

Scientific and Technical Advisory Panel

The Scientific and Technical Advisory Panel, administered by UNEP, advises the Global Environment Facility (Version 5)



STAP Scientific and Technical screening of the Project Identification Form (PIF)

Date of screening: 19 January 2010

Screener: David Cunningham

Panel member validation by: Paul Ferraro

I. PIF Information

Full size project **GEF Trust Fund**

GEF PROJECT ID: 3077

COUNTRIES: Global

PLATFORM TITLE: Greening the Cocoa Industry

GEF AGENCY: UNEP

OTHER EXECUTING PARTNER: Rainforest Alliance, Inc. (see Annex 4)

GEF FOCAL AREA (S): Biodiversity

GEF-4 STRATEGIC PROGRAM(S): BD SP5/The GEF Earth Fund

II. STAP Advisory Response (see table below for explanation)

1. Based on this PIF screening, STAP's advisory response to the GEF Secretariat and GEF Agency:
Major revision required

III. Further guidance from STAP

2. STAP welcomes this proposal to improve the environmental performance of the cocoa industry and notes its ambitious scope across the cocoa supply chain, from on-farm practices to the point of sale. The Panel's main concern is that the proposed funding profile invests more heavily in intermediate outcomes for which there are relatively well-understood commercial processes and alternative (non-GEF) sources of funding, and comparatively very little at the on-farm end of the chain where it is highly uncertain whether in fact certification can improve either biodiversity or farm income, let alone both.
3. The two main objectives, conserve biodiversity and increase income for smallholders, need to be translated into outcomes in section A, Component 4 and this component should be expanded with more credible monitoring and evaluation of impacts. At present, there are some indicators for biodiversity trends in Annex 2 (p. 18) but no indicator of smallholder income anywhere in the proposal. The Annex refers to the development of SMART indicators during project appraisal and the Panel is ready to advise on these. However, unless these two outcomes are made explicit, improving or developing the indicators for them will not result in an evaluation framework that will be useful in assessing the success or otherwise of this project. As the proposal is currently structured, all of the outcomes could be achieved without having any impact on the project's stated objectives.
 - a. The five claimed benefits of shade-grown cocoa production (Part II.A.6, p.6) could be used to inform biodiversity indicators but is not an exhaustive list. A challenge for this project will be to not only establish that these benefits can be achieved, but that there is a causal link between certification/adoption of standards and the achieved benefits.
 - b. Baseline analysis and measurement of progress in biodiversity and land use (Part II.A. 'Activities by component' / Component 4), anticipated for 2 countries, should be extended to all 10 participating countries. This will not represent much additional work, since the criteria for including cocoa regions (Annex I, part h) will already rely on these types of analyses. The lack of this information is correctly identified as a barrier to the project at Part II.D ('Barrier 6').
 - c. Indicators of increased smallholder income should fully account for the costs to farmers of meeting the standards for certification, the literature on certification shows that this is rarely achieved.
4. The project represents a good opportunity to contribute to Learning Objective Three of the GEF-5 Biodiversity Focal Area Strategy: *Enhancing Impacts through Improved Understanding of the Causal Relationships between Popular Mainstreaming Approaches and Conservation Outcomes*. This learning objective refers to three popular approaches for which little evidence on their effectiveness in generating

biodiversity benefits exists: certification; PES; and information transfer on the spatial distribution of species and ecosystem services and the valuation of these species and services.

5. The project should attempt a more scientifically credible evaluation design to measure the impacts of certification on biodiversity and farm income, compared to the absence of certification. A full experimental design may not be feasible, although it could be, given that the project will unlikely be able to certify all eligible and interested growers in a short time period. Nevertheless, the large number of countries and the time frame of 6 years is amenable to designs that could help the GEF understand the circumstances under which certification could lead to biodiversity benefits and increased smallholder income. For example, rather than a simple before and after comparison, the timing of certification systems starting could be staggered to allow comparison between groups of farmers within a country.
6. Part I.D. lists 6 barriers to scaling up sustainable cocoa production and mainstreaming biodiversity but overlooks the barrier of cost-effectiveness for smallholder producers. As noted above, this has rarely been demonstrated and is a key barrier to changing land use practices. It is related to the first risk identified in Part II.E, non-uptake by farmers, rated in the table at pp9-10 as 'low' risk. In fact this risk is very high and rather than attempt to mitigate it by marketing SAS to farmers, the project should include stronger measures to make SAS cost-effective to farmers while still achieving biodiversity conservation. As noted above (and even hinted at in the PIF's risk table), there is little evidence that this has been done with any environmental certification scheme but it is critical to the success of this project.
7. It is not clear from the PIF how the development of Payment for Environmental/Ecosystem Services mechanisms fits into this project (Part II.A.5). In relation to PES, STAP refers UNEP and ICRAF to its PES advisory document and in particular the need to describe design choices to minimize four threats to PES effectiveness and specify indicators that will permit one to evaluate the importance of these threats in the project:
 - a. non-compliance with contractual conditions
 - b. poor administrative selection (i.e., contracts are offered to areas or individuals who are not in the best position to supply environmental services cost-effectively)
 - c. spatial demand spillovers (a.k.a., general equilibrium effects, or "leakage") whereby protecting a resource in one location pushes pressure onto resources elsewhere
 - d. adverse self-selection, where people would have supplied the contracted PES service or activity even in the absence of a payment.
8. STAP is currently producing an advisory document on certification that will expand on the above points and other issues in environmental certification more generally. This document will be provided to UNEP as soon as possible and the Panel would like to be consulted before this proposal is finalised or implementation starts.

<i>STAP advisory response</i>	<i>Brief explanation of advisory response and action proposed</i>
1. Consent	STAP acknowledges that on scientific/technical grounds the concept has merit. However, STAP may state its views on the concept emphasising any issues that could be improved and the proponent is invited to approach STAP for advice at any time during the development of the project brief prior to submission for CEO endorsement.
2. Minor revision required.	STAP has identified specific scientific/technical suggestions or opportunities that should be discussed with the proponent as early as possible during development of the project brief. One or more options that remain open to STAP include: <ol style="list-style-type: none"> (i) Opening a dialogue between STAP and the proponent to clarify issues (ii) Setting a review point during early stage project development and agreeing terms of reference for an independent expert to be appointed to conduct this review The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement.
3. Major revision required	STAP proposes significant improvements or has concerns on the grounds of specified major scientific/technical omissions in the concept. If STAP provides this advisory response, a full explanation would also be provided. Normally, a STAP approved review will be mandatory prior to submission of the project brief for CEO endorsement. The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement.