana and Cote d'Ivoire, the project will harness the growing private sector commitment to sustainable practices and form a robust Public-Private Partnership with two leading chocolate manufacturers, Mars, Incorporated and Kraft Foods, and several major cocoa trading and processing companies. In line with GEF's objective of accelerating the emergence and replication of projects that will generate global environmental benefits in biodiversity in a streamlined and cost effective manner, this Platform is planned to bring 10% of the world's cocoa supply (350,000 tons, farmed on 750,000 hectares) into more sustainable production systems that will measurably improve biodiversity conservation in tropical ecosystems.

Project Components	**Inv, TA, or STA**[b]	**Expected Outcomes**	**Expected Outputs**	**Indicative GEF Financing**[a]		**Indicative Co-Financing**[a]		**Total ($)** c =a + b
				($) a	%	($) b	%	
1. Market Growth and Incentives	Inv. and STA	Long term sustainability of environmentally responsible cocoa farming demonstrated through mainstream market acceptance of Rainforest Alliance certification and its integration into the cocoa and chocolate	15 mainstream traders/processors/ manufacturers create demand for and facilitate farmers' adoption of the Sustainable Agriculture Standard in 750,000 hectares of cocoa farms by end of project.	1,050,000	13	6,750,000	87	7,800,000

[1] Project ID number will be assigned by GEFSEC.
[2] Select only those focal areas from which GEF financing is requested.

		value chain	Producers, traders, processors and manufacturers have internalized the costs of certification through transparent and efficient supply chain arrangements					
2. Tools development, training, extension and support services	TA	Cocoa farmers in project countries have access to quality training, extension and relevant support services that enable producer groups to adopt sustainable agricultural practices cost effectively	250,000 farmers adopt practices of Sustainable Agriculture Standard by end of project Appropriate training materials developed for small holder cocoa farmers and training institutions Service providers in major production areas of producing countries trained in the Sustainable Agriculture Standard and a quality control system in place Farmer access to inputs and credit that will improve farm performance is increased	2,000,000	37	3,350,000	63	5,350,000
3 Certification Integrity and Viability	TA	A credible global Rainforest Alliance certification program that is tailored for participating countries provides measurable benefits for cocoa farmers,	*:* 40 Auditors from across project regions are trained and accredited to inspect farms 5 other certification bodies are accredited to award Rainforest Alliance certification, enabling cost saving for farmers, National stakeholder groups develop local indicators for Sustainable Agriculture Standard in all project countries Sustainable Agriculture Standard evolves to	850,000	43	1,150,000	67	2,000,000

			incorporate criteria on improved productivity Studies of certified farms demonstrate that the costs for farmers of adopting the Sustainable Agriculture Standard do not exceed the benefits					
4 Cocoa and Biodiversity Conservation	TA and STA	Sustainable cocoa production enables mainstreaming biodiversity conservation and natural resource management in line with national policies	A Payment for Ecosystem Services (PES) methodology providing increased value for farmers piloted and applied Monitoring and Evaluation systems established to measure contribution of sustainable cocoa production to biodiversity conservation Measurable biodiversity mainstreaming improvements in 10 countries by end of the project	750,000	20	3,000,000	80	3,750,000
5. Evaluation				100,000	100	0	0	100,000
6. Project management				250,000	25	750,000	75	1,000,000
Total project costs				5,000,000	25	15,000,000	75	20,000,000

B. INDICATIVE FINANCING PLAN SUMMARY FOR THE PLATFORM ($)

	Project Preparation*	Project	Agency Fee	Total
GEF financing		5,000,000	450,000	5,450,000
Co-financing		15,000,000		15,000,000
Total		20,000,000	450,000	20,450,000

C. INDICATIVE CO-FINANCING FOR THE PLATFORM (including project preparation amount) BY SOURCE AND BY NAME (in parenthesis) if available, ($)

Sources of Co-financing	Type of Co-financing	Amount
Project Government Contribution	TBD	TBD
GEF Agency *	TBD	TBD
Bilateral Aid Agency(ies) (USAID, GTZ)	Grant	2,500,000

Private Sector (Mars, Kraft, and other cocoa companies)	Direct financing of research and field work, marketing investments	6,750,000
NGOs (Rainforest Alliance, Technoserve and other Project Partners)	Grant	3,250,000
Private Foundations: Doen Foundation, Goldman Fund, Gates Foundation	Grant	2,500,000
Total Co-financing		15,000,000

***** Linkages are being developed within UNEP's Finance Initiative's Biodiversity and Ecosystems work stream, the project "Establishing sustainable resource efficient, agri-food supply chains" and labeling-related activities led by UNEP's Sustainable Consumption and Production Branch, and UNEP Regional Offices for delivery of activities. It is estimated that upwards of $250,000-$500,000 could be provided by these UNEP offices in cross support to the GEF/Rainforest Alliance led effort.

D. GEF RESOURCES REQUESTED BY FOCAL AREA(S), AGENCY (IES) SHARE AND AND COUNTRY(IES)* TBD

GEF Agency	Focal Area	Country Name/ Global	(in $)			
			Project Prepa-ration	Project	Agency Fee	Total
UNEP	Biodiversity	Global		5,000,000	450,000	5,450,000
Total GEF Resources				5,000,000	450,000	5,450,000

* No need to provide information for this table if it is a single focal area, single country and single GEF Agency project.

PART II: PLATFORM JUSTIFICATION

A. STATE THE ISSUE, HOW THE PROJECT SEEKS TO ADDRESS IT, AND THE EXPECTED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED:

1. The Rainforest Alliance and UNEP have been developing a strategic global initiative to transform production practices in cocoa farming and company buying practices for sourcing cocoa and cocoa products. Cocoa is grown on 7.5 million hectares of tropical land, much of which is situated in biodiversity hotspots (for example, the Upper Guinean Forest and the Atlantic Forest of Brazil). Cocoa production is linked to deforestation, as farmers clear land or move into land that others have cleared to establish new planting.

2. Global demand for cocoa is growing at about 3% per year, equivalent to 100,000 tons. To meet this demand, cocoa farming must increase its productivity rather than use more land and farmers must earn enough to motivate a new generation to maintain the farms. However, average yields in West Africa are well below the optimistic 550-650 kg/hectare productivity yields stated in some documentation[3]. Recent studies by the Sustainable Tree Crops Program have shown average yields to be as low as 250-300 kgs/hectare in parts of Côte d'Ivoire, and slightly higher in the rest of the region. Cocoa farms can produce at least double the yield presently obtained in West Africa while still conserving biodiversity if: (a) farmers have access to and can pay for the planting material and inputs they need to maintain tree productivity and soil fertility; and (b) they adopt upgraded technologies, such as grafting, and sustainable management practices, which impact not only the farm but also the wider natural environment . The role of shade trees in this scenario is important, in three respects: first, as a protection to the young cocoa plants and ongoing provider to them of environmental services (intensified cocoa production systems are vulnerable to pests and diseases); second, as a source of food and income to the farmers; and third as a vital regulator of the natural environment, conserving biodiversity, ground water, soil quality and rainfall patterns. For the past twenty to thirty years, many cocoa farms have removed shade. The world's largest producer, Côte d'Ivoire, is an example, promoting the short term benefits of the forest rent that follows

[3] Executive Committee Meeting Minutes, June 2007 "Supply Chain Management for Total quality Cocoa in Africa" (The Common Fund for Commodities/International Cocoa Organization)

clearing new land but not accompanying it by making available to farmers the hybrid varieties, inputs and training needed to make this approach successful over the long term, as evidenced by the very low productivity figures. So, biodiversity has been lost but farmers have not gained and they no longer have timber trees to commercialize and their farms degrade more quickly. There is now much more interest, which is being suporeted by research, in returning to a shade structure that balances productivity, income and biodiversity.

3. This project will work with a major global industry ($74 billion retail value of chocolate), particularly through far-reaching partnerships with Mars, Inc. (the world's leading chocolate company) and Kraft Foods, to build a production landscape that provides secure rural livelihoods, cocoa that meets industry quality standards and conserves fragile biodiversity. The Rainforest Alliance has a 20 year track record of harnessing business drivers to achieve conservation and sustainable livelihoods. In the past three years, it has built relationships in the cocoa industry with consumer brands and the major trading and processing companies upstream in the value chain. The project will be built on a core partnership with Mars Inc ($30 billion annual sales), several companies that supply it with cocoa and processed cocoa products for making chocolate; and a long-standing partnership with Kraft, as well as a selected group of institutions with expertise in agricultural land use management. Additional cocoa buyers will join the project as partners over time. Rainforest Alliance is in several confidential discussions at this time with additional companies.

4. An estimated 90% of world production is grown by small holders, labor is usually supplied by farmers and their families, and, with good management practices the crop is tolerant of shade and forest cover. Yet a number of threats combine to make this potentially sustainable production system very vulnerable:

(a) Farmers have scarce access to training and extension that would assist them to improve their production practices and reduce the loss to pests and diseases, which typically account for 30% of production; with low productivity (less than 500 kg per hectare in the two West African countries that supply 70% of world production) and resulting low income, cocoa farming is becoming very unattractive to young people, who may abandon the farms or convert them to crops like oil palm that remove all vegetative cover. The project will address these threats by building a viable system of farmer training and technical assistance. As Rainforest Alliance certification starts to gain ground, training in the Sustainable Agriculture Standard is taking place. The ability to deliver this training needs to scaled up significantly, supported by quality training materials that are adapted to the local environment, by training course structure that acknowledges farmers' capacity to participate and builds on their own knowledge and by institutional structure that enables farmers to access training locally and at low cost. The project will cooperate with and strengthen the specialist governmental and non-governmental institutions, build on the success of the farmer field school approach that disseminates knowledge and understanding through farmer leaders and supplement it through demonstration farms applying the Sustainable Agriculture Standard.

(b) Degradation of the natural environment in many cocoa production landscapes and climate change pose a threat to the productivity of the cocoa plant, which needs high moisture content in the soil and services from the forest and surrounding ecosystem to thrive. Many cocoa farmers have removed shade to achieve productivity gains that are short-lived, as soils degrade and insufficient fertilizer is applied. Rising temperatures and shortening rainfall patterns resulting from deforestation threaten the supply of fresh water. “If the status quo continues, then the cocoa sector is likely to die a slow death," wrote Daniel Sellen, lead agricultural economist with the World Bank in Abidjan, in the Financial Times on 15th January, 2009. "A complete collapse of the sector cannot be ruled out if there is no action." The project will promote the Sustainable Agriculture Standard, a comprehensive standard developed by a network of nine tropical agricultural organizations and applied through local indicators to ensure its relevance to each particular crop and country. This standard, which is compliant with the Code of Good Practice for Setting Standards of the International Social and Environmental Accreditation and Labeling (ISEAL) Alliance, has been adopted so far by over 30,000 farming businesses operating on half a million hectares in over 20 countries. Studies in other small holder tropical crops have demonstrated its contribution to conserving biodiversity.

(c) Ageing farms are not being adequately rehabilitated through planting high performing germplasm, upgrading technologies such as grafting, and applying farm inputs such as fertilizer to maintain high levels of output. The threat of potential short term loss of productivity from taking out old low-producing trees to plant new varieties (which of course do not become productive for a few years) and the cost of investing in inputs such as fertilizer can best be overcome by improved access of farmers to financial services. Sound business investments should not need subsidy but rather financing, which is indeed a constraint in the sector. Certification premiums can assist building up capital at farm and group level that enables such business investments to be made and providing security for financial services institutions. New seedlings and planting material, as well as inputs, need to become available to farmers through local centers; if they are, farmers will see the value of buying them. Fertilizers will give a good return in productivity, as shown by studies made in West Africa. If access of key inputs and materials can be improved then knowledge of when and how to use them can be dealt with in training programs.

(d) Farmers are generally unorganized. Stengthening farmer organizations so that they can provide an improved range of services, will improve access and reduce dependence for those on cocoa traders, which are often the only source of financial and technical services. Certification facilitates farmer organization because it requires an Internal Control System that enables traceability and improves accountability of organizations to their members. One input company in Ghana, Wienco, has facilitated forming a cocoa farmers association, Cocoa Abrabopa, which became the first group in Ghana to be audited for Rainforest Alliance certification in 2009. Certification also contributes to improving cocoa quality. A survey by GTZ published in 2009 of 100 Rainforest Alliance Certified farmers corroborated evidence already gathered from the trade that certified beans meet higher quality specification, because of the improved farm management practices. While consumer preference moves towards higher cocoa content in chocolate, the world's largest supplier, Côte d'Ivoire, has seen a steady decline in quality that has the industry extremely nervous. Companies are investing in agronomic initiatives to address the problem and are increasingly open to building on these programs to incorporate training in sustainable farming practices that includes social and environmental criteria.

(d) Labor practices have been consistently documented that are not compliant with law and include employment of migrant and child labor under forced conditions and unsafe farm behavior, such as carrying excessively heavy loads, children using machetes and agrochemicals being applied with no protective equipment. The industry and governments of Ghana and Côte d'Ivoire have a program in place to address this and the project will provide an additional mechanism through the Rainforest Alliance certification audit to monitor and assure companies and consumers about labor practices in the cocoa supply chain. Rainforest Alliance's local indicator process, by which the Sustainable Agriculture Standard is reviewed by an expert group and definition for local context and law is added, was aligned with these labor protocols, as evidenced in the indicator documents published in 2008 for Côte d'Ivoire and in 2009 for Ghana.

5. It is a moment of need and opportunity in the cocoa industry. Large manufacturers have started making commitments to buying certified cocoa and their suppliers -- the traders and processors -- are gearing up to fulfilling the new demands regarding sustainable sourcing of cocoa beans. In 2008, the World Cocoa Foundation (WCF), the industry association, commissioned a study on sustainability that for the first time recognized the central relevance of biodiversity and ecosystem conservation to the long term productivity of cocoa. In 2009, it began a regular stakeholder forum to discuss cocoa certification. Mars committed publicly in April 2009 to certifying all its cocoa and to sourcing 100,000 tons certified by Rainforest Alliance. It will introduce Galaxy, part of the Dove chocolate range, with the Rainforest Alliance seal, into UK in 2010. Mars is also promoting the Sustainable Agriculture Standard through the Mars Partnership for African Cocoa Communities for Tomorrow (iMPACT), together with Rainforest Alliance and other international partners. Kraft has shown leadership among leading companies in promoting Rainforest Alliance certification by investing in building the technical capacity of 4,000 farmers in Côte d'Ivoire and Ecuador to adopt the Rainforest Alliance standard of sustainable farming, and the business capacity of the producer organizations they belong to. It introduced Côte d'Or, the first mainstream chocolate brand bearing the Rainforest Alliance certification seal, which is the only voluntary certification

Standard to incorporate biodiversity conservation criteria, in Europe in 2009 Such initiatives will fundamentally change the situation of the farmer, who has hitherto supplied an anonymous commodity; in future the farmer's cocoa will increasingly be tracked through a transparent system that feeds back market information and quality reports, and provides companies with risk management for their business operations and their reputations. Cocoa qualities will be differentiated in the market, with premiums to farmers for producing high quality and certified cocoa, and the farmer will have improved access to financial and technical services that enable the adoption of best practices. Specialized institutions will provide reseach and field support to strengthen the value chain innovation for a larger sustainable land use management impact. Rainforest Alliance anticipates that leading partners in this area will be the World Agroforestry Center (ICRAF) and Forest Trends. Collaboration with specislist partners will include testing agroforestry design for biodiversity conservation and productivity and developing mechanisms for payment for environmental services to cocoa farmers that will reward them for conserving a healthy natural environment.

6. The global biodiversity benefits of sustainable cocoa production can be summarized as:

(a) Maintaining the integrity of the ecosystem with diverse biological resources; protecting fresh water and rainfall levels directly impacts on wildlife's ability to suatain its populations.

(b) Providing habitat for restricted-range endemic species. In several cocoa growing locations a high percentage of endemic birds have been observed in shaded cocoa farms, which play a significant role in the conservation of these species; the Guinean Forest hotspot has the highest mammalian divesity in the world; the Atlantic Forest, where Mars maintains a reseatch station that will be an active local partner in the project, is home to a number of threatened species, including the golden-headed lion tamarin (Leontopithecus chrysomelas).

(c) Providing habitat for migratory species. Many migratory bird species inhabit cocoa agroforests in Central and South America, West Africa and Southeast Asia during the winter season in their northern habitats, or use them as crucial stopovers on their way to their final migratory destinations.

(d) Providing biological corridor functions by designing mosaics of sustaiable agricultural land use conbined with protecting areas of core biodiversity, reforestation, and sustainable forest management

(e) Conserving ecosystem services that benefit farmers through fresh water supply, biological pest and disease control and nutrient-rich soil and provide welfare to the entire community through reduced pollution from farm wastes, reduced agrochemical use, reduced firewood collection and hunting, greater income for farmers and laborers and improved education and awareness regarding conservation issues.

All these factors help to reduce direct pressures on habitat and wildlife.

Activities by Component:

Component 1 **-** Market Growth and Incentives

1. Promote Rainforest Alliance certification to and build and manage relations with major chocolate manufacturing companies and other users of cocoa (bakery and drinks) and the traders and processors in the supply chain.
2. Undertake detailed planning of targets with companies committed to sourcing certified cocoa and support market development with detailed supply projections
3. Build consumer understanding in major markets of the benefits of Rainforest Alliance certification for cocoa producers

4. Develop and maintain an online system to achieve traceability[4] of certified cocoa and generate market information
5. Develop and implement a market based fee system that creates a sustainable income flow for market development and education

Component 2 **-** Tools development, training, extension and support services

1. Complete training materials for trainers and farmers relating to the Sustainable Agriculture and Group Standards and adapt visual images for use in cocoa origins in Africa, Asia and Latin America
2. Develop and apply a quality control and accreditation system for trainers using the Sustainable Agricultural Standard.and oversee training programs implemented by local partners.
3. Develop a common curriculum for training in coordination with other voluntary certification bodies consistent with certification needs of the global cocoa industry.
4. Build partnerships with national extension agencies and specialist technical organizations and train their technicians in the Sustainable Agriculture Standard
5. Build partnerships with other service providers and industry leaders to develop initiatives for improving farmer access to agronomic and financial services.

Component 3 **-** Certification Integrity and Viability

1. Develop stakeholder consultation and form working groups to define local indicators for cocoa of the Sustainable Agriculture Standard in new countries of operation
2. Systematize learning from applying the Sustainable Agriculture Standard in new countries for revisions of the Sustainable Agriculture Standard
3. Identify, train and accredit local auditors in each project region and hold global calibration workshops to guide consistent interpretation of the Standard by auditors.
4. Accredit Sustainable Agricultural Network certification bodies in each project region that can undertake farm inspections (including simultaneously with inspections for other schemes) and award certificates
5. Select methodology and undertake rigorous cost-benefit analysis at farm and producer group levels of the economic costs (training, changing farm practices, Internal Control System, audits) and benefits (farm performance, improved market conditions) of adopting the Sustainable Agriculture Standard.

Component 4 **-** Land use management

1. Develop methodology to measure and reward farmers for carbon captured in cocoa agroforests and pilot it in two countries.[5]

[4] Rainforest Alliance is building off traceability systems that have been established. The traceability requirement in Rainforest Alliance certification is more extensive than in ICCO's project (see footnote 1), as it needs to operate at an individual farm level, not just at the group level. There are three stages. The first is the Internal Control System that a producer group establishes in the certification system. This requires it to segregate cocoa beans arriving from certified farmers from those from non certified farmers, and then to bag together only certified cocoa for sale to an exporter. The second stage is in the exporter's depot and onward shipment to international markets, where bags of certified beans must be documented, marked and segregated for processing. The third stage is the liquor, butter and chocolate manufacturing, where batch production is required to enable separate batches of certified material to pass through the plant and not be mixed with non-certified material. This final stage can bear quite a high cost if the plant is not already geared up for segregation, and one of the long term benefits of the growth of Rainforest Alliance certification for the industry will be the investments made in traceability. Rainforest Alliance and organic certification are the only two voluntary certification systems requiring full traceability of certified cocoa through the supply chain, as documented in the *Chain of Custody Interpretation Guidelines, Cocoa processing Operations, May 2008.* Despite consumer assumptions that certified material is always segregated, this is not in fact the case in some major brands carrying other certification seals. Verification of traceability in the Rainforest Alliance system is achieved through two types of annual audits: the farm and group audit, which also considers local transport and storage arrangements at the exporter's depot; and the chain of custody audit that from 2010 will be introduced to processing and manufacturing plants.

[5] Per the STAP Guidance on Payment for Environmental Services (PES), this project will support the recommendation that GEF support projects with PES as this is consistent with the GEF mandate to deliver global environmental benefits. The methodology development and piloting in two countries goes beyond broad capacity building (conferences etc), and delivers something that will result in specific quantification of carbon stored on cocoa farms, and the resulting PES scheme tested in farms where

2. Promote wider community agreements to protect forested areas adjacent to cocoa farms
3. Define key biodiversity indicators, undertake baseline analysis and measure progress
4. Quantify the economic costs and benefits to farmers of adopting the Sustainable Agriculture Standard
5. Analyze data from certification audits to track improved land use through adopting the Sustainable Agriculture Standard

B. DESCRIBE THE CONSISTENCY OF THE PLATFORM WITH NATIONAL PRIORITIES/PLANS:

7. In general terms the project makes three specific contributions to national development policies: increasing rural incomes and employment through upgrading skills and technology; building economic capacity without threatening the natural resource assets; and improving the competitiveness of the agricultural sector. Whilst the proposed project is global, a specific illustration of how this applies to the two major producing countries is as follows:

8. Côte d'Ivoire: The government's interim poverty reduction strategy (iPRSP, 2002) has targets to reduce the poverty rate, achieve economic growth, create jobs, increase the income of the population, and ensure equitable access to basic social services and to decent living conditions. Its strategy includes actions that are directly in line with the project, such as: increase income and employment, improve competitiveness of private enterprise, transformation of agricultural products, developing financial market and improving access of enterprises, promotion of women's entrepreneurship, improve the competitiveness and productivity of rural operations, self-sufficiency and security in respect to food, restore forest resources, improve farmers' income, improvement of marketing systems and product storage techniques, implementation of financing for the agricultural sector, preservation of environment, access of rural population to basic social services, including women, reduction in the HIV/AIDS incidence in rural areas, promote self-employment, develop and modernize informal sector, promotion of private sector.

9. In the third national report to the Convention on Biological Diversity (2006), Côte d'Ivoire's National Biodiversity Strategy and Action Plan recognizes that cocoa is one of the two "cultures of export excellence" (along with coffee). Together with coffee, it accounts for one-third of the added value, 7% of the GDP, and 46% of the exports of the country. The government fully recognizes the importance of the sustainability and productivity of its cocoa growing lands. As demonstration of this, the Ministry of Agriculture accorded Rainforest Alliance certified cocoa exemption from an export tax in 2007, in coordination with the Supply Chain Management for Total Quality Cocoa project of the International Cocoa Organization (ICCO), of which the government is a member.

10. Ghana: Ghana's Growth and Poverty Reduction Strategy (GPRS II 2006) aims to attain middle income status (with a per capita of at least US$ 1,000 by the year 2015 within a decentralized, democratic environment. Ghana's Food and Agricultural Sector Development Policy (FASDEP II, 2007) includes a target of increasing cocoa production to one million tons by 2010 through a five-fold strategy: remunerative prices for farmers of at least 70% of FOB price; pest and disease control; yield-enhancing practices; high-yielding planting material; and quality control. Ghana's cocoa industry is managed by the Ghana Cocoa Board, with which Rainforest Alliance has established a good working relationship; for example, its research wing chaired the national working group established to define local indicators for the Sustainable Agriculture Standard. Rainforest Alliance has trained technical staff of the Ministry of Food and Agriculture in the application of the standard at farm level.

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mainstream cocoa buyers are becoming more interested in this "climate" differential in the cocoa supply. The PES work will be managed by an NGO (Rainforest Alliance) that is actively working on-the-ground in the PES arena to validate REDD and other PES projects globally, and link them to carbon markets where appropriate. The establishment of a PES methodology for carbon capture in cocoa farms also supports the outcome in Strategic Program 5 for "markets created for environmental services." And the indicator of "number and extent (hectares) of new payments for environmental service schemes created."

11. Both Côte d'Ivoire and Ghana have established national programs to eliminate the worst forms of child labor, in close collaboration with the industry. The project offers a certification scheme that monitors labor practices in farms on an annual basis according to a standard that is fully in line with the national program, according to a benchmarking undertaken in 2008. Rainforest Alliance and project partners have been in regular dialogue in 2009 with the cocoa authorities and local, national and regional stakeholder in the two largest supplier countries, Ghana and Côte d'Ivoire, regarding certification. This dialogue has built much greater understanding and acceptance of certification as a mechanism to drive value to farmers and contribute to the long term sustainability of the countries' cocoa sectors. .

C. DESCRIBE THE CONSISTENCY OF THE PLATFORM WITH GEF STRATEGIES AND STRATEGIC PROGRAMS:

13. This project supports the biodiversity focal area's long term objective of "mainstreaming biodiversity into production landscapes and sectors" and the strategy program 5 of the GEF-4 on "fostering markets for biodiversity goods and services." Specifically, it will support the expected outcome in the strategy program 5 for "global certification systems for goods produced in agriculture, fisheries, forestry and other sectors include technically rigorous biodiversity standards." The project supports the GEF response option of mainstreaming biodiversity and addresses the drives of biodiversity loss that have been identified by GEF, including habitat change and over-exploitation. The project alligns well with the GEF's desire to support development of certification systems and to scale them up in countries, as well as to work with supply chains, market outreach, and consumer awareness. GEF has identified supply chain initiatives and voluntary certification initiatives as key areas for support and has named Rainforest Alliance's certification system as one of the key programs that provides biodiversity (as well as socioeconomic) benefits. The project is market-based and cost-effective.

14. Although this project is not slated for the climate change focal area, within the area of climate change this project supports the GEF-4 long term objective to "reduce GHG emissions from land use, land use change and forestry (LULUCF)", and "to support pilot projects and demonstration projects for adaptation to climate change." This project supports the Strategic Program 6 of "managing LULUCF as a means to protect carbon stocks and reduce GHG emissions."

D. DISCUSS THE VALUE-ADDED OF GEF INVOLVEMENT IN THE PROJECT DEMONSTRATED THROUGH INCREMENTAL REASONING :

15.The key barriers for the scale up of sustainable cocoa production and mainstreaming biodiversity across the cocoa industry include:

Barrier 1: Limited demand for certified cocoa in international markets still; whereas the coffee market has been developing and promoting certified supply over the last 15 years, it is still a new concept in cocoa and companies need to evaluate their strategies carefully to align them with long-nurtured brand values.

Barrier 2: Capacity constraints (education, literacy, organization) in scaling up adoption of sustainable agricultural practices in rural landscapes where cocoa farmers are dispersed and mostly do not belong to producer groups.

Barrier 3: Insufficient understanding still by consumers of sustainability issues to push companies to adopt sustainable sourcing policies; most of the initiatives (except child and forced labor) are driven by companies aware of the long term threats to productivity rather than as a response to consumer pressure.

Barrier 4: Unavailability of training and extension services to most cocoa farmers, who maintain inefficient practices. Where certification has been introduced, the cost of training per farmer is high because of insufficient trainers who can be based in the main production areas.

Barrier 5: Inadequately developed certification systems, which require more local operating capacity and adaption to work with unorganized farmers; Rainforest Alliance has demonstrated this ability in other crops and is piloting a new approach with unorganized farmers in Côte d'Ivoire with a trading company.

Barrier 6: Insufficient data from monitoring programs on the biodiversity, economic benefits and climate impacts of sustainable farming that would provide a stronger justification.

16. Without the GEF intervention, cocoa sustainability initiatives will provide more investment in agronomy and labor practices but miss the key environmental factors affecting long term productivity, sustinability and generation of benefits to biodiversity of global signficance. The project will help to preserve the existing cocoa forest areas and work with various local partners to both increase the native tree cover within and adjacent to the farmers' cocoa farms, and to conserve and extend the existing forest fragments, riparian forests, wetlands, and other areas of biodiversity significance. The project will also seek to establish and or expand biological corridors to link existing forests and forest patches. In this manner, the presence of native tree species and the habitat they provide to local fauna will be increased both within and immediately adjacent to the cocoa farms and at the landscape level. The proposed GEF intervention in partnership with Mars Inc. and Kraft Foods, two of the world's largest chocolate companies, and the engagement of specialist agroforestry and environmenetal services organizations, together with the Rainforest Alliance, will provide world class research, technical support and market application to create a sustainable business model for biodiversity conservation and a solid foundation for the rapid expansion of sustainable cocoa in the project countries, and beyond, in the coming years.

E. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PLATFORM OBJECTIVE(S) FROM BEING ACHIEVED, AND IF POSSIBLE INCLUDING RISK MITIGATION MEASURES THAT WILL BE TAKEN:

17. The table below discusses the potential risks, the mitigation actions planned, and the level of these risks.

Type of Risk	Mitigation Action	Level of Risk
Non-uptake by cocoa farmers of the Sustainable Agriculture Standard.	The early adoption by mainstream companies and Rainforest Alliance's visibility and marketing capacity in major markets will motivate uptake of the standard by sending demand signals down the supply chain; this is already happening and in Côte d'Ivoire capacity to get certified is restraining growth rather than the demand for certification from farmers. Over the longer term, as supply builds market premiums will come down and some farmers may drop out, The sustainability of the program will be supported by the demonstrated value of the Standard for farm performance and not depend on price premiums. Training materials will be developed to explain the benefits of the standard for farm productivity, family well being and conserving natural resources. The standard will be promoted in cases where productivity shows promise and there is a level of guarantee that certification can attain expected value-added.	Low moving to moderate
Low market demand for certified cocoa	There is very strong interest now in the industry and the project's targets can be met by a realistic estimate of demand growth. Rainforest Alliance, which has expertise in the industry in its team managing this project, will maintain its contact with the international market in Europe, North America and Japan through local marketing offices and build on new interest of companies to understand issues, demonstrate responsible sourcing and manage their operating and reputation risks.	Low to moderate

Slow building of technical assistance and auditing capacity in Africa and Asia/Pacific	RA will expand its network of service providers, including incorporating new members of the Sustainable Agriculture Network (see Annex 3) so that African and Asian NGOs specialist in sustainable agriculture can lead implementation; in countries without a network member, RA will appoint and train implementing partners who in turn will identify potential auditors for training. RA will support this whole process by upgrading its training materials through its Technical Capacity unit.	Moderate
Social instability from political unrest and conflict, child and forced labor practices, spread of HIV/AIDS, gender inequality and discrimination against ethnic minorities.	The risk will be mitigated through partnerships with other institutions, link to programs addressing social issues in project communities; the iMPACT project with Mars is an example of an integrated approach with health, education, literacy and labor programs led by other partners. Working collaboratively with central and local government authorities in all countries of operation will ensure that cocoa innovations serve national and regional development priorities. Undertaking farm assessments to identify problems related to social inequalities will generate information to guide training.	Moderate
Farmers do not have access to the inputs, materials and services that they need in order to increase productivity	The importance of initiating a global platform to address systemic problems in the cocoa sector is the capacity this creates to harness the best knowledge and the strongest organizations to address problems. The project can undoubtedly facilitate advances in this key area; nevertheless, it will be easier in some countries than others.	Moderate
Climate change related risks (increasingly frequent and long dry periods, flooding, which could cause degradation of farms and soil, as well as habitat for wildlife, declining productivity)	The Sustainable Agriculture Standard incorporates criteria and indicators directed at maintaining ecosystem health so that farmers may withstand droughts better than neighboring farmers due to: - Changes made in soil conservation and tree-planting; - Requirement of reforestation of buffer zones around cocoa farms using native tree species; - Prohibition of expanding production into forest areas - Promotion of shade trees within farms to provide habitat for various fauna, including migratory species; and - Protection against soil erosion. RA has documented evidence in Côte d'Ivoire of farmers' appreciation of practices for withstanding recent droughts that have affected neighbors' farms. Nevertheless, it is appropriate to consider this risk high given the overall global trends	High

F. DESCRIBE, IF POSSIBLE, THE EXPECTED COST-EFFECTIVENESS OF THE PLATFORM:

18. A fundamental principle of this GEF intervention is that, now that sustainability has become a key issue in the cocoa sector, companies will actively support it because it becomes rational business behavior to promote cocoa production that provides for long-term stability in productivity. Based on early evidence, and consistent with other crops, Rainforest Alliance expects that "sustainability differentials" or premiums for certified cocoa will be available for the project's cocoa , and producers will continue to invest in specific measures on their farms which will help protect habitat in biodiversity-rich cocoa landscapes, in order to obtain these premiums and other added environmental and social benefits. In RA's "Biodiversity Conservation in Coffee" project (UNDP/GEF), it was calculated that 40 times the GEF grant will be invested by farmers. Companies will pay premiums to producers in return for sustainability measures taken on a farm, equating to a payment for environmental services. Kraft has already set a benchmark in Côte d'Ivoire and Ecuador for the scale of premiums and experience as the market expands will enable an assessment to be made during the project's planning phase. For example, the project expects to facilitate sourcing of 350,000 metric tons of cocoa by the last year, of which perhaps one third will be traded as certified product in the market (the rest will be moving towards that or traded under

other schemes rewarding quality). At 2008-09 world prices, and assuming a level of premium of $100/ton (certification would achieve more, other initiatives not so much) this would leverage an annual increase of value of $33.5 million. The cost effectiveness of RA's approach will be secured by its system of fees for its certification and audit services, so that once farmers are trained, a sustainable business model continues operating. Quantitative and qualitative GEB can be had - and maintained - by bringing the certification option into an existing production chain.

19. Cost effectiveness is also maximized in the project's design through the four way partnering scheme (corporate business, research centers and standard-setting bodies, government agencies, authorities, and operational partners) to ensure articulation of all key players; the use of methodologies with proven track records (such as the farmer field school approach); using and building on existing mechanisms, programs, networks and initiatives to scale up and tie together efforts that promote sustainable practices; focusing on stimulating market mechanisms to uphold the adoption of the Standard; the tackling of both BD issues and CC factors (land use change); and the project's contribution to both GEB and social benefits (livelihoods).

