



“Biodiversity Conservation in Coffee: transforming productive practices in the coffee sector by increasing market demand for certified sustainable coffee”

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Mid-Term Evaluation Report

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List of Abbreviations

AM	Adaptive Management
ANACAFE	Asociación Nacional de Café (National Coffee Association)
APO	Annual Plan of Operation
AWPB	Annual Work Plan and Budget
BCC	Biodiversity Conservation in Coffee
BD	Biodiversity
CABEI	Central American Bank for Economic Integration
CAMBIO	Central American Markets for Biodiversity Project
CEO	Chief Executive Officer
CC	Country Coordinator
CO	Country Office
CSC	Consejo Salvadoreña del Café (Salvadorean Coffee Council)
CSR	Corporate Social Responsibility
E&R	Evaluation and Research
EU	European Union
FIIT	Fundación Interamericana de Investigación Tropical (Interamerican Foundation for Tropical Research)
FNC	Federación Nacional de Café (National Coffee Federation)
GAP	Good Agricultural Practices
GEF	Global Environment Facility
ICADE	Instituto para la Cooperación y el Autodesarrollo (Institute for Cooperation and Self Development)
IDB	Interamerican Development Bank
IMAFLORA	Instituto de Manejo e Certificação Florestal e Agrícola (Institute for Forestry and Agricultural Management and Certification)
ISEAL	Global Association for Social and Environmental Standards Associations
ISO	International Standards Organization
JNC	Junta Nacional de Café (National Coffee Board)
LA	Latin America
M&E	Monitoring and Evaluation
MTE	Mid-Term Evaluation
NBSAP	National Biodiversity Strategy and Action Plan
NGO	Non-Governmental Organization
PDF B	Project Development Facility B
PIR	Project Implementation Review
PIU	Project Implementation Unit
P/L	Profit/Loss
PPA	Permanent Protection Area
PSC	Project Steering Committee
QFR	Quarterly Financial Report

RA	Rainforest Alliance
RAC	Rainforest Alliance Certified
RTA	Regional Technical Adviser
SAAS	Sustainable Agriculture Audit Services
SAN	Sustainable Agriculture Network
SFC	Sustainable Farm Certification
SME	Small and Medium Enterprise
SP	Strategic Priority
SVC	Sustainable Value Chain
TA	Technical Assistance
TBWP	Total Work Plan and Budget
UNDP	United Nations Development Program
USD	United States Dollar

1. Executive Summary

Brief description of the project as originally proposed. This project seeks to promote biodiversity conservation by generating demand for coffee produced in compliance with the Sustainable Agriculture Network (SAN) standards. In order to satisfy this demand, it is focused on building supply of RA certified coffee in six coffee producing countries - Brazil, Colombia, El Salvador, Guatemala, Honduras and Peru - thereby contributing to the conservation of the Atlantic Forest, Cerrado, Mesoamerican, and the Tropical Andes BD hotspots. As the project seeks to transform the coffee sector to provide market incentives through RA certification, it expects in addition to produce conservation benefits in other coffee growing regions across the globe. In 2013, the project aims to result in the certification of 1,500,000 ha of coffee from which 500,000 metric tons (t) of RA certified (RAC) coffee will be sold to more than 300 coffee companies (roasters).

The project **goal** is “increased conservation of globally important biodiversity in coffee landscapes by transformation of the coffee market in support of sustainable productive practices on coffee farms”. Its **objective** is “to increase the demand and sales of biodiversity-friendly [RA certified] coffee from a niche to mainstream product allowing for a significant growth in farmers adopting biodiversity-friendly, sustainable productive practices and showing on-farm biodiversity benefits”. The project intends to achieve this objective through both an *increase the demand for biodiversity-friendly coffee on international markets* (Outcome 1) and an *increase in consumer interest in purchasing RA certified coffee* (Outcome 2). In order to meet this growing demand, the project seeks to *increase the capacity in coffee producing countries to certify all sizes of coffee farms in biologically rich agricultural landscapes* (Outcome 3), as well as *increase the sustainability of RA certified farms* (Outcome 4). The project aims to establish an enabling environment for the achievement of the objective by *increasing capacity to engage policy makers in coffee producing and consuming countries in promoting sustainable coffee practices and monitor and respond to policy initiatives/threats to sustainable coffee* (Outcome 5). Finally, it aims systematically to generate information and knowledge to inform decision-making by the project and the certification system through *an increase in learning and adaptive management* (Outcome 6).

Context and purpose of the evaluation. This Mid-Term Evaluation (MTE), which is a requirement of UNDP and GEF for full-sized projects, had the following aims:

- To analyse the relevance, effectiveness and progress of the project, in relation to its objective and outcomes as expressed in the Project Document, and to examine the sustainability of its results.
- To promote accountability of resource use.
- To serve as an input for decision-making about needed changes, or enhancements, for the remaining project period (for this reason, the MTE team placed particular emphasis on promoting the participation of the project team in the evaluation process and in the review of its findings).
- To document the project’s lessons learnt, strategies, and implementation arrangements that may be relevant to other initiatives and regions.

Overview of quantitative progress to date relative to logical framework indicators.

Element of vertical logic	Progress
<p>Objective: Demand and sales of biodiversity-friendly coffee increases from niche to mainstream product allowing a significant growth in farms adopting biodiversity-friendly, sustainable productive practices and showing on-farm BD benefits.</p>	<ul style="list-style-type: none"> • The total area of certified farms worldwide in September 2010 was 363,192 ha, 48% of the mid-term target of 750,000 ha. There are an additional 35,200.95 ha of farms that have passed their audit but are still finalizing the paperwork necessary for them to be formally registered by SFC, making a total of 398,393ha, or 53% of the mid-term target. • Although there are no project-wide quantitative measures of biodiversity impact, the area under RA certification according to SAN standards can be used to some extent as a proxy indicator of sustainable resource management. The total area worldwide in September was 363,192ha; in the target countries, a total of 278,633 ha was certified in November 2010, of which 41.4% (115,440 ha) is shade coffee and 31.5% (87,880 ha) is conservation area, giving a total of 73% (203,320 ha) over which RA certification is most likely to have generated concrete conservation benefits, through the modification of coffee management practices or the promotion of set-asides. In addition, the project has carried out studies which have yielded site-specific indications of BD benefits.
<p>Outcome 1: Demand for biodiversity-friendly coffee on international coffee markets has increased</p>	<ul style="list-style-type: none"> • Rates of growth in the volume of certified coffee sold have been significantly lower than foreseen: achievement at year 4 is 40% of the target for that year (100,000 t, compared to a target of 250,000 t) • The total numbers of roasters buying certified coffee have been significantly greater than foreseen, due to greater than expected growth among small roasters, which by 2008 had already exceeded the end of project target • Growth in the numbers of small to medium size outlets (100-5,000 t/year) selling RAC coffee is on course to meet the end of project target. Growth among larger outlets has been slower, with no progress in the largest category (>10,000 t/year) and only 30% progress at mid-term in relation to the end of project target for the 5-10,000 t/year category.
<p>Outcome 2: Consumer interest to purchase certified coffee increased</p>	<ul style="list-style-type: none"> • Levels of recognition of the RA seal among consumers (in some markets) are significantly in excess of the 20% target established in the logframe (available studies are limited)
<p>Outcome 3: National capacities to certify all sizes of coffee farms in biologically rich production landscapes has increased</p>	<ul style="list-style-type: none"> • The end of project target for the numbers of auditors in the target countries was achieved well before the mid-term of the project. • The target that [SAN] would obtain ISO 65 accreditation by year 2 was not achieved, but this is explained by the fact that the project has been supporting processes of broader change in the institutional context for RA certification, including the development of a solid and transparent standards governance structure compliant with the ISEAL Alliance code, development of one generic standard with interpretation for specific countries and crops, and development of clear rules

	<p>for pesticide prohibition on certified farms.</p> <ul style="list-style-type: none"> • The proportion of certified coffee production area belonging to smallholders (60%) is significantly greater than the end of project target of 30%. • Large numbers of producers and technical service providers have been trained, but there is no adequate quantitative measure of capacity development impacts. • Group certification systems exist in all target countries, as foreseen.
Outcome 4: Economic sustainability of certified coffee farms has increased	<ul style="list-style-type: none"> • There are strong indications that many producers are obtaining benefits in terms of price, as well as productivity and efficiency, however consistent project-wide data are not available. (The project is currently carrying out cost benefit analysis studies to generate additional information in this regard)
Outcome 5: Increased capacity to engage policy makers in coffee-producing and consuming countries in promoting sustainable coffee practices and to monitor and respond to policy initiatives/threats to sustainable coffee	<ul style="list-style-type: none"> • The project appears to have been influential in engaging European policy makers at high level, both within the EU as well as in several European countries. No objectively verifiable indicator of this progress has been applied. • The Policy Working Groups that were foreseen have not been established.
Outcome 6: Increased learning and adaptive management	<ul style="list-style-type: none"> • Systematic information is generated on the numbers of hectares certified, the volumes of certified coffee that are traded, the numbers of people that participate in capacity development and other events organized by the project and the levels of execution of GEF project funds. In the future RA is intending in addition to measure a series of Global Indicators in all of its projects. • Evidence on the biodiversity benefits of coffee has been generated in two project countries.

Main conclusions.

Project Management

This complex and ambitious project has been well managed. Progress to date has been impressive given the relatively limited human resources which are dedicated to it and the other demands on the time of the project staff. The fact that the team is integrated into Rainforest Alliance is positive in terms of institutional sustainability; however the fact that RA is undergoing rapid institutional growth is placing demands on the team which are stretching them to the limit. The project and the certification program as a whole include a number of mechanisms for adaptive management, of varying degrees of formalization and effectiveness.

Financial planning and management has improved significantly following the “teething pains” of the first year, and is now of a good standard. This is despite only having one administrator, who has had to contend with dual accounting and reporting structures (RA and UNDP), and the high degree of centralization of RA procedures, which has presented some delays and difficulties.

Budget

Budgetary execution is largely on target. In line with the progressive fade-out of donor resources provided for in the Project Document (ProDoc), there is now limited remaining budget and flexibility.

Gender

Issues related to gender have not been directly addressed, despite the potential for this type of project to generate gender-specific impacts.

Stakeholder participation

There has been a large amount of interaction with stakeholders, but there have been some gaps and insufficient concrete strategies to guarantee that needs and conditions of all main stakeholders (e.g. governments and producers) are taken into account.

Monitoring and evaluation

A number of the indicators proposed in the logframe have not been adequately or consistently monitored, although in some cases this was due to a realization by RA and UNDP that they were not relevant. A limited number of variables (specifically, number of areas certified and market conditions) are used to guide adaptive management of the project. Information on biodiversity aspects is not available project-wide to guide adaptive management in a consistent manner, although site-specific results have been generated which provide some indications. It has not yet been possible to take advantage of the information gathered during audits to guide adaptive management.

Sustainability

The use by the project of a demonstrably viable market based instrument (RA certification) for conservation is inherently favorable for financial and commercial sustainability, compared to more conventional approaches to conservation based on regulation.

RA has also begun to implement cost-recovery mechanisms, including charges for participation in capacity development activities and a “participation fee”, levied on importers, of USD0.015 per pound of green coffee imported. The degree of application of fees for capacity development is variable between target countries, however, and in the short and medium terms (as GEF funding is phased out) there will continue to be a heavy dependence on funding from other donor projects, which is not sustainable. The private sector is assuming an increasing role in providing technical assistance, and this will increasingly contribute to financial sustainability.

There are good prospects for institutional sustainability given the way that the project has been intimately integrated into the organizational structure of Rainforest Alliance. Also positive in the regard is the use of national SAN partner NGOs in Brazil, Colombia and El Salvador; in the other three countries the project will in future be implemented directly by RA.

Achievements

The project is behind target in relation to many of the indicators proposed in the ProDoc, but this is due to a large extent because some targets were unrealistic, or (unavoidably) lacked a solid basis. In general the project has established solid foundations for the achievement of its objective and for the delivery of the expected biodiversity benefits in the long term. Specifically:

- *Biodiversity benefits* – The MTE found strong indications during the field visits that the management practices of RA certified farmers, such as reduced agrochemical use, shade diversification, maintenance on-farm vegetation, may be favourable for biodiversity. The impact studies carried out by the project support these impressions, in a small number of

geographically specific sites. However, firm conclusions about these benefits cannot be made due to the absence of widespread, appropriate or consistent use of biodiversity indicators (this challenge is not unique to this project).

- *Market demand (Outcomes 1 and 2)* – The project has been successful at developing the foundation for market demand and is on track to reach levels needed to send the market signals required to stimulate widespread RA certification. Consumer awareness about RA certification has shown major growth and the strategy of supporting market partners in promoting their RA certified products is proving to be an effective mechanism for doing so.
- *Supply development (Outcomes 3 and 4)* – The building of certification capacity has progressed to the point where there are sufficient providers to cover the growth in certified area that is projected for the life of the project. In terms of agricultural extension service provider capacity, the project has established a solid foundation for the remaining years of the project. With respect to business and financial services, the project is only now focusing on this element of the overall strategy.
- *Policy (Outcome 5)* – This work has proven to be less essential to project success than originally anticipated, although it may gain in importance in the remaining years, as the project matures. In Europe, public procurement policies are emerging as an area requiring greater attention, while the changing policy environment in the target producing countries warrants the creation of a monitoring mechanism.
- *Adaptive management (Outcome 6)* – The adaptive management of the certification system is closely linked to that of the project and faces similar challenges. Reliable information is available on a number of variables, on both supply and demand sides, but it has not been possible to develop and apply reliable system-wide indicators of biodiversity impacts – this is often a significant challenge for projects of this nature. A further obstacle has been the difficulty in gaining access to the information generated through audits. However, after the presentation of the first draft of the MTE, the Sustainable Farm Certification (SFC) division of the SAN did make available to the team aggregated data on the breakdown of certified farms in the target countries by land use (production area, conservation area and others). Although the worldwide figures, or historical information, have not yet been provided, this is an encouraging first step towards resolving the BCC project’s lack of access to aggregated audit data for use in project monitoring, communications and marketing efforts.

Strategic considerations

- *Effectiveness of RA certification as motivation for behaviour change* - Central to the project’s logic is the assumption that certification provides economic incentives that result in farmers adopting BD-friendly practices. Interviews with farmers did suggest that many initially made the required changes to obtain RA certification to obtain price premiums, but that other considerations, such as environmental and social benefits, reduced costs and greater efficiency also played a role these decisions.
- *Geographical focus* – The project focused more broadly than the original priority areas identified in the ProDoc in order to achieve its certified area and volume targets. This approach is reasonable given that it maximizes the probability of that RA certified production becoming the norm in coffee producing countries. A stricter focus on priority biodiversity sites might have yielded greater biodiversity benefits in the short term, but the slower growth in certified area and volumes might have been insufficient to move RAC coffee from being a “niche” product to a mainstream product and might therefore have jeopardized the magnitude and sustainability of biodiversity benefits in the long term.

- *Target population* – The profile of the population certified to date has been determined by i) the project’s individual country specific strategies (which have been broad and have included many smaller, more economically marginalized farmers), ii) processes of self-selection by farmers and iii) active selection of producers by cooperatives and exporters for inclusion in the supply chain. These latter two factors have tended to favor those who were already closest to meeting the SAN standards. While this may have limited the magnitude of the management changes made, and the resulting social and environmental benefits per hectare certified, this phenomenon has again helped to “prime the pump” of supply and to create the momentum required for greater, wider impacts over the long-term. Another implication is that the producers to be certified in future may prove more challenging than those certified to date, which may to some extent moderate the otherwise excellent prospects for future growth in certification expected as a result of the barrier removal achieved by the project to date.

Recommendations.

The recommendations for the remaining years of the project are as follows:

- *Logical framework* – Taking into account the suggestions included in this report, the project team should review and modify the logframe indicators to provide better measures of the project’s impact and progress and adjust the wording of selected Outcomes and Outputs to reflect the project work and expected results.
- *Monitoring and evaluation* – One individual should be tasked with monitoring and evaluation, who should start by revising the M&E and adaptive management strategy for the project and program. This review should include reviewing the potential of audit reports as an M&E tool, negotiating access to aggregated data from the audit database and evaluating the potential of technical assistance (TA) providers to collect M&E data. There is a need for standardized procedures for monitoring capacity development impacts, as well as a mechanism for gender impact monitoring.
- *Supply-demand integration* – There is a need to develop a standardized, systematic approach to forecasting supply and demand and streamline communications by establishing key contacts for specific countries and/or regions, who could also help provide more training in marketing and trade to local partners and country coordinators.
- *Finance and Credit* - The finance expert from Robobank to be seconded to Rainforest Alliance should be dedicated to working on the financial services component of the project and help implement a pilot program to demonstrate the viability of financing on-farm investments farmers must make to meet the SAN standards.
- *Dissemination*- The currently available material is compelling, but there is a need to provide more and clear demonstrations of the impacts and benefits of RA certification.
- *Participation* – Where possible, the project should support the establishment of technical advisory committees in each producing country where it is actively developing a supply of RAC coffee.
- *Prioritization* – Where possible, the project should prioritize its technical assistance work on “win-win” regions and farmers by identifying priority areas where there is a high possibility of success and a high potential to have biodiversity conservation and poverty alleviation impacts. The project should also continue to maintain a balance between large and small producers.
- *Audit system* – The project should support the development of a program to minimize the risk of subjective differences by auditors in the interpretation of SAN criteria.
- *Agricultural extension services* – The project should develop and validate approaches that are differentiated for different demographics of producers and focus on playing an incremental role

with regards to the provision of technical support, while continuing to support horizontal and participatory processes of experimentation, learning and capacity development among farmers.

- *Policy*- The project should find an alternative to the policy working groups in the six target countries to obtain regular input from key stakeholders regarding the current and future policy and legislative environment. The first task for this group could be to review and update the original policy analysis to reflect the current context.
- *Project Management* – The project should carry out a detailed planning of expenditure for the remainder of the project period. The country strategies should be updated and a system of analytical annual reporting developed. It should also develop and apply a gender strategy.
- *Financial sustainability* – The project should continue proactively to manage the introduction of the participation fee to minimize the risks inherent to such a change in the certification system.

Lessons learnt.

The key lessons from the past three years are as follows:

- Large, complex projects require adequate staff resources be dedicated to their execution.
- Projects of this size and scope should have dedicated M&E staff
- Project budgets should not be excessively “front-loaded” as there is a ramping-up period at the start and cost recovery and financial sustainability mechanisms take time to phase in.
- Sector-based projects should balance supply and demand side efforts, focusing on demand generation while laying the foundation to create the supply to meet this demand.
- Given the project’s current approach, the profile of the beneficiary population of project may not be completely within its control due to the complementary processes of self-selection of participants and active selection of producers by actors cooperatives and exporters.
- These external pressures are likely to result in the easiest farmers coming on board first, and this may temper future growth rates as the remaining farmers require ever greater levels of effort.
- Biodiversity benefits, in the short-term, may not be directly proportional to the amount of area certified as many of the first farmers to become certified may be those that are already close to meeting the standards.
- The use of aggregated audit data for project indicators may need to be negotiated upfront, ideally during project preparation.
- Significant levels of cost recovery are achievable from participants in projects of this nature, but this may vary between participants depending on their economic circumstances, and should be addressed as early on as possible in order to ensure that the project is as close the financial sustainability as possible by its end.
- Diverse capacities are required in producer countries due to the thematic complexity of this type of project, and it may be beyond the ability of individual institutions to provide them internally.
- Clear procedures, guidance and capacities for budgetary management need to be developed at the outset of similar projects.
- External support may be required to ensure inter-project and inter-institutional collaboration and UNDP Regional Offices should play a role in this regard.

Table summarizing main ratings received

Issue	Section in report	Rating	Explanation
Project Conceptualization and Design	4.1.1	S	Threats and barriers were correctly identified and the solution proposed was appropriate and feasible. The incremental reasoning for the project was solid and the co-financing identified was on the whole feasible and relevant. Some targets proved to be overambitious but it was not possible to know this at the time of project design. There were a number of weaknesses in the way that outcomes, outputs and indicators were formulated in the logframe.
Stakeholder participation during project design	4.1.3	S	There was extensive consultation during the project design phase, but little evidence of genuine participation in fundamental aspects of project design or of provisions for genuine participation during the implementation phase.
Implementation approach	4.2.1	S	The project's implementation arrangements are unconventional, which is a function of it being intimately embedded in the structure of Rainforest Alliance and working through SAN partners. Adaptive management has been largely ad hoc but effective. These arrangements have in general worked well to date, however there is no guarantee that they will continue to do so as RA grows and if there are staff changes.
Monitoring and evaluation	4.2.2	MU	Few of the indicators proposed in the logframe were measured in practice and there was little attempt to develop alternatives for those that did not work. The research studies, on which most of the M&E budget has been spent, were designed to show biodiversity impact. As these efforts failed to consider their intended role in the adaptive management of the project in their formulation, the studies appear to be of limited use in guiding project-wide management decisions.
Stakeholder participation during project implementation	4.2.4	MU	The only formalized mechanism for direct stakeholder participation in project decisions is the Project Steering Committee, on which a very narrow range of stakeholders is represented. There is little evidence of formalized and regularly updated analyses of the needs and requirements of stakeholders.
Attainment of Outcomes/ Achievement of project objective	4.3	S	Progress with the principal indicator at Objective level (area under certification) is significantly below target, but the significance of this is limited by the fact that (unavoidably) the original target lacked any solid basis and was not an adequate measure of project success. It is not possible to arrive at reliable conclusions on overall net biodiversity impacts on the basis of the site-specific studies that have been carried out to date. There appear to have been major advances on the demand side (outcomes 1&2) in terms of market commitment to certified coffee. Similarly, the project appears to have been effective in developing capacities for achieving certification, although this evidence for this is largely either indirect or anecdotal.

2. Introduction

2.1 Purpose of the evaluation

1. As proposed in the terms of reference, the objectives of the MTE are as follows:

- To analyze the implementation of the project, review the progress towards delivering the specified objectives and outcomes.
- To establish the relevance, performance and success of the project, including projection of the sustainability of results.
- To collate and analyze specific lessons and best practices pertaining to the strategies employed, and implementation arrangements, which may be of relevance to other projects in the country and elsewhere in the world.

2. In accordance with UNDP/GEF Monitoring and Evaluation Policy, as described in the terms of reference, the MTE is “intended especially to provide a basis for decision making on necessary amendments and improvements to reach the expected outcomes at an opportune time of project implementation.” Therefore, the MTE team considered that the main aim of the evaluation, which was not emphasized in the terms of reference, should in fact be to generate constructive suggestions, of any modifications to project design or strategies during the remainder of its period, that might increase the magnitude, sustainability and replication potential of its results and impacts.

2.2 Approach

3. The main considerations that guided the approach adopted by the MTE team were as follows:

- The importance of the project team feeling ownership of any findings and recommendations generated, in order for them to be applied during the remainder of the project.
- The limited budgetary provision for the evaluation in relation to the magnitude, complexity and geographical coverage of the project.

4. The approach addressed these considerations in the following ways:

- *Emphasis on constructive, analytical dialogue with the project team members*, to provide them with the opportunity to explain the strategies applied to date and challenges faced, to reflect on and draw lessons from their experiences to date, and thereby to deepen their conceptual understanding of key issues underlying the project.
- *Joint scoping of MTE focus*: the MTE and BCC project team collaborated on defining the approach and areas of inquiry to properly assess a project involving multiple countries and industry and sector actors.
- *Critical reflection on the measures of project success*: the MTE team did measure progress in relation to the indicators proposed in the logframe, but also reflected (together with the project team) on their relevance and adequacy and, where these were in doubt, sought alternative or complementary measures.
- *An examination of processes, rather than solely impacts*: in cases where the project appeared to be behind in relation to the targets proposed in the logframe, the MTE team considered whether the project was establishing processes and mechanisms that would enable the targets to be achieved in the longer term.
- *Reliance on secondary information*: the resources available for the MTE were not sufficient to allow the team to gather primary information on impacts, of sufficient

magnitude to allow statistically valid analysis. Rather, the team based its findings and recommendations on the data collected to date by the project: whether these data were insufficient, the team was obliged to limit its conclusions to qualitative inferences based on the opinions expressed by the project team and other stakeholders, and to make recommendations of additional data that the project should collect in future in order to facilitate its adaptive management and final evaluation.

- *Focus on key issues and countries:* the limited funds available for the MTE also obliged the team to be highly selective with the field visits that were carried out. The countries where field visits were carried out were considered to be sufficiently representative of the diversity of conditions covered by the project in order to be able to examine some of the most important questions generated during the scoping process.

2.3 Key issues addressed

5. The evaluation took into account, but was not limited by, key issues listed in the terms of reference. It was considered important not only to focus on the issues with which the project team considers that it has had successes, but also to identify and analyse any issues where challenges have been encountered and where suggestions from the evaluation team might have particular value in orienting the strategies of the project during the remainder of its period.