G. JUSTIFY THE COMPARATIVE ADVANTAGE OF GEF AGENCY:

20. The proposed platform contributes directly to the goals of UNEP's Medium Term Strategy of Ecosystem Management priority:

- That countries and regions increasingly integrate an ecosystem management approach into development and planning processes;
- That countries and regions have capacity to utilize ecosystem management tools; and
- That countries and regions begin to realign their environmental programmes and financing to tackle the degradation of priority ecosystem services

19. The proposal further contributes to the goals of UNEP's Medium Term Strategy of Sustainable Production and Consumption priority:

- That resource efficiency is increased and pollution is reduced over product life cycles and along supply chains.
- That investment in efficient, clean and safe industrial production methods is increased through public policies and private sector action.
- That consumer choice favours more resource efficient and environmentally friendly products.

20. By harmonizing standards and certification schemes for cocoa production, producers and consumers will have a reference point when they will be able to make better choices favoring sustainable cocoa products. The project is also consistent with UNEP DTIE's efforts to enable developing countries to develop and grow opportunities for eco labeling.

21. The also project fits well within UNEP's efforts in Capacity Building for Sustainable Development, UNEP's strong relationships with industry (such as through the Division of Technology, Industry and Economics, and through its Global Reporting Initiative). Specifically, the cocoa certification program's standards that help farmers achieve sustainability by developing their own, appropriate solutions to meeting the requirements, create and retain local capacity to reduce poverty and create positive biodiversity impacts. The project's multiple partnerships with corporations large and small, and linkages to direct sourcing with cocoa communities, create equitable PPPs between companies and producers/local people for achieving project goals.

As mentioned in the co-financing section, linkages are being developed within UNEP's Finance Initiative's Biodiversity and Ecosystems work stream, the project "Establishing sustainable resource efficient, agri-food supply chains" and labeling-related activities led by UNEP's Sustainable Consumption and Production Branch, and UNEP Regional Offices for delivery of activities.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. EARTH FUND BOARD

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.

Agency Coordinator, Agency name	Signature	Date *(Month, day, year)*	Project Contact Person	Telephone	Email Address
Maryam Niamir Fuller, UNEP		October 13, 2009	Kristin McLaughlin	1-202-974-1312	Kristin.Mclaughlin@unep.org

As required by the GEF Secretariat, the description below indicates the level of compliance of the proposed Greening the Cocoa Industry Platform with Article 16 of the Earth Fund Board Procedures.

ARTICLE 16 - Each candidate Platform Managing Agency wishing to make a proposal to manage a Platform under the GEF Earth Fund will be required to submit an Earth Fund Platform Identification Form ("EF PIF") along with documentation related to the proposed Platform. These documents should constitute a substantive proposal, including at least the following information:

(a) Rationale and objectives of the Platform, including consistency with GEF strategic objectives;

As presented Part I, Section A of the Platform Framework, the project's objective is to change production and business practices in major cocoa producing countries and cocoa companies, such that they conserve biodiversity in cocoa production landscapes, provide greater long-term stability to the cocoa and chocolate industry and increase income for smallholders.

The project supports the biodiversity focal area's long term objective of "mainstreaming biodiversity into production landscapes and sectors" and the strategy program 5 of the GEF-4 on "fostering markets for biodiversity goods and services." Consistency with GEF Strategies and Strategic Programs is further detailed in Part II, Section C.

(b) expected activities

- Adapt cocoa standards to target countries, focusing on barriers to biodiversity conservation.
- Adapt cocoa standards to target countries, focusing on pesticide reduction criteria.
- Train technical assistance providers in sustainability standards and integrated pest management.
- Train farmers on sustainability standards for RA Certified cocoa and integrated pest management.
- Provide linkages and support in obtaining post-harvest finance and micro-credit.
- Provide organizational strengthening and business skills training to farmers to ensure sustainability beyond the assistance this project will bring.
- Develop full cocoa replication plan
- Develop local capacity in each country through local SAN partner or another local NGO.
- Work on national level in each country to identify farmer groups to obtain certification and supply the needed volume of sustainable cocoa to buyers.
- Conduct audit visits annually to certify farms.
- Disseminate information to key private sector players, policymakers, and NGO partners.
- Develop partnerships with additional cocoa buyers and traders who will commit to sourcing sustainable cocoa.
- Facilitate sales of cumulative volume of RA Certified cocoa over the life of the project by major cocoa buyers.

- Track new income to target communities (sales figures to be estimated during full project brief), pesticide reduction figures (% and regions), reduction in biodiversity threats and other key impact indicators.

(c) expected results (impacts, outcomes, outputs);

Part I, Section A of the Platform Framework describes project components, outcomes, and expected outputs.

(d) amount of GEF Earth Fund resources being requested for the Platform;

Table B. Indicative Financing Plan Summary for the Platform. The GEF Earth Fund resources requested for this platform are $5,450,000 of which $450,000 comprises the 9% Agency Fee.

(e) co-financing arrangements over the implementation period, including own contribution

As presented in Table B, $6,750,000 co-financing has been committed by the private sector including Mars, Kraft, and other cocoa companies. A further $2,500,000 has been provided by grants from USAID and GTZ. Additional grants from the Doen foundation, Goldman Fund and Gates Foundation total $2,500,000. The executing agency, Rainforest Alliance (together with project partners) will contribute $3,250,000 over the implementation period of the project

Linkages will be developed within UNEP's Finance Initiative's Biodiversity and Ecosystems work stream, the project "Establishing sustainable resource efficient, agri-food supply chains" and labeling-related activities led by UNEP's Sustainable Consumption and Production Branch, and UNEP Regional Offices for delivery of activities. It is estimated that upwards of $250,000-$500,000 could provided by these UNEP offices in cross support to the GEF/Rainforest Alliance led effort.

(f) utilization period, with a clear end date;

The full length of the project once launched, will be 6 years ending June 2016.

(g) any other agencies and/or identified partners involved;

Market partners will include Mars, Kraft, plus additional buyers to be identified and brought in during the life of the project, including traders and processors such as ADM, Barry Callebaut, Blommer, ECOM, Touton and Armajaro. Companies will invest across the value chain, from origin to consumer, in order to secure supply and build markets, for example:

- Training farmers: Once companies commit their brands, they will invest in supply to ensure that they can obtain the necessary quantities of certified material. They will provide funding for training courses.

- Facilitating certification: New groups have to invest upfront to obtain certification, especially to implement the internal control system and undertake the audit. With no corresponding income until they sell certified cocoa, groups will look to companies to provide some initial financial support; this may often be recoverable through subsequent purchasing contracts.

- Providing price incentives: Companies will reward certified farmers by adding an additional payment for certified cocoa, to compensate farmers for their on-farm investments and the costs of the certification audit.

- Adapting processing procedures: Certified material must be segregated in the supply chain. This sometimes requires companies to make capital investments in their plants to separate production batches.

- Managing brands: Company commitments will be driven by marketing departments deciding to place the certification seal on their brands. Brand planning is a complex process informed heavily by consumer research, competitor analysis and corporate sustainability strategy. Companies will make significant investments in their marketing planning and decision making processes.

- Communicating values: Finally, committed brands will communicate to customers and consumers their sustainability value. This will take numerous forms, from packaging, point of sale, media advertising and education of sales forces.

Coordination and/or partnership are planned with Technoserve, Sustainable Tree Crops Program, World Cocoa Foundation, the Supply Chain Management for Total Quality Cocoa project of the International Cocoa Organization (ICCO), Government Ministries of Agriculture and Natural Resources in Ghana and Cote d'Ivoire, the Ghana Cocoa Board (COCOBOD), World Agroforestry Center (ICRAF), IFC's Biodiversity and Agricultural Commodities Program (BACP), Conservación y Desarrollo and IMAFLORA (members of the Sustainable Agriculture Network).