6. The issues highlighted in the terms of reference were the following:

- *Market demand development:* the MTE team reviewed the market development tools that have been developed by the project, and interviewed a wide range of market stakeholders in both producer and consumer countries. Of particular interest was the question of whether purchases of RAC green (raw) coffee were principally driven by end-users (coffee drinkers) demanding certified coffee from retailers, or by companies (roasters and retailers) seeking benefits such as risk avoidance, supply management etc.
- *Communications and consumer awareness:* the MTE team examined the materials generated by the project and also reviewed the evidence presented to them in terms of consumer awareness; they were hampered in this regard, however by the absence of consistent measures of growth in consumer awareness, and had to rely to a large degree on the perceptions of company representatives.
- *Stakeholder engagement:* the terms of reference place particular emphasis on stakeholders that may have created challenges for the project. In addition, the MTE team considered that it was of vital importance to review the measures that the project has taken to promote the effective participation of other actors whose interests may be affected by the project, such as the beneficiary population of coffee producers, or whose ownership of the project is critical for the long term sustainability of its impacts.
- *Supply development:* the MTE team reviewed the project's impacts in terms of growth in certified area in the target countries, but also recognized that in itself this was not an adequate measure of project success. Through interviews with farmers in selected target countries (to the extent that the limited budget for the MTE would allow) the team examined the relevance and effectiveness of the capacity development. It was not possible to develop conclusive quantitative findings of the development of capacities on the supply side as the project has only collected limited data on this issue.
- *Building of the Sustainable Agriculture Network's capacity and structure:* the MTE team reviewed how the project has contributed to the strengthening of the SAN, and also considered which aspects of this were of specific relevance to the aims of the BCC project, as opposed to other sectors.

- *Public policy*: the MTE team examined the significance in practice of public policy issues to the project, the effectiveness and sustainability of its policy work in producer countries, and the specific relevance to coffee certification issues of the public policy work being supported by the project in consumer countries.
- *Standard setting*: the MTE team examined the SAN Standard and its local interpretations (also known as indicators), reviewed with the SAN team the participatory process whereby they were formulated and discussed with stakeholders on the supply side (including producers and technical assistance providers) the relevance and applicability of the Standard and the indicators.
- *Impact monitoring*: through in-depth discussions with the project team, and scientists in RA and SAN partners, the MTE team reviewed the utility for impact monitoring and adaptive management of the studies carried out by the project, and examined the implications of the results generated to date.

2.4 Methodology of the evaluation

7. The principal elements of the methodology applied in the evaluation were as follows:

- 1) Initial mission to BCC Headquarters in Costa Rica for in-depth briefing and fact-finding, and scoping of key issues to be addressed with the full participation of the project team.
- 2) Review of documents provided by the project team (listed in Annex 2).
- 3) Review and analysis of financial information provided by the Project Administrator.
- 4) Telephone interviews with key actors such as coffee company representatives, industry experts, policy actors, as well as RA and SAN staff (those interviewed are listed in Annex 3).
- 5) Visits to Perú, Brazil, El Salvador and Honduras
 - Visits to coffee farms in Peru and Brazil, to inspect farm management practices, to interview farmers regarding challenges and advances with coffee certification and the effectiveness of project support, and to gain a first-hand understanding of the nature and magnitude of the threats to biodiversity being addressed by the project.
 - Interviews with key stakeholders including the Country Coordinators, cooperative representatives, technical assistance providers, exporters, representatives of coffee sector organization and government officials in order to discuss the issues being addressed by the project and its effectiveness.
- 6) Visits to coffee roasters / retailers in the U.K., U.S., and Canada to interview key individuals involved in the purchasing, roasting, distributing and promoting RAC coffee. These interviews examined the perceived benefits of RA certification, RA's approach to engaging companies, and the services RA provides in the marketing of, and communications about, RAC coffee.
- 7) Two-day workshop at BCC HQ to discuss biodiversity and M&E issues with the project team, SAN partner scientists and RA scientific staff.
- 8) Initial feedback workshop at BCC HQ to present and discuss findings with the core BCC team, prior to the preparation of a full first draft.
- 9) Review of preliminary (rough) draft of the document by the BCC to obtain feedback.
- 10) Presentation and discussion of a full first draft of the MTE report with the Project Steering Committee in New York.

3. The Project and its Development Context

3.1 Project start and its duration

8. This 7 year project was endorsed by the GEF CEO in July 2006 and the ProDoc was signed in September 2008 and will terminate in September 2013. It is currently 52 months into its 84 month execution period, or 62% complete (as of December 2010).

3.2 Problems that the project seeks to address

9. The principal problems that the project seeks to address, as explained in the ProDoc, may be summarized as follows:

- 1) The progressive elimination of shade coffee plantations, and consequent loss of the biodiversity that they contain relative to the land uses that replace them
- 2) The application of management practices on coffee farms that generate negative impacts on biodiversity
- 3) The loss of non-coffee forest and biodiversity from landscapes in which coffee is produced.

3.3 Immediate and development objectives of the project

10. The Goal (development objective) of the project is *“Increased conservation of globally important biodiversity in coffee landscapes by transformation of the coffee market in support of sustainable productive practices on coffee farms”* (ProDoc, paragraph 224).

11. The Objective (immediate objective) of the project is *“Demand and sales of certified coffee increases from niche to mainstream products allowing a significant growth in farms adopting biodiversity-friendly, sustainable productive practices and showing on-farm BD benefits”* (ProDoc, paragraph 225).

3.4 Main stakeholders

12. The ProDoc lists the following stakeholders:

- International organizations in the sustainable coffee sector
- International NGOs
- National and international certification bodies
- Multilateral and Bilateral Donors
- Coffee Roasters, Manufacturers and Distributors
- Coffee Traders
- SAN Partners in target countries
- National coffee organizations in target countries
- Coffee producers and cooperatives.

3.5 Results expected

13. The results expected from the project, in terms of the targets defined in the logframe, are as summarized in :

Box 1. Results expected from the project, according to the Logical Framework.

- Growth in habitat area under sustainable management on certified farms, from 93,000 ha of coffee as of August 1, 2005 to 1,500,000 ha by year 7 (i.e., 10% of the world’s coffee production area).

- Increase in keystone species on certified farms
- Increased volume of certified coffee sold, from 30,000 t per year to 500,000 t per year in year 7 (10% of total export market)
- Increased number of roasters of varying sizes buying certified coffee
- Increased number of outlets selling BD-friendly, RAC coffee
- Increase in numbers of consumers in key markets recognizing the RAC seal
- Increased numbers of auditors (number of auditors has tripled by year 7)
- ISO 65 accreditation of RAC by year 2
- Increase in satisfaction levels with RAC among farmers who are audited for the first time (dissatisfaction has been reduced by 67% in year 7)
- Increased volume of certified coffee produced by smallholders (30% of total certified production comes from smallholders in year 7).
- Certified farmers earn better prices than comparable non-certified farmers (by year 7, 67% of farmers earn a premium)
- Certified farmers feel certification has helped improve their ability to survive a future coffee crisis (By year 7, 80% of farmers feel better prepared)
- Effective response to policy opportunities and threats to facilitate greater demand for RAC coffee
- Policy working groups established in the 6 project countries
- Evidence of the biodiversity benefits in coffee
- Clear evidence of adaptive management leading to changes in the design and implementation of program activities.

4. Findings

4.1 Project Formulation

14. This section describes the context of the problem that the project seeks to address. It describes how useful the project conceptualization and design has been for addressing the problem, placing emphasis on the logical consistency of the project and its Logical Framework. Table 1 at the end of this sub-section summarizes key differences between target countries in terms of the context into which the project was inserted.

4.1.1. Conceptualization/Design:

15. This sub-section assesses the approach used in the design of the project, the appropriateness of problem conceptualization and whether the selected intervention strategy was the best option to address the barriers in the project area.

Rating: this issue is rated as “Satisfactory” for the following reasons:

- Threats and barriers were correctly identified and the solution proposed was appropriate and feasible.
- The incremental reasoning for the project was solid and the co-financing identified was on the whole feasible and relevant.
- Some targets proved to be overambitious but it was not possible to know this at the time of project design.
- There were a number of weaknesses in the way that outcomes, outputs and indicators were formulated in the logframe.

1) Relevance of objective and outcomes to GEF focal areas and strategies

16. The project was designed during the GEF 3 period, and was classified under the GEF Focal Area on Biodiversity, Strategic Priority 2 (“Mainstreaming Biodiversity in Productive Landscapes and Sectors”) and Operational Programmes 3 and 4 (Forest Ecosystems and Mountain Ecosystems).

17. The objective and outcomes of the project were relevant to GEF strategic logic at that time, focusing as they did on achieving biodiversity benefits through incidence in the coffee sectors and in coffee production areas, rather than through the provision of support to protected areas.

18. The objective and outcomes remain relevant under GEF 4. The project now falls under Strategic Objective 2 (“to mainstream biodiversity in production landscapes/seascapes and sectors”). The GEF 4 Strategic Priority to which it principally contributes is SP5, “Fostering Markets for Biodiversity Goods and Services”, which places strong emphasis on market-based instruments, such as certification, as tools for promoting biodiversity conservation. The simultaneous attention by the project to supply- and demand-side initiatives (Outcomes 1-2 and 3-4 respectively) reflects GEF4 guidance on SP5¹.

¹ GEF/C.31/10, May 11, 2007: Focal Area Strategies and Strategic Programming for GEF-4.

2) Appropriateness of problem conceptualization

Threats analysis in the ProDoc

19. The threats presented in the ProDoc were correctly identified and formulated, as follows:

- Deforestation, which is affecting BD in the broader landscape, particularly the zone of high (bird) migrant density between 500 and 1,500 m.a.s.l (ProDoc pg9)
- Expansion of urban areas, expansion of commercial agriculture, logging and mining, the importance of each of which varies between the target countries
- The transformation of BD-rich shade coffee farms to intensive coffee systems and other uses
- Hunting, extraction of plants, collection of firewood, forest fires, and pollution carried out by people living within or outside coffee farms

20. The MTE field visits suggest that the nature and magnitude of threats, and correspondingly the potential of coffee certification to address them, are very location- and time- specific. Factors that were found to vary significantly between the sites visited include the following:

- *Processes of conversion of shade coffee to other land uses*: although in many areas, such as the peri-urban parts of El Salvador, there are undeniable processes of elimination of shade coffee due to urban spread, in part of Peru that the MTE team visited² farmers reported that farms were very seldom eliminated: instead, during periods of crises (such as market failures or, in the case of Peru, the armed insurgency of the 1990s) they have tended instead to be temporarily neglected and brought back into production at a later date.
- *Existence of drivers of coffee elimination*: in the area visited in Peru, the livestock sector (elsewhere a widespread competitor with shade coffee due to its high and consistent profitability) was in very little evidence, due to biophysical, logistical and market constraints; this may partly explain why farmers there tended not to eliminate their coffee plantations permanently, as described above. In fact, in the same area of Peru there was evidence of coffee being actively established in areas which had previously been used for pineapple production, following the collapse in the market and price for this crop.
- *Viability of coffee production*: the status of coffee in different areas of Brazil appears to vary according to geographical differences in the economic viability of coffee production: in the Atlantic forest area of southern Minas Gerais, which has broken topography and is dominated by relatively small producers, increasing shortage and cost of labour were leading in some cases to the elimination of coffee, whereas in the flatter Cerrado areas of northern Minas Gerais, where coffee is produced on a more industrial scale and with greater levels of mechanization, its viability is less sensitive to labour costs, and is as a consequence generally stable and in some cases expanding. The availability and cost of labor was found to also be a concern in El Salvador and Peru.
- *Magnitude, processes and drivers of elimination of natural forest*: variability between areas, in relation to factors such as demographic trends and the importance of the livestock sector, is also an important determinant of the rates of elimination of natural forest. Deforestation is also dependent on combined chronological and spatial factors: in much of the Cerrado, for example, the agricultural frontier as such (conversion of new lands to agricultural production) is now a thing of the past and forest loss is due more to piecemeal degradation

² This observation is by no means intended to be generalised to the whole of Peru

of the forest remnants that persist in established farms, whereas in Bahia state the agricultural frontier continues to be active.

21. This variability in conditions between geographic locations and over time is significant: the net biodiversity benefits that may be delivered by coffee certification, for example by increasing the viability of shade coffee production, is much greater in areas where there is a significant baseline risk of shade coffee being eliminated than in areas where landscape processes are more stable.

Barrier analysis in the ProDoc

Barrier 1: Limited demand for certified coffee on international coffee markets

22. The ProDoc identified several root causes for this barrier.

- Companies had limited knowledge about both certification and the sustainability (i.e. SAN) standards, and other companies might not believe that a certification seal, such as RAC, will add value to their brand because of limited consumer recognition of, and demand for, RA certified products. Similarly, some companies might not fully understand the entire range of benefits that buying certified coffees can provide their business.
- Coffee companies might require that the credibility of RA certification be confirmed by other institutions, such as international organizations involved in conservation and sustainable development, and the lack of widespread media coverage about RA certification might also be a critical limiting factor to coffee companies seeing value in it.
- Among those coffee companies with some level of commitment to RAC coffee, the idea of sustainability might not always be widespread throughout a company, particularly among employees involved in product sourcing, whose lack of awareness and/or incentives could limit their purchases of RAC coffee.
- Companies might find realizing their commitment to RA certification challenging due to the difficulty of identifying the specific coffees needed for their blends and product lines.
- The media does not often cover sustainability stores, or RA certification and its benefits.

23. In general, this barrier has proved to be valid. Coffee companies currently purchasing RAC coffee reported that there was a “learning curve” in terms of key staff members understanding the RA certification system and the SAN standards as well as the additional benefits of buying certified coffee. RA’s initial market partners did require an extended education and cultivation period before committing to purchasing RAC coffee. This time was necessary for the initial internal advocates to develop enough support among their colleagues to get the company to commit to purchasing RAC coffee. The lack of a diversified supply of coffee also seems to have contributed to prolonging coffee companies’ decisions to ramp-up their commitments to RAC coffee. In fact, the lack of specific origins and products still remains an issue for many coffee companies, and specific markets, where the lack of African and Asian coffees, and high quality robustas, are a significant requirement for product success.

24. The need for third-party confirmation of RA certification credibility did not prove to be as large an issue as originally thought. Industry informants reported that one of the major reasons for selecting RA certification was that they believed it to be a highly credible program. Some coffee companies also identified the governmental approval process associated with public procurement programs as important to increasing RA certification’s credibility in Europe.

25. The lack of media coverage of RA certification was reported by many coffee companies as a challenge increasing their RAC coffee purchases as overall public awareness of RA certification

is very low. One major reason cited by key informants was the lack of media coverage about RA certification and its impacts.

Barrier 2: Limited consumer interest in certified coffee

26. The root causes for limited consumer interest in RAC coffee identified by the ProDoc included low distribution of certified products, low recognition of the RA seal among consumers, low visibility of certified products at point-of-sale where customers actually select the coffee to be purchased, and lack of sustainable purchasing practices for RAC coffee among large institutions, such as major companies, universities and governmental agencies.

27. This barrier has proved to be true. While coffee companies have found compelling reasons to offer RAC coffee despite limited consumer awareness of and demand for it, this issue is a barrier to continued expansion of market demand. Limited consumer awareness is an issue for those companies currently carrying RAC coffee being able to justify continued expansion of their offerings. Furthermore, greater awareness among coffee drinkers might make companies not currently purchasing RAC coffee more inclined to include them in their product offerings.

Barrier 3: Capacity constraints in scaling up certification activities

28. The root causes of constrained capacity for scaling up the supply side of the certified coffee value chain, identified in the ProDoc, were as follows:

- Farmers do not have the information or tools necessary to implement social and environmental best management practices that comply with the certification standards.
- The certification program has not been active in disseminating information and providing technical assistance on farm practices for certification.
- The cost of certification can be prohibitive, particularly for small producers.

29. The reality of all of these factors has been confirmed in practice: there was a real risk that, unless these constraints were adequately recognized and addressed, the growing demand for certified coffee would outstrip supply, which would result in RAC coffee losing credibility if traders were unable to meet their commitments to their purchasers, and retailers were unable to see return on their investments in advertising and other forms of promotion.

30. It has however become evident that producers' baseline capacities for attaining certification are very variable: some producers already have capacities to meet most of the requirements for certification, and virtually all that has been required in many of these cases has been the formalization, through certification, of what they are already doing. In other cases, individual smallholders or newly formed cooperatives have required significant strengthening in many different aspects.

35. It also appears that in some cases the problem is not necessarily that certification is inherently too expensive, but rather that "over-designed" or inappropriate management practices are being promoted by the extension agents of some exporters, cooperatives and federations (not by the BCC project itself), who have not been properly trained in the SAN standards. For example, far more complex and expensive wastewater treatment systems are being promoted than are actually necessary. Similarly, there are cases where misinterpretation of the standards has led to farmers undertaking large investments prior to getting certified that were unnecessary, or might have been better to make after RA certification was achieved. Moreover, the exact best practices that qualify as meeting specific criterion are sometimes unclear, resulting in farmers investing in far more expensive changes than might be warranted. The risk of this situation is that other farmers may be put off from obtaining certification due to mistaken perceptions of the levels of investment required.

Barrier 4: Weak economic sustainability on certified coffee farms

31. The argument that is implicit in the ProDoc in relation to this barrier is that certified coffee farms need to be economically sustainable in order for certification to be attractive to farmers, which is logical. The dividing line between this barrier and the previous one related to capacities is not completely clear, however: this barrier includes issues of productivity and the sharing of management practices that could equally be considered under barrier 3.

32. The root causes for this barrier are described as follows:

- Farmers tend to not share their management practices with each other
- Many farmers have difficulty accessing markets for certified coffee
- Mostly small producers find it difficult to access finance for farm improvements and trade
- Some certified farms produce a coffee quality which is too low to achieve a price premium in the coffee market, because geographic conditions may not support high-quality coffee production and/or processing practices fail to produce the best possible coffee
- The farmers are not able to negotiate fair terms of trade because of inequitable power relationships with traders and because of opaque conditions surrounding the negotiations.
- Farmers are not aware of the possibilities of alternative and more equitable trade relationships.
- Producers have underdeveloped business, marketing, and sales skills

33. All of these factors have proven to be valid. The ProDoc also pointed out correctly, based on PDF B studies, that the benefits of certification are not only linked to price premiums. Interviews carried out during the MTE confirmed that farmers perceive other benefits from certification, such as improved security of market access, more organized production and management, and a more amenable natural environment. The relative weight of each of these factors in determining farmers' decisions on certification, the adoption of best management practices and the retention or elimination of shade coffee farms, varies greatly among producer types and among landscapes – where there are economically attractive alternative land uses, the economic balance of coffee production systems is likely to be much more of a determining factor than when there are not.

Barrier 5: Unfavorable policies limit production or trade of biodiversity-friendly coffee

34. The ProDoc included among the root causes for this barrier both the promotion of policies that create disincentives or barriers to the production and trade of sustainable coffee, and the lack of policies that create positive incentives for sustainable coffee. This unfavorable policy environment was believed to be the result of both lobbying by other certification systems and the coffee industry's reluctance to advocate for sustainability standards. The ProDoc also viewed the lack of effective advocacy for rigorous sustainability standards, combined with limited monitoring and response to policy threats, by NGOs involved in sustainability certification as contributing to this barrier.

35. Overall, this issue has not yet proven to be a significant barrier. The policy environment in the target producing countries by the project has not been a major barrier to supply-side activities. In consuming countries, policy threats to the trade and sale of certified products have also not proven to be a major concern to date. However, the issue of public procurement in Europe, where emerging policies for preferential purchasing of certified products could evolve into a potential barrier to RA certified products accessing these important large consumers and receiving the external validation such programs provide a certification system.

Barrier 6: Information and knowledge is not systematically generated to inform decision-making and adaptive management in certification system

36. It is argued in the ProDoc that “The shortage of reliable information about [the biodiversity and social] impacts [of the coffee certification program] is a barrier for growth of the certification system.” Specific concerns are that:

- The system does not have a system that monitors that changes in behavior actually succeed in reducing threats to biodiversity and by how much, or that the desired reduction of threats actually leads to benefits for biodiversity in coffee habitats
- Little systematic information on the benefits of certification is generated
- Knowledge and best practices are not systematically exchanged between the certification program and other conservation organizations.

37. It failed however to make an adequate distinction between three separate issues that are implicit in the text explaining this barrier and (later on in the document) its corresponding outcome:

- i) The gaps of information and knowledge that may affect **companies’ willingness to commit to certification**, and may therefore hinder growth of the certification system. The ProDoc was correct in arguing that companies involved in the coffee trade require concrete evidence of biodiversity and social benefits for the following purposes: (a) public image risk management (b) definition of corporate social responsibility and sustainability goals and (c) supply management.
- ii) The gaps of information and knowledge that may impede **adaptive management of the certification system (including the SAN Standard)**. It is not immediately evident, for example, that limited knowledge of BD impacts will necessarily limit the number of farmers committing to the SAN Standard (and therefore the growth of the certification system) – what it is likely to do however is to limit the realization of the potential of the system to deliver BD and social benefits in a cost-effective and sustainable manner.
- iii) The gaps of information and knowledge that may impede **adaptive management of the project**: the types of information required in this case include not only impacts on environmental and social parameters, but also changes in levels of the types of capacity required to ensure the long term sustainability and effectiveness of the system.

38. This lack of conceptual clarity goes some way towards explaining the questionable strategies employed by the project for information and knowledge generation, discussed in Section 4.3.

3) Appropriateness of solution

39. The solution proposed by the project, to the loss of biodiversity in landscapes where coffee is produced, was the promotion of certified coffee production through a simultaneous supply and demand side approach. This approach was based on a number of assumptions.

40. Firstly, the solution assumes that *coffee plantations are favourable for biodiversity* (ProDoc para 4): There is ever-increasing evidence (summarized in ProDoc Annex XI) that shade coffee is one of the most BD-friendly production systems that exists. It was however recognized that coffee habitat should be compared to its potential alternative use, either alternative agricultural crops or non-agriculture use (ProDoc para 8). In other words, the promotion of coffee production will only yield net benefits as a strategy for BD conservation if there is a real possibility that, if this is not done, the plantation would be converted to a less BD-friendly land use. As discussed above in relation to the threats analysis, this is not always the case – in some cases farms are

merely abandoned temporarily if coffee becomes unprofitable due to cost or market conditions, and this does not necessarily result in a loss in biodiversity value.

41. Secondly, the solution assumes that *coffee plantations can complement protected areas*, which are too fragmented and small to ensure survival of ecosystems and species (ProDoc para 5). This appreciation is also valid, given that the proportion of the landscape that will be available for inclusion in protected areas (PAs) will always be limited by considerations of economic development, and an exclusive reliance on this approach would result in the biodiversity in the intervening areas being subject to continued erosion and degradation. The diverse tree species, moderately closed canopy, natural forest patches and forested stream buffers in sustainable coffee plantation probably also contribute to landscape quality and the functionality of biological corridors, facilitating seasonal migrations, dispersal events, gene flow among populations and maintenance of metapopulations. Furthermore, in regions particularly hard-hit by deforestation, and with relatively few protected areas, traditional shaded coffee plantations can serve as a gene bank until rural economies allow for forest regeneration (Brash 1987, Nir 1988, Perfecto et al. 1996).

42. The significance of the landscape level benefits of coffee farms is highly context dependent, however: for example, the magnitude of the corridor functions of specific farms depends on where they are located in relation to areas of natural vegetation, and the degree to which the biota which they contain would benefit from the conditions of connectivity that coffee farms are able to provide.

43. Thirdly, the solution assumes that *certification can motivate biodiversity-friendly resource management by coffee producers* (ProDoc para 86). The argument that certification is an potentially effective tool for biodiversity conservation is defensible on three counts, though its effectiveness is dependent on certain conditions being met:

- Indications are that certification has the potential to increase the profitability of shade coffee production (through price premiums, yield and quality increases and/or reductions in management costs due to efficiency improvements), thereby potentially reducing the likelihood of farmers eliminating plantations because they are unprofitable, and converting them to less BD-friendly land uses. The validity of this argument again depends on whether farmers would actually eliminate coffee plantations under such circumstances, which is situation specific.
- Certification requires farmers to comply with criteria of environmental and social sustainability, and therefore has the potential to motivate them to carry out corresponding modifications to their management practices, resulting in reductions to some of the threats to biodiversity often associated with coffee production. Although only 7 out of the 15 “critical criteria” (with which farmers are absolutely required to comply in order to be eligible for certification) are BD-related (see Annex 9), these are of major significance for biodiversity: they include prohibitions on the conversion of natural forest, hunting, the disposal of contaminating wastewater into natural watercourses and the use of particularly harmful chemicals, which constitute the main baseline sources of threats from coffee productions systems. However, although the presence of diverse tree shade cover (in farms with agroforestry crops located in areas where the original natural vegetative cover is forest) is presented in the literature and the ProDoc as the main reason why coffee plantations have positive biodiversity value, the maintenance of such cover (criterion 2.8) is not a critical criterion.
- Certification also has the potential to provide leverage for the conservation of natural ecosystems outside of the coffee plantations themselves: in areas where the original natural vegetation is not forest, criterion 2.8 requires them to dedicate at least 30% of the

farm area for conservation or recovery of the area's typical ecosystems, (also criterion 2.8). Again, however, this is not an absolute requirement as criterion 2.8 is not a critical criterion. Table 1 shows that the amounts of natural ecosystems on certified farms, and therefore the potential of certification to deliver conservation benefits in this way, vary widely between countries: 41.1% of certified farms in Peru are made up of conservation areas, as compared to only 7.7% in El Salvador.

44. Finally, the solution assumes that *once a sufficient proportion of global coffee sales are made up of certified coffee, demand for certified coffee will continue to grow of its own accord*. “The project [was] designed so that it will help the certification system to grow beyond a niche initiative, and reach a ‘tipping point’ where the program is so well-known and appreciated that it will continue to grow without external donor financing”. (ProDoc para 379). This assumption was based on experiences with the certification of timber by the Forest Stewardship Council. It was indeed reasonable to expect that, when certified coffee comes to account for a sufficiently large proportion of global trade, large corporate actors will eventually feel obliged to commit to it without further prompting, in order to avoid finding themselves at a competitive disadvantage and exposed to criticism of their environmental and social credentials. The experience with timber has also shown that it is reasonable to expect major market sectors to move en bloc to demanding certified coffee, through procurement rules, once it has gained a sufficiently high profile and has been shown to be feasible.