(h) eligibility criteria for projects and other subcomponents;

All projects within the Platform portfolio will comply with established criteria for GEF funding. In addition to a project meeting GEF criteria, all projects will achieve a minimum leverage of 1::3 (GEF: others) for GEF funds. The RA certification system is market driven and neither UNEP, Rainforest Alliance nor its partners will ultimately choose which farms to certify. Rather, certification will occur where a farmer, or farmer association, decides to transform production practices according to the sustainability standards, and requests certification. During the appraisal, the potential for certification in areas of high biodiversity (and in areas in West Africa where pesticide use is widespread) in each of the project countries will be analyzed. Basic information about each main cocoa region in the various countries will be collected including the following:

- Size of area;
- Cocoa coverage (number of hectares)/average farm size/average cocoa yields per ha;
- Farmer organization: individual producers or associations;
- Management capacity of farmers' associations re implementing internal certification systems;
- Pesticide usage, and common substances used;
- Membership size of farmer associations and ability to expand;
- The presence of various cocoa buyers and level of competition between these entities;
- Socio-economic data (e.g. poverty levels);

- Cultural aspects (indigenous communities, local customs, social conflict or tension, etc.); and
- Other important aspects which will help to understand the special characteristics of the cocoa region, such as transportation logistics and costs, seasonality of harvest, post harvest fermentation and drying practices/problems, crime levels and general security issues, etc.

Once this basic data is obtained, three additional criteria will be used to inform the final selection:

1. Presence of biodiversity of global value
Cocoa regions that contain globally important biodiversity will be given top priority. The biodiversity importance will be defined by indicators such as: species richness; level of species endemism; and number of threatened and endangered species. In addition, sites will be evaluated in terms of their proximity to natural areas with international and/or national conservation priority, such as: national parks, wildlife refuges, wildlife sanctuaries, forest reserves, UNESCO Biosphere Reserves, World Heritage Sites, RAMSAR sites, or NGO identified "biodiversity hotspots" or biological corridors.

2. Cocoa quality and market demand
This GEF project aims to protect biodiversity by enlisting market forces in the efforts to conserve biodiversity in productive landscapes. Therefore, RA and its partners must ensure that the cocoa produced in the potential project areas is of interest to its various commercial partners. Many chocolate companies produce final products based on long-standing recipes that combine cocoa from various countries/regions. In addition to these flavor profiles, the level of fermentation and drying, and the cocoa butter content of cocoa beans are also key considerations for cocoa buyers/processors. RA's will seek input from its commercial partners regarding the various regions with respect to these and other demand considerations.

3. Strategic considerations
While biodiversity value and market demand for the cocoa will be the key determinants in the selection of project cocoa regions, other strategic considerations, such as potential for replication or expansion, geographical importance to the strategy of a partner's certification or conservation program, the possibility of increased co-financing, the presence of effective national and international conservation and economic development NGOs will also be taken into consideration.

(i) operational procedures for how projects within the Platform will be approved;

Rainforest Alliance (RA) in conjunction with select conservation and development partners in the Sustainable Agriculture Network (SAN) members, private sector, relevant NGOs, and major co-financers will comprise membership of the Platform Steering Committee which will assess and approve projects withing the Platform. This Committee will also approve detailed operational procedures to be developed during project appraisal, provide guidance and facilitate cross-sector coordination.

(j) fiduciary oversight arrangements and indicative safeguard procedures and frameworks;

The platform will be subject to UNEP's fiduciary standards (external audit, control framework, financial disclosure, code of ethics, internal audit, project appraisal, procurement, monitoring,

evaluation function, investigations function, hotline whistleblower) which are outlined in the June 2009 GEF Council report:

http://www.gefweb.org/uploadedFiles/Documents/Council_Documents__(PDF_DOC)/GEF_35/C.35.5_Fiduciary_Standards.pdf

In terms of environmental and social risks of this project, this project is not expected to create negative environmental and/or social impacts in the target countries. The project will, in fact, create many positive impacts on the environment and in terms of social well-being, specifically through the sustainability standards that will be promoted and implemented in order for farms to achieve certification. Credible, third-party certification in itself provides an assurance to GEF that this project is generating positive environmental and social impacts.

(k) indicative implementation plan; and

In all the proposed countries, the Rainforest Alliance (RA) will approve and implement activities through and in conjunction with its local conservation and development partners in the Sustainable Agriculture Network (SAN) and/or with other local partner organizations or individuals. The Rainforest Alliance and SAN partners have good communications with governments in the target countries and will work with the relevant national agencies to help create an enabling environment for the program. The RA project team will also work closely with the SAN members, private sector, relevant international and local NGOs, agricultural research and extension personnel, and major co-financers in an Advisory Group to provide guidance and facilitate cross-sector coordination. The Project Director will report to the Advisory Group. The Advisory Group will have regular meetings throughout the project and will supervise all project activities and decisions.

(l) indicative monitoring, reporting and evaluation arrangements.

The project will follow UNEP standard monitoring, reporting and evaluation processes and procedures. Substantive and financial project reporting requirements and templates are standardized and are an integral part of the UNEP legal instrument to be signed by the executing agency and UNEP.

The Project Results Framework presented includes outputs for each expected outcome. These will be further developed during project appraisal to include SMART indicators, together with mid-term and end-of-project targets. These indicators along with the key deliverables and benchmarks will be the main tools for assessing project implementation progress and whether project results are being achieved.

Independent Mid Term and Final Evaluations, consistent with GEF Monitoring and Evaluation Policy will be managed by UNEP's Evaluation and Oversight Unit (EOU).

Annex 2 - Project Logical Framework and Objectively Verifiable Impact Indicators

Annex 2 - Project Logical Framework and Objectively Verifiable Impact Indicators

Project Strategy	Objectively verifiable indicators				
	Indicator	**Baseline**	**Target**	**Sources of verification**	**Risks and Assumptions**
Project Objective This project's objective is to change production in major cocoa producing countries and and business practices in cocoa and chocolate companies, **such that they conserve biodiversity in cocoa production landscapes,** provide greater long-term stability to the industry and increased income for smallholders.	1. Cocoa farmers adopt the Sustainable Agriculture Standard 2. Growth in habitat area associated with sustainably managed cocoa production landscapes 3. Increased population of indicator species in cocoa production landscapes.	1. 25,000 cocoa farmers adopting the majority of practices of the Sustainable Agriculture Standard 2. 73,000 hectares under sustainable productions systems 3. Baseline assessments to be carried out during year 1.	1.250,000 cocoa farmers adopting the majority of practices of the Sustainable Agriculture Standard. 2. 750,000 hectares under sustainable productions systems	Certification records RA Impact Monitoring System	Link can be demonstrated between sustainable production practices and biodiversity Cocoa farmers receive net benefit from adopting sustainable practices
Outcome 1 Long term sustainability of environmentally responsible cocoa farming demonstrated through mainstream market acceptance of Rainforest Alliance certification and its integration into the cocoa and chocolate value chain	1. Major mainstream traders/processors/ manufacturers create demand for and facilitate farmers' adoption of the Sustainable Agriculture Standard on 750,000 hectares of cocoa farms by end of project. 2. Volume of certified cocoa sold and	1. 7 companies 2. (a) 7,000 tons (b) One mainstream product using	1. 5 major brands 10 traders/processors 2. (a) 250,000 tons sold (of 350,000 tons produced)	1. Market monitoring 2. Online record of	Market demand for certified cocoa is sufficient for mainstream impact

	number of chocolate products using the seal achieves mainstream market penetration 3. Producers, traders, processors and manufacturers have internalized the costs of certification through transparent and efficient supply chain arrangements	seal 3. Project funds invested in subsidizing system	(b) 20 products using seal 3. System sustained by value chain	transactions 3. Monitoring of projects applied to certification	
Outcome 2 Cocoa farmers in project countries have access to quality training, extension and relevant support services that enable them to adopt sustainable agricultural practices cost effectively	1. Appropriate training materials developed for small holder cocoa farmers and training institutions 2. Service providers in major production areas of producing countries trained in the Sustainable Agriculture Standard and a quality control system in place 3. Percentage of women participating in training 4. Farmer access to inputs and credit that will improve farm performance is	1. No training materials available specifically for cocoa smallholders 2. (a) Three training organizations in Africa and two members of SAN in Latin America trained in Standard (b) No quality control system for trainers exists 3. No baseline 4. Rainforest Alliance not involved in any activity to improve services to farmers	1. Locally adapted manuals describing best management practices and Internal Control Systems are available in all project countries 2. 10 service provider organizations and 200 technicians working for them or independently are accredited as trainers and subject to annual evaluation 3. 10% 4. Project has facilitated five cocoa farmer organizations receiving agronomic and/or financial	1. Project records 2. Training records 3. Training records 4. Project records	Service providers will enter market because of demand and increased capacity to pay

	increased		services		
Outcome 3 A credible global Rainforest Alliance certification program that is tailored for participating countries provides measurable benefits for cocoa farmers,	1. Auditors from project regions are trained and accredited to inspect farms 2 Other certification bodies are accredited to award Rainforest Alliance certification, enabling cost saving for farmers, 3. National stakeholder groups develop local indicators for Sustainable Agriculture Standard in all project countries 4. Sustainable Agriculture Standard evolves to incorporate criteria on improved productivity 5. Studies of certified farms demonstrate that the costs for farmers of adopting the Sustainable Agriculture Standard do not exceed the benefits	1. Two auditors accredited in West Africa; six in Latin America 2. No accreditation system in operation for independent certifying organizations 3 Two sets of local indicators published 4. No specific criteria on productivity 5. No farm economic study yet completed	1. 40 auditors accredited 2. Five accredited certifying organizations operational in project countries 3. 10 sets of local indicators published 4. Application of Sustainable Agriculture Standard leads to 40% increase in productivity on farms 5. Four years data available from two countries show increased income of at least 25% for farmer	1. Auditing program records 2. Accreditation records 3. Published documents 4. Studies 5. Studies	