45. In reality (as admitted by the project's designers) there was no way, when the project was designed, of knowing with any certainty what would be the level of global certified coffee production that would correspond to this “tipping point”.

4) Design logic

46. The aim of this section of the evaluation is to review the coherence of the original design of the project. The following section then reviews what has transpired in practice, during the implementation phase of the project, regarding the usefulness, relevance and appropriateness of the project design.

47. The vertical logic of the Logframe in the approved ProDoc was, in general, conceptually and methodologically sound, at the levels of outcomes and objective. The outcomes were in general formulated appropriately, as changes in the behaviour or capacities of project stakeholders.

Project objective

48. The objective of the project (“Demand and sales of biodiversity-friendly coffee increases from niche to mainstream product allowing a significant growth in farms adopting biodiversity-friendly, sustainable productive practices and showing on-farm BD benefits”) is understood in essence to mean that by the end of the project, the “tipping point” will have been reached “where the program is so well-known and appreciated that it will continue to grow without external donor financing”.

Logic and reasoning behind each outcome

49. **Outcome 1:** The logic of this Outcome (Demand for biodiversity-friendly coffee on international markets has increased) is that market demand for RAC coffee is essential to providing farmers with incentives to make the changes required to obtain and maintain certification. As the other benefits of RA certification require several years to become fully apparent to producers, clear market signals are especially important for them to make the initial investments required to obtain RA certification for the first time. This outcome reflects lessons that have been learned, for example in other GEF funded coffee projects in El Salvador, Uganda and elsewhere, that one cannot take a “build it and they will come” approach to using certification

as a tool for conservation, but rather one need to focus on developing the market demand for RAC coffee, as well as support certification on the ground.

50. Outcome 2: The logic of this Outcome (Consumer interest to purchase certified coffee increased) is that consumers must be interested in purchasing RAC coffee in order to sustain and expand market demand. While companies may adopt RA certification as a sustainability strategy, their continued interest in RAC coffee requires customers to purchase it. In order for RAC coffee is to grow beyond a niche market, consumer interest must reach levels that are high enough for coffee companies serving mainstream markets to find RA certification to be an attractive business opportunity. This increase in consumer purchases will further drive coffee companies to expand their sourcing of RAC coffee, which will motivate more farmers to become certified. As coffee companies have the greatest ability to reach customers, the project has primarily focused on working with them to educate consumers about the sustainability benefits of RAC coffee.

51. Outcome 3: the wording of this outcome (“National capacities to certify all sizes of coffee farms in biologically rich production landscapes have increased”) reflects the assumed role of certification as a tool for BD conservation in production landscapes, both as a means of formalizing producers’ commitments to modify their management practices and as a way of demonstrating to consumers that coffee is produced in accordance with social and environmental norms, thereby stimulating demand. There appears to be a mismatch between the wording of Outcome 3, the outputs and indicative activities listed in Table 1 of the ProDoc, and the indicators proposed in the logframe. The wordings of the outcome and the indicators reflect this apparent focus on capacities to carry out certification – the emphasis of the outputs and indicative activities, however, is on the development of the capacities of producers and the entities that support them to ensure that the requirements of certification are met. This appears to be how the outcome has been understood in practice by the BCC team.

52. Outcome 4: the wording of this outcome (“Economic sustainability of certified coffee farms has increased”) reflects the assumption that, even if farms meet the requirements for certification, their compliance with certification norms will not be sustainable or replicable if this does not yield concrete economic benefits for farmers. This is a logical assumption, even if its focus on economic factors, rather than broader considerations of livelihood sustainability, is rather narrow. In addition, the term “economic sustainability” is rather open to interpretation: the indicators suggest that this was understood only to relate to income levels, rather than the overall balance between income and costs.

53. Outcome 5 the wording of this outcome (“Increased capacity to engage policy makers in coffee-producing and consuming countries in promoting sustainable coffee practices and to monitor and respond to policy initiatives and threats) reflects that it was included in the project as a response to Barrier 5 in the ProDoc, “Unfavorable policies limit production or trade of biodiversity-friendly coffee”. It was therefore assumed to be a precondition for Outcomes 1-4 to be achieved, and so in theory (as shown in Figure 1) sits at a different level of the causal logic of the project to Outcomes 1-4. In practice, however, it was defensible to classify it as a separate outcome, or project component, in its own right alongside Outcomes 1-4, given that the activities and resources required for its achievement were discrete from those of the other outcomes.

54. The logic of Outcome 5 is that the public policy in producer countries could undermine the types of practices the project seeks to promote. Alternatively, the incorporation of incentives and support for sustainability could serve to support the project’s work in promoting BD-friendly management practices among producers. Similarly, the policies of consuming nations could create barriers to the trade and marketing of RAC coffees, thus undermining the project’s market demand development work. Public sector initiatives, such as public procurement policies, could

also serve to promote RAC coffee by creating a market foundation upon which the project could build additional demand.

55. **Outcome 6** (Increased learning and adaptive management) was based on the premise that the effectiveness, relevance and sustainability of the RA certification system would be dependent on the existence of mechanisms and capacities that would allow it to adapt on a continuous basis to lessons learnt and to changes in the context within which it operates. In this regard, the design of this project differed from the norm in GEF projects: rather than the last outcome being limited to the monitoring, evaluation and management of the project itself, it was also outward looking, focusing on generating changes (increased capacities for learning and adaptive management) within the RA certification system and its constituent organizations (SAN Partners, SAAS, etc.), in this case the certification that was the principal target of the project intervention.

56. The recognition of the need for these capacities was an innovative and highly positive aspect of project design, which received much attention in the design phase and the ProDoc. The Adaptive Management framework presented in the Annex XII of the ProDoc bridged the design and implementation phases of the project. The main elements of the framework, as presented in Annex XII of the ProDoc, are summarized in Box 2.

Box 2. Main elements of the Adaptive Management framework as proposed in the ProDoc

- Collection of information on a sample of farms to determine the impact of management changes on socio-economic and environmental factors and conditions, in order to inform modifications to the definition and interpretation of certification standards.
- Identification of priority landscapes for development of broader conservation strategies and more extensive monitoring and evaluation plans (this was carried out during the design phase and resulted in the definition and broad characterization of the regions presented in pages 11-15 of the ProDoc).
- Analysis of potential of emerging clusters of certified/in process farms within selected regions, as priority conservation sites
- Development of landscape-level conservation plans and baseline assessments of conditions and threats (a pilot level conservation strategy and M&E plan were developed during the design phase for the Apaneca Corridor in El Salvador, presented in pages 192-198 of the ProDoc, which was to be replicated to other regions during the implementation phase)
- Annual strategic planning meetings in each country to take stock of lessons learnt, reflect on their implications and modify project activities accordingly.

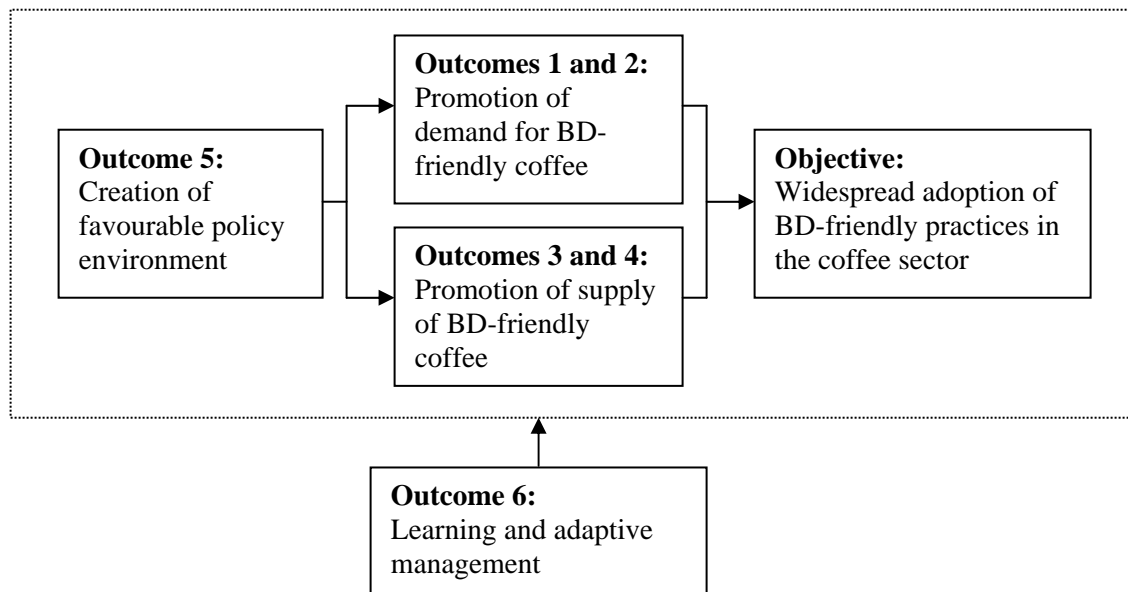
57. “The certified coffee impact monitoring system was intended to be part of, but not identical to a project monitoring system: the project was to use a variety of indicators – including market indicators – to document project impact as defined in the project’s logframe matrix, whereas the coffee program impact monitoring system is was to be a specific deliverable of the project, focused on the impacts of all coffee certification activities on the ground (ProDoc para 308).

58. The inclusion of program and project level M&E in the same Outcome poses potential challenges of interpretation, in particular in distinguishing the types of data that needed to be gathered and managed for the two levels. As will be seen in Section 4.3, this did indeed cause problems during implementation.

Coherence of the vertical logic

59. The logical connection between outcomes and objective is summarized in Figure 1.

Figure 1. Summary of project design logic



60. The fundamental assumption inherent in the design of the project was that, in order for sector-based approaches to BD conservation (such as the promotion of certified coffee) to generate significant and sustainable impacts in the long term, supply and demand sides need to be addressed in parallel. The central elements of the logframe in this case are therefore two groups of “core” outcomes: outcomes 1 and 2, both of which relate to demand-side issues, and 3 and 4, which relate to the supply side. In accordance with conventional logframe logic, these two sets of outcomes required to be achieved in parallel.

61. The logframe would in fact have been simpler if Outcomes 1 and 2 had been combined into a single “demand-side” outcome, and 3 and 4 into a single “supply-side” outcome. This issue is not, however, sufficiently significant to warrant a modification of the breakdown of project outcomes in the logframe at this late stage.

62. The logic at the output level was less sound. Most of the outputs in the logframe were worded as “sub-outcomes”, in other words changes in the condition or behaviour of the project context or population target, at a more specific level than the outcomes themselves, rather than as deliverables as GEF logframe methodology would normally demand. Examples include the following:

- Output 1.1 Existing markets and market segments expanded,
- Output 2.1 Roasters and retailers increase promotion of certified coffee to consumers,
- Output 3.1 Producers implement changes required to get certified.
- Output 4.2 Access to markets for certified products improved for certified farmers
- Output 5.1 Policies implemented and policy threats mitigated in producing countries

63. The only outcome whose outputs are correctly and consistently worded as project “deliverables” is Outcome 6.

64. These deficiencies at this level of the project’s vertical logic are not, however, sufficiently serious as to warrant modification, given that the current breakdown of outputs has been used to structure the project’s annual planning and quarterly reporting processes.

5) Monitoring and evaluation

M&E instruments

65. The ProDoc proposed three instruments for monitoring and evaluation: the **Logical Framework**, the logic of which is discussed above; the **Project Objectives Monitoring Plan 2006-2013** presented in Annex XIII of the ProDoc, which referred specifically to biodiversity and habitat objectives; and a **biodiversity monitoring program** for each of the project countries: *[a] “pilot experience [in El Salvador] will be repeated in the other five project countries, so that by the end of the first project year a full-scale impact monitoring system is in place covering coffee regions in all project countries, complete with baseline values, targets and final country-specific monitoring plans”* (ProDoc paragraph 311)..

66. Subsequently, an M&E Framework was developed for the project (see Annex 5) with support from the Evaluation and Research section of Rainforest Alliance, which substituted the monitoring plan proposed in the ProDoc.

The Logical Framework as an M&E tool

67. This section discusses the relevance and utility of the indicators presented in the logframe, for the M&E of the project. Annex 6 summarizes the indicators proposed in the logframe matrix of the approved ProDoc, and Annex 7 those proposed in the Project Objectives Monitoring Plan.

*Objective level indicators*³

Indicator O1: Growth in habitat area under sustainable management on certified farms (end of project target: 10% of area of world coffee production, plus conservation area on certified coffee farms, or 1,500,000 ha by year 7)

68. This indicator in essence refers to the area of certified coffee farms worldwide. Under the assumption that all certified area is managed in accordance with the principles of environmental sustainability contained in the SAN Standard, this serves as an indirect indicator of the magnitude of the environmental benefit that GEF will have generated through its investment. It is less useful, however, as a guide to adaptive management. The target value of 10% is based on an assumption that this is the level that equates to the supposed ‘tipping point’, “where the program is so well-known and appreciated that it will continue to grow without external donor financing”, however as explained above, there is no reliable basis for this assumption.⁴ This limitation is of crucial importance as, if the tipping point is in fact at a lower level than 10%, it might lead the project to continue unnecessarily emphasizing the unselective bulking up of area in order to achieve market impact, when it might be more productive to switch to a more restricted focus on higher biodiversity sites, sustainable market acceptance already having been achieved. From the project management perspective, this indicator, applied only to the target countries, would in fact have been more appropriate under Outcome 3, as it would have reflected the degree to which supply-side capacities had been developed to generate growth in area.

69. There are a number of problems with the way that this indicator was formulated:

³ Indicators are referenced here as follows: O1 = first indicator at objective level, 1.1 = first indicator for Outcome 1, etc.

- The “tipping point” issue explained above is dependent principally on the area actually under coffee production, whereas the magnitude of global environmental benefits is highly dependent on the relative proportions of different land uses with different levels of biodiversity value. The indicator does not, however, distinguish between different land units (shade coffee, sun coffee and different non-coffee land uses such as forest and pasture) within the overall area under certification, which would have allowed these two separate issues to be monitored.
- The baseline and target values are defined in different terms, and are therefore not comparable: the August 2005 baseline is given as “hectares of coffee” and the Year 4 and Year 7 targets as “area of world coffee production, *plus conservation area on certified coffee farms*”.
- The indicator does not make a distinction between worldwide area and the areas in each of the target countries: a comparison between growth rates in target and non-target countries worldwide would give some indication of the relative influence of supply-side actions (which were only taken in target countries) and demand-side actions (the only source of project influence in non-target countries).
- There is a mismatch between the area target given for this indicator and the production (weight) target given for Indicator 1.1. The two targets were based on assumptions regarding the amount of coffee produced on average by each hectare of certified coffee, but failed to take into account that a significant proportion of the coffee produced by certified farms typically ends up not being sold as certified, due to market bottlenecks. Under the assumption that the percentage of the total export market that is certified (Indicator 1.1) is the crucial measure determining the tipping point, the area target needs to be increased substantially in order to allow that amount of coffee to enter the certified market⁵.

Indicator O2: “increased populations of keystone species on certified farms show BD conservation benefits”.

70. This was the principal measure of BD impacts foreseen in the logframe. This indicator reflects the need to generate concrete and measurable improvements in the status of biodiversity during the lifetime of the project (rather than solely creating the capacities for these to be delivered in the future) and assumes that overall BD benefits can be detected through changes in the status of certain keystone species.

71. There are a number of challenges with using this indicator as a tool for monitoring and adaptive management, which meant that it was never actually applied:

- The terms “keystone species” and “indicator species” species are not necessarily synonymous: ecosystem integrity depends on the existence of keystone species but they

⁵ In order to generate the 10% of the total export market which is the most crucial consideration in relation to the tipping point, it would be necessary to certify 2,310,000 ha, based on the following logic:

- 1) A maximum of 50% of the coffee produced on RAC certified farms is actually exported as RAC. On this assumption, it is necessary for the farms to produce twice as much as the figures above in order to actually export the target RAC volumes – i.e. 1,000,000 t.
- 2) USDA figures (crop year 2010/11) show that worldwide 77% of coffee production is exported, which means that 6,756,757 t are actually produced to give the 5,000,000 t of total export volume assumed above; assuming that the total global area of coffee farms is 15,000,000 ha (the figure used in the logframe), then production/ha on coffee farms worldwide is on average 0.43 t/ha (in crop year 2010/11).
- 3) Assuming that average production/ha on RAC farms is the same, then 2,310,000ha of RAC farms are needed to generate the 1,000,000 t of RAC total production and corresponding 500,000 t export volume mentioned above. This is in fact 15.4% of worldwide coffee production area, rather than the 10% used in Indicator O1.

may not necessarily be the easiest species to monitor reliably (species in the upper levels in the trophic chain may typically have long life-spans and naturally low population densities, making it difficult to detect statistically significant changes in their status).

- The validity of keystone species as indicators of biodiversity impacts has been questioned by some researchers, given the incomplete knowledge that exists in a number of ecosystems regarding the relations between their status and the overall integrity and biodiversity of the ecosystem.
- Incomplete knowledge regarding ecology and inter-specific dynamics in certain ecosystems also makes it difficult to use monitoring results to inform management decisions.
- Keystone/indicator species are likely to vary widely between ecosystems within target countries, meaning that results would need to be disaggregated between ecosystems and countries, making it difficult to gain an overall aggregate picture of project impacts.

72. The typical difficulty with generating measurable changes in biodiversity status, during the lifetime of projects focused on progressive processes of capacity development, is less of an issue in this 7 year project, which included activities capable of generating changes in behaviour at field level from its very start.

Outcome level indicators

Outcomes 1 and 2: Growth in demand for certified coffee

73. Four indicators of demand growth were proposed in the logframe:

- *Indicator 1.1 – Volume of certified coffee exported.* This indicator provides a direct measure of the magnitude and growth rate of the demand for RAC coffee. However, the drivers behind this indicator are far-reaching, and therefore transcended the specific outputs associated with this Outcome, therefore this is an indicator for the project overall. For example, sales volumes are influenced by such factors as the overall supply of RAC coffee (Outcome 3 and 4), or the availability of particular coffees from specific origins (e.g., Robusta from Vietnam). Therefore, it was not necessarily a good measure of Outcome 1 in particular, but rather a measurement of success for the project overall.

Although not explicit in the logframe or progress reports, it is assumed that this indicator refers exclusively to RAC coffee. In common with indicator O1, it is in effect a proxy indicator of the effectiveness of the project in achieving the supposed “tipping point”, in this case on the demand side – again, the 10% target (of certified coffee as a proportion of total global sales) is at best an educated guess of the level of market share that corresponds to the tipping point.

- *Indicator 1.2 – Number of roasters of varying sizes buying certified coffee.* By measuring the change in the number of coffee roasters buying RAC coffee, this indicator provides a measure of both the breadth and diversity of the market demand. Since the coffee market is very heterogeneous the inclusion of varying sized roasters allows for an approximation of the degree to which the demand for RAC coffee has been achieved across various market segments. The assumption is that the size of the coffee roaster is a proxy for a market segment as different sized roasters are targeting different consumers and/or serving different channels.
- *Indicator 1.3 - Number of outlets selling biodiversity-friendly, RAC coffee.* This indicator is a measure of the availability of RAC coffee since the greater the number of outlets the larger the demand for RAC coffee must be. As coffee companies are the main channel for educating consumers about RAC coffee, the more locations where consumers encounter the RAC seal,

the greater the exposure consumers will have to the RA logo, and consequently, the greater consumer awareness will be. Furthermore, the more outlets providing consumers with access to RAC coffee, the easier it is for consumers to choose it and the more demand will increase.

- *Indicator 2.1 - Consumers in key markets increasingly recognize the seal.* This indicator attempts to measure consumer awareness of the RA Certified logo and the value proposition it represents. This was seen as a critical as consumers must recognize the seal if they are to preferentially purchase the product. Given that the degree of correlation between trends in this parameter and trends in overall levels of sale of RAC coffee, this indicator might provide some measure of the degree to which growth in sales is attributable to demand among end consumers or to corporate social responsibility and risk avoidance policies among roasters and retailers (these two different scenarios would require different strategies on the part of the project in order to maximize impact).

The issue with this indicator is that there is not yet enough data available to use awareness as a proxy for consumer behavior (coffee purchases). This might not have been as much of an issue if there was another indicator related to observed consumer behavior, but the project – for very practical reasons – did not have such an indicator.

Moreover, only two of the outputs - Output 2.1 (market promotion of RAC coffee) and Output 2.1 (media outreach) – directly relate to raising consumer awareness in terms of increasing their exposure to RAC coffee and the associated benefits.

Outcomes 3&4: Supply side capacities

74. The logframe proposed six indicators of increases in supply side capacities:

- *Indicator 3.1 Number of auditors:* this is a measure of the existence of capacity to certify and audit farms, which needs to grow at a rate commensurate with the rate of growth in numbers farmers seeking certification in order not to become a bottleneck. This logic is sound: as formulated, however, this indicator does not provide a definition of the term “auditor” (what level of formal accreditation is required in order to be included⁶), nor does not take into account that the actual availability of auditors to carry out audits at any given time may vary. More significant is the fact that no justification is provided for the target value presented in the logframe, which is that the number of auditors has doubled by year 3 and tripled by year 7: this is meaningless in the absence of a baseline value (which was not defined in the logframe), and unless related to the projected growth in numbers of farmers and hectares seeking to obtain or continue certification.
- *Indicator 3.2 RAC has obtained ISO 65 accreditation:* this was considered to be a measure of the effectiveness and credibility of Rainforest Alliance (RA) in certifying and auditing farms⁷. The existence of effective and credible auditing bodies is indeed a prerequisite for the system to function. In reality, however, RA no longer carries out certification or audits: this is instead carried out by SAAS which has established itself as a legally separate entity. Furthermore, SAAS is by no means the only body that carries out certification or auditing within the project’s target area: most SAN partners (such as ICADE, IMAFLORA and SalvaNATURA) have auditing arms and there are in addition a large number of independent auditors.

⁶ The BCC team clarified this point as follows: “An auditor is one who is cleared to do audits for the SAN inspection bodies. It is not arbitrary, though the accreditation process for auditors will be strengthened with the SAN’s new accreditation system for certifiers.”

⁷ ISO 65 is the International Standards Organisation guideline 'General requirements for bodies operating product certification systems

- *Indicator 3.3 Increase in satisfaction levels with RAC among farmers who are audited for the first time.* Farmer satisfaction is an important measure of success as it may be assumed to be related to their willingness to continue investing in certification in the long term. It is not clear why the indicator was limited to “farmers who are audited for the first time”: trends in satisfaction levels over time among selected farmers might be a more effective way of flagging up any emerging difficulties that may need to be addressed through adaptive management. As with indicator 3.1, the target was expressed in relation to the baseline situation (Dissatisfaction has been reduced by 40% in year 4 and 67% in year 7) but the baseline was not actually defined, so the target was meaningless.
- *Indicator 3.4 Increased volume of certified coffee produced by smallholders.* This indicator reflects capacities among smallholders, however it is understood that the reason for including it was not actually to measure capacities as such, but rather to determine the diversity of socioeconomic and biophysical conditions to which the certification system as a whole was applicable.
- *Indicator 4.1 Certified farmers earn better prices than comparable non-certified farmers.* This indicator is logical in theory, under the assumption that price premiums are one of the most important motivations for farmers to become certified and thereby to comply with environmental norms. It explicitly refers to the prices that farmers earn in practice, rather than what the consumer pays or the roaster or exporter receives. A fundamental concern with this indicator is that it is not solely dependent on supply side conditions (such as farmer capacities) but also on demand side issues such as consumers’ willingness to pay for sustainably produced coffee, fluctuations in which could mask any influence of supply side issues. Another limitation, as with the way that the outcome itself is formulated, is that it only measures income rather than overall profitability (which would consider costs as well), which is likely to be the ultimate determinant of farmer motivation. Again, the formulation of the target is problematic: it states that “in year 3, at least 50% of farmers earn a clearly detectable price premium, and by year 7, 67% of farmers earn a premium” without attempting to provide any objective definition of what constitutes “clearly detectable”. An additional challenge with this indicator is that prices tend to fluctuate widely over time, which means that any target needs to be expressed not as a snapshot of a given moment in time, but rather as an average over a specified time period.
- *Indicator 4.2 Certified farmers feel certification has helped improve their ability to survive a future coffee crisis.* This indicator is also logical, as it relates to the potential of certification to reduce the risk of farmers abandoning coffee plantations during times of crisis and converting them to less BD-friendly land uses. The utility of this indicator is context-dependent, as the baseline level of risk of this happening varies widely between landscapes and countries: in some of the areas visited during the MTE, it appeared that farmers tended simply to cease managing and using coffee plantations temporarily, during such periods of crisis, instead of eliminating them completely.

75. It is evident from the above review that there are no adequate indicators of producer capacities in the logframe, despite the fact that this outcome (3) has been interpreted to focus on this aspect (although, as discussed in paragraph 51, the wording of this outcome referred to capacities for granting certification rather than for obtaining certification. The only indicator under Outcome 3 that actually refers to producer capacities is Indicator 3.4 and, as explained above, it is understood that this was not the ultimate intention of this indicator. This is a significant deficiency, given that the creation of capacities among producers appears to have been one of the major achievements of the project on the supply side, and this is not necessarily reflected in the number of hectares or producers that have actually achieved certification (see paragraph 265).