Outcome 4 Sustainable cocoa production enables mainstreaming biodiversity conservation and natural resource management in line with national policies	1. A Payment for Ecosystem Services (PES) methodology providing increased value for farmers piloted and applied 2. Monitoring and Evaluation systems established to measure contribution of sustainable cocoa production to biodiversity conservation 3. Measurable biodiversity mainstreaming improvements in 10 countries by end of the project 4. Public policy in major cocoa producing countries encourages voluntary certification schemes	1. Methodology not designed 2. No system in place 3. Indicators to be selected and baseline to be done in Year 1 4.Low level of understanding of certification purpose and operation among authorities in Côte d'Ivoire and Ghana	1. Two pilot projects have generated environmental services value and rewarded farmers 2. System designed and applied to project 3. Biodiversity conservation targets met 4. .Public endorsement of value of certification by policy makers.	1. Project records 2. Project records 3. Project records 4. Certification records Media clips; meeting minutes; public statements	

Annex 3:
Sustainable Agriculture Network

The Sustainable Agriculture Network (SAN) is a two-decade long coalition of independent non-profit conservation organizations that promote efficient agriculture, biodiversity conservation and sustainable community development by creating social and environmental standards. Every SAN partner contributes local knowledge and experience in order to develop these standards, particularly contributing to the development of local indicators that guide farmers effectively in each country. The SAN fosters best management practices across agricultural value chains by encouraging farmers to comply with our standards and by motivating traders and consumers to support sustainability.

The SAN pursues its mission by:

- Integrating sustainable production of crops and livestock into local and regional strategies that favor biodiversity conservation and safeguard social and environmental well-being.
- Raising awareness among farmers, traders, consumers and business leaders about the interdependencies among healthy ecosystems, sustainable agriculture and social responsibility.
- Impressing upon business leaders and consumers the importance of choosing products grown on environmentally sustainable and socially responsible farms.
- Stimulating dialogue among environmental, social and economic groups, North and South, about the benefits of sustainable agriculture.

Farms are granted permission to use the *Rainforest Alliance Certified*™ seal on their products if they comply with the SAN's Sustainable Agriculture Standard. The sustainable agriculture standard consists of ten principles, each made up of criteria. The criteria describe good practices for social, environmental and agricultural management, and are evaluated by the certification process. Those farms that can meet the SAN criteria are awarded the seal of approval.

Since 1992, and for more than 49,000 farms - including small family farms of cooperatives, as well as plantations - in 26 countries (the US, Argentina, Brazil, Chile, Colombia, Costa Rica, Côte d'Ivoire, Dominican Republic, Ecuador, El Salvador, Ethiopia, Guatemala, Honduras, India, Indonesia, Jamaica, Kenya, Mexico, Nicaragua, Panama, Peru, Philippines, Tanzania, Zambia and Vietnam) have met the SAN standards on almost 600,000 hectares for 22 crops: coffee, cocoa, banana, tea, pineapple, flowers and foliage and citrus. Other crops include Açaí, Avocado, Aloe Vera, Chestnut, Cupuaçu, Grapes, Guava, Heart of Palm, Kiwi, Macadamia, Mango, Onion, Passion Fruit, Plantain, Rubber and Vanilla.

Sustainable Agriculture Principles

- Ecosystem Conservation
- Fair Treatment and Good Conditions for Workers
- Protection of Wildlife
- Water Resources Conservation
- Occupational Health and Safety
- Integrated Pest Management
- Good Community Relations
- Integrated Waste Management
- Soil Conservation
- Planning and Monitoring

Given the rapid growth of certification demand on a global scale, the SAN is now greatly modifying and strengthening its structure and systems, including becoming an independent entity[6], while also actively preparing for an expansion of its certification system by scaling up the capacity to certify farms on a global level. This will be accomplished through the implementation of an accreditation system which will increase the number of certification bodies on a global level and particularly throughout high-growth regions such as Africa and Asia.

The History of the SAN

In 1991, the Rainforest Alliance launched a sustainable agriculture program in Costa Rica, where explosive growth in banana farming was causing deforestation, water pollution, intoxication of workers and other problems. The Rainforest Alliance and a local Costa Rican NGO, Fundación Ambio, organized a series of workshops with farmers, scientists, activists and others to discuss ways to improve banana farming. The result was the elaboration of principles of sustainable agriculture and a standard based on those principles that could be used to improve farms. The Rainforest Alliance designed and registered an "ECO-OK" seal and helped to develop a system for certifying farms that complied with the standard. In 1992, Finca Platanera Río Sixaola became the first farm to earn the ECO-OK seal. That same year, Guatemala's Inter-American Tropical Research Foundation, known by its Spanish acronym, FIIT, joined the program and began developing a standard for coffee farms. Other groups were also interested in promoting the environmental benefits of traditional shade coffee farms, such as SalvaNATURA, which was founded in El Salvador in 1990, and Pronatura Sur in Mexico. Two other future SAN partners were founded in 1992: the Institute for Cooperation and Self Development, known by its acronym in Spanish, ICADE, in Honduras, and Conservation and Development, or CyD, in Ecuador. CyD joined the movement in 1995, when it began developing a standard for cacao – the basis of chocolate. That same year, the Institute for Agricultural and Forestry Management Certification, or Imaflora, was founded in Brazil and began collaborating with the Rainforest Alliance.

In 1995, executives at Chiquita, which had gotten two banana farms ECO-OK certified the year before, developed a long-term plan to get all of the company's 115 banana farms certified. This allowed Fundación Ambio and the Rainforest Alliance to train a small group of farm auditors, including biologists from CyD and FIIT. In 1996, the first coffee farm was certified in Guatemala, and in 1998, 41 cacao farms were certified in Ecuador.

With so many groups working in different countries, the need for coordination was obvious and in 1999 the SAN was founded. In 2001, the seal was changed to the *Rainforest Alliance Certified* seal, which the SAN began promoting on an international level. Soon large and medium-sized companies started selling Rainforest Alliance Certified coffee in North America, Europe and Asia. Kraft Foods, one of the world's top coffee roasters, became the biggest buyer of certified coffee, launching various certified coffee products in North America and Europe in 2005. That same year, Chiquita began using the seal on certified bananas in supermarkets across Europe, and certified chocolate and orange juice also appeared on store shelves. By 2006, global retail sales of Rainforest Alliance Certified coffee, bananas and chocolate exceeded $1 billion and there were more than 10,000 certified farms in 15 countries.

In subsequent years, certification has grown steadily and expanded to cover such new crops as flowers, pineapple and tea. Major commitments to purchase Rainforest Alliance Certified product by Mars (cocoa), and by Unilever (tea) have fueled demand for certified supply from Africa and Asia. In order to meet this growing demand and challenges of increasingly regulated markets, the SAN members decided

[6] The SAN is in its final stages of legal registration. It will create an association registered in Mexico, and expects to complete the registration by June 2009.

to restructure their network and turn farm auditing over to independent organizations[7] so that they could concentrate on improving the sustainable agriculture standard and helping farmers to adopt it. In 2007, the SAN created an International Standards Committee, and in 2008, it approved a revised and restructured standard.

Structure and Governance of the SAN

The Sustainable Agriculture Network works through a participatory, multi-stakeholder decision making process. The structure enables credible consensus building and encourages democratic, inclusive and transparent discussions. The SAN governance structure encourages the participation of diverse members ranging from small agricultural producers to agro-industry and civil society organizations.

Candidate organizations for SAN membership should fulfill the following requirements:

a. Be legally established as a non-profit organization
b. Have been established for a minimum of 5 years
c. Be able to rely on at least 5 people as either paid employees or individuals actively involved in the organization
d. Be disposed to participate in the development of standards and other SAN activities.
e. Demonstrate support for the philosophy, mission, goals and objectives of the SAN and the SAN standard documents.
f. Demonstrate how the organization's programs and activities contribute to the SAN's objectives.
g. Be willing to share experiences, information, ideas and training with other SAN members.