Outcome 5: Policy environment

76. The wording of Outcome 5, related to policy issues, was worded in such a way as to recognize the importance of achieving not only improvements in the policy environment during the lifetime of the project, but of developing capacities that would allow such influence to continue to be exercised in the long term, post-project. The two indicators proposed by the logframe to address both of these issues were:

- *Indicator 5.1 – Number of policy initiatives/threats addressed in major coffee producing and consuming countries; extent of success in addressing these (high, medium, low).* The thinking behind this indicator was that the project would measure its policy related success through identifying specific initiatives and desired outcomes, which achieved, would indicate success in removing policy barriers. This indicator assumed that the project would be easily identifiable policy initiatives with specific, measurable modifications it could achieve. Therefore, the issue with this indicator is that it is indicator is not easily quantifiable due to the challenge of defining objectively and consistently measurable units of “numbers of policy initiatives and threats” and “success in addressing them”. This is a common challenge with defining indicators of success in relation to policy issues, and is not easily overcome, except by defining and quantifying specific impacts that are expected as a result of policy changes (e.g. % of product exempt from duties or trade barriers, number of producers with land title). However, the inherent problem with this approach is that the policy issues that need to be addressed are not necessarily foreseeable at the outset of the project.
- *Indicator 5.2 – Policy working groups formed with relevant public, private and research organizations in each of the 6 countries (over time the policy issues will have been identified and the extent to which they’ve been addressed).* This indicator was meant to measure the project’s success at developing policy related efforts in the producing countries where it operated. The idea was that the project could convene a group of local experts to identify the key legal and policy challenges and opportunities facing the project and develop a coordinated response effort. Unlike the first indicator, this second one was quantifiable and appropriate given that policy issues are dynamic and change over the life of the project.

Outcome 6: Increased learning and adaptive management

77. The indicators in relation to this issue are as follows:

- *Indicator 6.1 Systematic information is available to document the impact of certification on biodiversity and social-economic conditions* (target: By year 2, systematic information is generated annually in each project country. By year 5, clear evidence has been obtained of the biodiversity benefits in coffee).
- *Indicator 6.2 Learning enables improved strategic planning and program design and implementation* (target: By year 2, clear evidence of adaptive management leading to changes in the design and implementation of program activities).

78. Both of these indicators are relevant and appropriate to the issues set out in the explanation of this outcome and its corresponding barrier.

Project Objective Monitoring Plan

79. The Project Objective Monitoring Plan, set out in Annex XII of the ProDoc, had the potential to be very useful as a tool for M&E. It had a solid logical basis, with the indicators proposed being related to specific threat reduction objectives, which in turn corresponded closely to the threats identified in the Threats Analysis section of the ProDoc.

80. It is evident from Annex 6 that the indicators proposed in the Plan were much more detailed than those in the Logframe, particularly in relation to biological variables, allowing the two instruments potentially to complement each other (it would have been impossible to include many more biological indicators in the logframe without it becoming unwieldy). In general, the indicators are highly relevant to the types of threats and corresponding solutions identified in the ProDoc. The main shortcoming of the plan is that it proposes that many of the most important indicators would only be measured in one or two countries: it cannot be assumed that any findings generated there would be valid for other parts of the project area.

1) Risks and assumptions

81. Annex 6 summarizes the assumptions included in the logframe at the levels of Objective and Outcomes.

82. *Assumption O1* is in fact related to two separate issues: on the one hand, there is a risk that slumps in coffee prices could negatively affect the profitability of coffee production to such an extent that even the price premiums and other benefits potentially generated through certification would be insufficient to enable it to compete with alternative land uses, resulting in the continued conversion of coffee farms to other uses; on the other, there is evidence that spikes in coffee prices can reduce producers' interest in certification, as they feel satisfied enough with price levels that it is not worth their while to pursue alternative strategies for increasing income further, such as certification. This assumption was relevant and correctly formulated, inasmuch as it is not within the project's ability to control fluctuations in levels of demand and price for coffee. The project is, however, able in theory to mitigate the impacts of any such fluctuations by, for example, working on the demand side in order to motivate market actors to pay increased levels of premium for certified coffee and on the supply side by helping producers to increase quality and thereby obtain better prices (in times of low prices) and by emphasizing the non-financial benefits of certification (in times of high prices).

83. *Assumptions O2, 1.1, 2.1, 3.1, 4.1 and 4.2* were also valid, however each of these are partly within the project's control and so only partly qualify as external assumptions (as required in the logframe): the project can help to increase and maintain levels of interest in sustainability issues, companies' commitments to responsible sourcing policies, the credibility of certification among consumers as a means of supporting sustainability and BD conservation, technical assistance providers' interest in supporting certification, and the willingness of the coffee industry to reward certified sustainable coffee, but only up to a certain point.

84. *Assumptions 2.2 and 4.1* refer to methodological assumptions on which the effective measurement of indicators depends, and not (as an assumption should be) an external factor on which the achievement of the objective or outcome depends.

85. *Assumption 5.1* was the most external of all of the assumptions, given that policy makers tend to be driven by a range of considerations that are wholly outside of the project's control.

86. No assumptions were mentioned in the logframe for Outcome 6, suggesting that the achievement of this Outcome was entirely within the project's control. While largely true, the ability of the project to generate systematic information regarding the impact of certification on biodiversity and social-economic conditions is potentially limited by the complexity of these issues and their great variability between sites, which might require more intensive research effort, with larger sample sizes, in order to yield statistically significant results, than the project could be expected to support with the funds available to it.

4.1.2. Sectoral-national ownership/Drivenness

87. The project is a regional initiative so the degree to which it corresponds to national and sector priorities differs among the target coffee producing countries. There have also been changes in governments since the project was designed (in 2005), therefore governmental policies and priorities have evolved. The project was designed on the heels of a sustained period of low coffee prices (the “coffee crisis”), but the MTE was undertaken during a period of extremely high coffee prices. The result of this swing in prices is that the plans and priorities of the coffee sector have also shifted from crisis interventions to minimize the impact on coffee farmers to efforts aimed at taking advantage of the current boom in prices. These changes in the political and market conditions means the project is operating in a very different environment than when it was designed.

88. As a regional initiative the project’s approach to developing sectoral and national ownership and drivenness is described in the ProDoc (paragraph 364), which states *“the execution modality where supply-side activities are channeled through SAN partners secures local ownership and country drivenness at the civil society level. The project will benefit considerably by the SAN partners local presence, knowledge and contacts to increase impacts. In particular through policy dialogue with national authorities, the project will benefit from local ownership, which will increase the chances to meet national priorities while achieving project objectives.”* Moreover, the project envisioned (paragraph 370) that it would be *“in close in close dialogue with national authorities both to identify how the project can best contribute to the stated objectives of relevant national plans and policies, as well as to provide inputs to the policy formulation processes so that sustainability issues are properly reflected. It should be pointed out the outcome 5 of this project specifically is aimed at ensuring true national ownership of the project, and dialogue about country priorities.”*

89. The National Biodiversity Strategies and Action Plans (NBSAPs), many of the target countries make reference to conservation in coffee production systems in some form. For example, the Third National Report for El Salvador identified the work of the SAN Partner, SalvaNATURA, to promote coffee certification as an approach to providing incentives for the conservation and sustainable use of biodiversity. Guatemala’s NBSAP includes the certification of sustainable coffee under objective 12 (*“30% of plant based products are obtained from sustainably managed sources”*). The Fourth National Report (2009) for Guatemala states that 5% of the country’s territory is certified, including certified coffee production area. In Brazil, the PDF-B reports that the project will contribute to Brazil’s National Program of Conservation of Biological Diversity (DCBio) by advancing its objective to stimulate the private sector in the sustainable use of biodiversity and forests.

90. The original focus areas for the supply-side work in Central America were selected so as to contribute to the Mesoamerican Biological Corridor initiative. In Brazil, the project focus areas were chosen so that the project could add to national plans to expand the Central and Serra do Mar Biodiversity Corridors.

91. Although there are great differences between the target countries, it can be said that where the government has an emphasis on sector-based and landscape approaches to conservation, the project is well positioned to contribute to governmental plans. For example, the Ministry of the Environment in El Salvador is emphasizing sector-based approaches compatible with this project. On the other hand, where government’s conservation plans are focused on protected areas, the project will need to work to determine how it might focus its efforts to contribute to the government’s priorities, such as focusing its efforts on buffer zones where coffee is an opportunity for, or threat to, protected area management.

92. Since inception, the project has needed to adapt to changing political environment. For example, El Salvador, Peru and Colombia, the project is operating in a political environment characterized by a regionalization, or decentralization, of governmental authority. In these countries, the project has come to recognize that its relationships with local authorities are growing in importance as their role in political decision-making increases.

93. The project was originally seen as contributing to national plans and policies for small, medium and microenterprises. This is likely to become of increasing importance in the second half of the project, if, as is expected, the project comes to work increasingly with more difficult farmers for whom access to finance and business services are more limiting factors than for the 'low hanging fruit' who have dominated the beneficiary population to date (see paragraph 270).

94. The project is also in a position to contribute to the sector policies and initiatives that have recently emerged in response to high coffee prices and/or low coffee productivity. In Colombia, Peru and El Salvador, there are emerging initiatives to promote the renovation (i.e., replanting) of coffee farms. This emerging sector priority corresponds with the project's emphasis on promoting crop health and productivity to improve economic sustainability. In El Salvador, for example, the project is in an excellent position to assist the coffee sector in developing both outreach and verification mechanisms to promote and monitor investments in replacing mature plants with high quality seedlings. As Peru is also considering promoting renovation on a national scale, which could provide a similar entry point for greater sector involvement on an operational level. This type of collaboration is seen as critical to achieving local ownership of the project in the remaining years.

4.1.3. Stakeholder participation

Rating: this issue is rated as "Satisfactory" for the following reasons:

- There was extensive consultation during the project design phase
- There was little evidence of genuine participation in fundamental aspects of project design or of provisions for genuine participation during the implementation phase.

95. Box 3 shows how stakeholder participation during the project design phase was reported in the ProDoc.

Box 3. Report on stakeholder consultation presented in the ProDoc

The executing agencies of this project have conducted regular meetings with government representatives from several ministries, state and municipalities, producers, cooperatives, coffee associations, private sector partners, NGO's and representatives of other initiatives to present the project and get feedback and involvement from these stakeholders.

During the course of the project planning phase, the local NGO partners have worked with the Project Coordination Unit to deepen these relationships as they pertain to the coffee sector in each country, and to explore the scope for collaboration with existing and planned coffee-related activities, while seeking to avoid any duplication of effort.

Summary of consultations and stakeholder participation during PDF-B project preparation

Consultations with coffee companies:

As part of the PDF B planning process, more than 20 potential certified coffee buyers and 50

current buyers in the United States, Canada, UK, Europe, Japan and Australia were interviewed either by telephone or during one-on-one interviews. Companies were surveyed about their motivation to buy certified sustainable coffee, how they market their certified products, and how the project could best help them in this effort, key origins for certified coffee purchases, and growth projections for certified coffee. The results were compiled in a summary market assessment outlining key strategies for engaging the market and achieving coffee sales growth objectives. From this a list of target partners who best meet the priority profile was developed for each geographic region. Direct conversations were held with the target partners to determine interest and commitment, and a final group of twelve companies agreed to formal partnerships with the project.

Consultation with Policy and Civil Society Organizations:

As identified in the table below, there are a number of policy and civil society organizations that have been identified for their ability to support project objectives. During the PDF-B implementation staff presented the project to the majority of these organizations and discussed collaboration opportunities.

Consultation with national governments:

At the initiation of the PDF B process, project staff traveled to each country to present the proposed intervention to government environment ministries and receive feedback. Local members of the Sustainable Agriculture Network participated in each meeting, providing the opportunity to build or strengthen the relationship between these local actors.

Consultation with national coffee organizations

During the initial field visits to meet with government ministries, meetings were also held with local coffee organizations. Further follow up meetings were held between the local associations and the local SAN partner to discuss the project.

96. It is clear from this summary, prepared by the project design team itself, that there was considerable variation among the different stakeholder groups in terms of the degree to which they had the opportunity to participate actively and genuinely in the design of the project. The most that these consultation processes appear to have allowed was to obtain feedback and suggestions on a proposal that had already been substantially formulated. To a certain degree this situation is a function of the nature of the GEF project design process (both then and now), which requires an initial concept to be developed without making any funds available for facilitating genuine participation, and in practice permits little fundamental difference between the originally presented concept document and the eventually submitted ProDoc.

4.1.4. Replication approach

97. The ProDoc (paragraphs 386-390) suggested that the impacts and experiences of the project would be potentially replicable as follows:

- Coffee certification will be replicated throughout the eight Project Coffee Regions, as well as in future target countries for certification in Africa and Asia, and more broadly within the coffee community as best farm management practices.
- Lessons learned in this project regarding certification are potentially replicable for other crops which are currently being certified with RA, including bananas, cacao, pineapple, citrus, and ferns.
- Experiences on how best to achieve social and environmental impact sustainability standards can be replicated throughout the industry, such as in Starbucks' C.A.F.E. practices, the EurepGAP standards and the Common Code for the Coffee Community.