Sustainable Agriculture Network Members

- Conservación y Desarrollo (CyD), Ecuador
- Fundación Interamericana de Investigación Tropical (FIIT), Guatemala
- Fundación Natura, Colombia
- Imaflora, Brazil
- Instituto para la Cooperación y Autodesarrollo (ICADE), Honduras
- Pronatura Sur, Mexico
- Rainforest Alliance, United States
- and Costa Rica
- SalvaNATURA, El Salvador

The membership is divided into three categories. These include* Founding Members *with voting rights which represent the Network's eight founding organizations.* Full Members *are non-governmental organizations that meet requirements for good practice in their participation with the SAN after at least one year of participation as Associate members. Full members have voting rights as well.* Associate Members *are non-governmental organizations that are in their first year of membership with the Sustainable Agriculture Network. Associate Members do not have voting rights.

The General Assembly is made up of all Network members from their respective categories and is the supreme authority of the Sustainable Agriculture Network. It presents motions to the Board of Directors and meets at least once every two years.

The Board of Directors is composed of a maximum of 12 members elected by the General Assembly. Board members serve 3-year terms and re-election is subject to voting by the General Assembly. There are no term limits for Board members. As owner of the seal, Rainforest Alliance holds a permanent position on the Board. Since there are currently eight members of the SAN they comprise the Board of Directors.

Changing Role of the Rainforest Alliance

The Rainforest Alliance's Sustainable Agriculture Program has served as the Secretariat of the SAN since its founding. In 2008 the staff functioning as SAN secretariat within Rainforest Alliance created a separate unit to serve solely as SAN Secretariat. These staff members will continue to be housed within

[7] Farm inspection and certification are now administered by an independent company: Sustainable Farm Certification International.

Rainforest Alliance for a transition period of up to two years while the legal entity and secretariat functions and funding are consolidated. At that point the team will become employees of the SAN legal entity and it will be a fully separate function.

In addition to managing the standards setting process, the Secretariat will develop the policies that guide the certification system. This will include development and oversight of a third-party accreditation system for certification bodies, and management of a formal auditor training and registry program.

Once legally registered, the Sustainable Agriculture Network will obtain full membership in ISEAL, transferred from the current membership which is held by the Rainforest Alliance as SAN Secretariat.

The certification seal will continue to be owned by the Rainforest Alliance, and is associated with products from farms certified to the SAN standard. The role of Rainforest Alliance as owner of the label includes international market development, service to seal using businesses, communications and marketing, use of seal approval, seal use policy development, legal registration of the seal, and guarding the credibility of the seal.

How the Sustainable Agriculture Standard is Developed

Within the SAN is an International Standards Committee (ISC) that is the body that decides on the contents of new and revised SAN standards, as well as the scope and length of the international public consultation processes on standard drafts. The committee is comprised of 12 experts in subject areas relevant to sustainable agriculture and standard-setting, representing a range of stakeholder groups. Their election is made by consensus of the SAN Board of Directors and each governs for a term of two years. Three of the committee's members must be representatives of SAN member organizations.

This body plays an important role in the development of the SAN standard but also coordinates its functions among a series of processes which include the SAN Secretariat, individual SAN members and the SAN Board of Directors. During the public consultation processes which are critical to a transparent process for revision of the Standard, the ISC and the SAN secretariat jointly work on standard drafts before they are sent to stakeholders for two rounds of public consultation. During this process, the ISC also selects technical workgroups comprised of SAN partner technical experts for input to the standard drafts. Once the public consultation process is complete, the final revision of the Standard is sent to the SAN Board of Directors for approval.

Annex 4:
Rainforest Alliance
About the Organization, its Structure, Model and Experience in Coffee and Cocoa

Rainforest Alliance is an internationally-focused, not-for-profit organization incorporated in the State of New York, US, in 1987. With three offices in the US and eight more around the world, the RA is now in the third decade of fulfilling a mission to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behavior.

Today, more than 2 million people living from the land in 68 countries have adopted more sustainable practices through working with the RA. Consumers in Europe and North America are spending more than USD 12 billion each year on Rainforest Alliance certified farm and forest products, providing the market incentive for improving the sustainability of international supply chains at scale. Rainforest Alliance is leading an effort to re-design mainstream agriculture by transforming the value chains of multi-billion dollar companies such as Kraft, Chiquita, Unilever, Mars and Nestle, in mainstay crops such as tea, coffee, cocoa, bananas and others. In the past several years, RA has increased its market alliances in the tea, cocoa and coffee industries with major consumer brands.

This and other RA projects are based upon established collaboration with major companies in the tea, cocoa and coffee industries. In coffee for example, leading roasters, including Kraft, Tchibo, Nespresso, Lavazza and others source coffee in collaboration with Rainforest Alliance and are interested to build their supply capacity from several countries. In cocoa, Mars committed in 2009 to sourcing 100,000 tons of cocoa that is certified by Rainforest Alliance for compliance with the Sustainable Agriculture Standard.

The Rainforest Alliance works to build networks of traditionally opposed groups working together—for example, the RA was a founder and is now the largest accredited certifier of the Forest Stewardship Council, was a founder and Secretariat of the Sustainable Agriculture Network, and is currently setting up the Tourism Sustainability Council, having recruited the United Nations, civil society and the tourism industry to participate.

In the areas of forestry and agriculture, RA provides both training in sustainability and certifies that operations (farms or forest management operations) are under sustainable management. In agriculture, RA first collaborates with farmers, workers, business leaders, NGOs, governments, scientists and local communities to develop and implement locally adapted standards that are socially and environmentally responsible, as well as economically viable. RA then monitors and evaluates compliance against the standard on-the-ground (the certification process). RA builds market demand for certified products by promoting the standard, the RA certification seal, and what it means for a farm (the principles and criteria/indicators of the standard) to mainstream companies, who then commit to more sourcing certified products increasingly over time. Based on some of these partnerships, the RA scales up its certification work in new origins where large-scale demand from companies can help to radically transform the land-use practices in those crops and origins. In agriculture to date, more than 50,000 farms are Rainforest Alliance Certified.

RA began its agriculture program in Latin America and in recent years expanded to Africa and Asia. The RA's work in agriculture in Africa, for example, has taken the organization thus far to Kenya, Ethiopia, Rwanda, Uganda, Zambia, Tanzania, Côte d'Ivoire, Togo, Sierra Leone, Malawi and Ghana, and the organization has certified more than 23,000 African farm businesses in tea, cocoa, coffee and bananas, 90% of which are small holders, bringing 50,000 hectares of tropical land into sustainable management. The RA's work first began on the continent when a group of approximately 700 family coffee farms in Ethiopia received Rainforest Alliance certification in 2006; they sold their first harvest of 1.5 million

pounds that year to Kraft. Rainforest Alliance then brought more than 2,000 farms in Côte d'Ivoire into compliance with locally adapted sustainability standards while facilitating training in productivity, business and market management, collaboration with Kraft and GTZ. RA has earned trust and support for its work in cocoa at senior government levels in Ghana and Côte d'Ivoire. Several thousand more are presently in training in Côte d'Ivoire and Ghana. RA has been recently certifying Kenyan and Tanzanian tea estates, including groups of smallholders, through a commitment from Unilever to source all of its tea from certified sources by 2015.

RA experience in cocoa began more than a decade ago through a project in Ecuador that led to a partnership with Kraft in 2006. Collaboration with Mars on certification began in 2009 and on cocoa community investment through the Mars-funded iMPACT project. Further financial support for cocoa work has been secured from Bill & Melinda Gates Foundation and other donors.

In coffee, RA is a leader in developing strong alliances with niche and mainstream coffee buyers. In addition to a leading partnership with Kraft, RA has partnered with more than three dozen additional coffee companies such as Caribou Coffee, Gloria Jean's, UCC in Japan, Tchibo, Nespresso, and many others. Rainforest Alliance Certified coffee is the leading certification program in Australian markets, Japanese markets, and is now on par with Fairtrade in the US markets. Growth for RA certified products has been over 100% per year for the last 3 years and is expected to continue at this rate for several more years.

Rainforest Alliance has worked in partnership with many bilateral and multilateral institutions, including the "Biodiversity Conservation in Coffee" project with UNDP and the GEF; the Norway Agency for Development (Norad); the UK's Department for International Development (DFID); the Inter-American Development Bank (IDB); the Dutch Ministry of the Environment; UK's Department of Environment, Food and Rural Affairs (DEFRA); the International Finance Corporation; and the US Agency for International Development (USAID), among others. The Rainforest Alliance also manages projects with major foundations and corporations including the Bill and Melinda Gates Foundation, the Rockefeller Foundation, IKEA, The Ford Foundation, The Packard Foundation, the Blue Moon Fund, the Z Zurich Foundation, and others.