98. The strategies for promoting replication, proposed in the ProDoc (paragraph 391-394) were as follows:

- Active identification of lessons learned and knowledge generated through its rigorous monitoring and adaptive management program.
- Distilled lessons would be made available to the general public as well as within agricultural sectors, and conservation community, through thematic publications, white papers, and to a broader audience through the electronic and printed press.
- Lessons would be disseminated to targeted audiences at trade shows and specialized conferences. Two larger workshops were to be held during the project's lifetime for conservation community, government representatives and donors on how to apply market-driven solutions to sustainability problems.
- RA's public website has a coffee section which would be continuously expanded so interested actors can easily access information on sustainability, biodiversity protection in productive landscapes, Best Management Practices on farms etcetera.
- Project information would be disseminated and reports made available for download via the Eco-Index bilingual conservation almanac (www.eco-index.org)

4.1.5. Sustainability strategy

99. **Commercial sustainability** was a core consideration in the design of the project. According to the ProDoc (paragraph 379), "The project is designed so that it will help the certification system to grow beyond a niche initiative, and reach a "tipping point" where the program is so well-known and appreciated that it will continue to grow without external donor financing". This approach is conceptually solid and based on the experiences of RA with timber certification. What remains to be proven is precisely where this tipping point lies. The key end-of-project targets included in the logframe were that 10% of the area of world coffee production would be under sustainable management on certified farms, and 10% of total export market would be certified, but in reality it was no more than a pragmatic guess that these represented the levels at which commercial sustainability (the tipping point) would be achieved, as there are major differences between the ways in which the markets for coffee and for timber work.

100. The ProDoc also made adequate provision for **institutional sustainability**, through the establishment of partnerships and training mechanisms for local TA providers (including those supported by private sector exporters and roasters), and a gradual progression towards cost recovery by the end of the project. Another feature of design that was favourable for institutional sustainability (but not explicitly presented as such) was the use of SAN partners for the execution of project activities in partner countries. This increased the probability of sustained national ownership of the certification model, and the sustainability of national capacities for supporting farmers and the certification system in the long term.

101. **Financial sustainability** is linked to the above two issues: the project design assumed reasonably that, as coffee certification became "mainstream" at both demand and supply ends of the value chain, private sector actors (exporters and roasters) would increasingly finance the support that farmers need to enable them to achieve and maintain certification, as a cost of doing business, in order to guarantee the continuity of the quantity and quality of their supplies of certified coffee. At the same time, producers would also increasingly come to cover the costs of their technical support, in order to maintain their access to favourable markets for certified coffee. In reflection of this, the project budget was designed to decrease progressively from the beginning to the end of the project (see Figure 2).

102. **Environmental and social sustainability** are also fundamental to the concept of the project, based as it is on creating conditions which will lead farmers to commit to the principles for

environmental and social sustainability contained within the SAN Standard for Sustainable Agriculture.

4.1.6 Collaboration with other initiatives

103. The ProDoc proposed that the project would make an effort to share information and lessons learned with a number of GEF projects that work in conservation, or with coffee production, and to learn from the experiences generated in these other projects.

104. The projects with which it was proposed that the BCC project would formalize such collaboration were the following:

- The UNDP/GEF project “*Central American Markets for Biodiversity (CAMBio)*”, executed by the Central American Bank for Economic Integration, CABEL.
- The regional project “*Establishment of a Programme for the Consolidation of the Mesoamerican Biological Corridor*”, which was due to end by the end of 2006
- The UNDP/GEF project “*Biodiversity Conservation and Sustainable Land Use for the Benefit of the People in Three Coffee Producing Areas in Colombia.*” (GEF ID 3590)
- The UNDP/GEF project “*Biodiversity Conservation in the Productive Landscape of the Venezuelan Andes.*”
- The World Bank implemented regional Central American project “*Integrated Ecosystem Management in Indigenous Communities*”.

105. Coordination with these projects would indeed have been useful given their relevance and their potential to complement the BCC project thematically. The actual nature of collaboration was only proposed in general terms, however: it consisted largely of the interchange of lessons learnt, but there was little provision for formalized coordination mechanisms. The most concrete proposal was that the project would take advantage of the role of UNDP as Implementing Agency, so that “The country offices [would] will assist the project in ensuring synergic relationships between interventions of this project and other projects and initiatives that promote economic sustainability of agricultural producers and strengthening of SMEs. This includes facilitating coordination with projects of the World Bank, IDB and others”. This proposal was very sound, however as discussed in Section 4.2 this coordination with Country Offices did not transpire as foreseen.

4.1.7. Comparative advantage of UNDP

106. Although not explicitly explained in the ProDoc, the choice of UNDP as Implementing Agency was fully justified, given its institutional competitive advantage in relation to human and institutional capacity development, and its wide geographical presence. UNDP has office in each of the six target countries (and, in the case of Peru, regional offices in some of the areas where the project works) and also implements a wide range of projects funded by diverse donors in the target countries, many of which are related to rural development and the sustainable management of natural resources.

Table 1. Key characteristics of target countries

Aspect/Issue	Brazil	Colombia	El Salvador	Guatemala	Honduras	Peru
Growing conditions						
Soils	Typically old soils with low fertility, making organic production difficult	Typically new soils with volcanic inputs and relatively high fertility, making organic production possible				
Altitude	Low altitude	Typically middle-high altitudes				
Topography	Large areas of flat land in Cerrado area, that permits mechanisation and reduces sensitivity to labour availability and cost	Steep topography impedes mechanisation and access				
Climate	Mediterranean to semi-arid (cool with low and highly seasonal rainfall) – allows natural processing, requires irrigation in driest areas, some frost risk, natural vegetation is low stature	Cool (not extreme), humid with limited seasonality of rainfall – good coffee growing conditions, natural vegetation is montane and premontane forest with high stature (structurally similar to shade coffee plantations)				
Magnitude of coffee sector (Crop Year 2010/11)						
Production (millions of 60 kg bags per year)	55.7	9	1.5	4.0	3.8	4.0
% of world production	39.6%	6.4%	1.1%	2.9%	2.7%	2.9%
% of production of target countries	71.4%	11.6%	1.9%	5.2%	4.9%	5.2%
Area in coffee cultivation (ha)	2,409,000	780,000	178,000	272,000	270,000	328,000
% of area in coffee in target countries	56.9%	11.4%	4.2%	6.4%	6.4%	7.7%
Characteristics of coffee sector and production systems						
Processing systems	Mostly “natural” (sun dried with pulp on) – increases “body” (sugars) and avoids problems of water use and contamination	Wet milling, with associated problems of water usage and wastewater disposal leading to stream contamination				

Aspect/Issue	Brazil	Colombia	El Salvador	Guatemala	Honduras	Peru
Coffee species	Arabica (76%), Robusta (24%)	Arabica				
% of production that is exported	57.5% (the only target country with a significant domestic market)	97.2%	96.9%	96.3%	94.7%	97.5%
Growth in production 2005/06-2010/11 (million 60kg bags)	19.20 (accounted for 84% of overall global growth)	-2.95	0.09	0.30	0.60	1.58
Growth in production 2005/6-2010/11 (%)	53% (global growth rate was 20%)	-25%	6%	8%	19%	65% (highest growth rate of target countries)
Influence of national coffee organizations	Limited	High	Limited	Moderate	Limited	Limited
Status of coffee certification						
2010 RAC area (ha)	73,464	66,035	18,700	28,610	8,000	86,059
2013 RAC area projection (ha)	192,744	105,000	30,600	35,360	17,000	124,136
% of total area	38.2%	20.8%	6.1%	7.0%	3.4%	24.6%
% growth 2010-2013	162.4%	59.0%	63.6%	23.6%	112.5%	44.2%
shade coffee area as a % of certified farms	0% (all coffee is full sun)	48.7%	85.7%	55.4%	62.0%	35.0%
conservation area as a % of certified farms	30.1%	12.6%	7.7%	34.7%	31.1%	41.1%
shade coffee + conservation area as a % of certified farms	30.1% (coffee area is “sun coffee”)	61.3%	93.4%	90.1%	93.1%	76.1%

4.2 Project Implementation

4.2.1. Implementation Approach

107. This sub-section examines (independent from the issue of whether the project was well designed or not, or the degree to which it has actually achieved its targets), the question of how well the project has been implemented, in terms of the relevance and effectiveness of the resources and mechanisms that have been applied.

Rating: this issue is rated as “Satisfactory” for the following reasons:

- Adaptive management has been largely ad hoc (i.e. has not responded to formalized plans or mechanisms) but effective.
- These arrangements have in general worked well to date, however given their ad hoc nature there is no guarantee that they will continue to do so as RA grows and if there are staff changes.

i) Project structure

108. The management structure of the project is shown in the organigram presented in Annex 4. In practical terms, it consists of the following main elements:

- **Project Director** (Edward Millard).
- **BCC coordination team:** the two individuals with main responsibility for the strategic orientation and oversight of the project are the Project Manager (Leif Pedersen) and the Technical Manager Latin America (Michelle Deugd).
- **Other BCC team members in the project HQ in Costa Rica**, namely the Technical Services Specialist, Latin America (Sandy Vargas), the Technical Capacity Manager (Reiko Enomoto), the Project Administrator (Gabriela Sanabria) and the Sustainable Coffee Associate (Mayela Bonilla).
- **BCC members or contributors *within* RA, based physically outside of the Costa Rica HQ**, namely the Agriculture, Evaluation and Research, Sustainable Value Chains, Traceability and SAAS team, in Guatemala, USA and Europe.
- **BCC members or contributors *outside* of RA**, namely the Standards and Policy and Sustainable Farm Certification teams.
- **Country Coordinators** in target countries.

109. The management structure of the project is notable in that it is deeply imbedded within the structure of RA. This is a very positive arrangement in terms of institutional ownership and commitment, and the ability of the project to take advantage of the strong technical capacities of existing staff members throughout the structure of RA. The structure is also very non-hierarchical: for example, four of the six outcomes of the project are executed by divisions of RA that are located at higher levels in the organizational structure than the Project Coordinator, who is ultimately responsible for ensuring the achievement of all of the project’s outcomes. The only actors in the structure that have formalized hierarchical responsibilities to report to the Project Manager are the other members of the Sustainable Landscapes division (within which the Project Manager is located) and the Country Coordinators. Another notable feature is the wide geographical coverage of the structure: the Project Manager is based in Costa Rica, while other elements of the structure are located in Guatemala, USA and Europe, in addition to the Country Coordinators who are based in the 6 target countries throughout Latin America.

Table 2. Responsibilities for components

Outcome/component	Responsible actor	Relation to RA
Overall coordination	Sustainable Landscapes	RA level 4
Outcome 1: Demand for biodiversity-friendly coffee on international coffee markets has increased	Sustainable Value Chains	RA level 3
Outcome 2: Consumer interest to purchase certified coffee increased	Communications	RA level 2
Outcome 3: National capacities to certify all sizes of coffee farms in biologically rich production landscapes has increased	Sustainable Landscapes	RA level 4
	National SAN partners	External
Output 3.3: Capacity has been built to manage growth in certification	Previously Sustainable Farm Certification	External
	Previously SAAS	RA level 4
	Now Traceability	RA level 4
Outcome 4: Economic sustainability of certified coffee farms has increased	Sustainable Landscapes	RA level 4
	National SAN partners	External
Outcome 5: Increased capacity to engage policy makers in coffee-producing and consuming countries in promoting sustainable coffee practices and to monitor and respond to policy initiatives/threats to sustainable coffee	Agriculture	RA level 3
Outcome 6: Increased learning and adaptive management (research projects)	Evaluation and Research	RA level 3
	Standards and Policy department of SAN	External

ii) Management effectiveness

110. Despite the challenges that this structure might be expected to pose, it appears to work well at most level, as shown for example by the impacts generated on the demand side. There are several reasons for this. Foremost among these is the fact that the project is intimately embedded into RA: this means that most of those involved are existing RA staffers, and so operate within the organization's existing framework of communication, reporting and planning rather than having to rely solely on a system developed specifically for the project. In addition, the fact that RA is a relatively small organization undoubtedly permits good interpersonal communication at an informal level, which is facilitated by the effective use of electronic communication (email and Skype).

111. The role of the Project Director again reflects the institutional culture of RA. Although the Project Coordinator reports to the Project Director, the former has a considerable degree of autonomy and the involvement of the latter is largely in the form of strategic guidance, rather than administrative aspects or operational micro-management. More important strategic decisions may be taken at higher levels in the RA structure: the Project Steering Committee (which to date has met twice yearly) also plays an important role in this regard.

112. The wide geographical coverage of the project has posed significant challenges, in the light of the limited amount of GEF-funded PIU staff time available for oversight of operations in the target countries. Since her appointment in May 2008, the Technical Manager for Latin America (Michelle Deugd) has made 17 visits of between 5 and 9 days each to the target countries, or an average of around 3 visits per country, despite being dedicated only around half-time to the project (60% in 2008 and 43% in 2010). Between the BCC project and the other projects for

which she is responsible, the Technical Manager LA currently spends around 40% of her time traveling, which is probably the maximum that is practically feasible.

113. The approach to management oversight has had to be adapted to the conditions of each country. Of particular note is the case of Honduras, where the political crisis of 2009 meant that the team was denied travel authorization to carry out further visits in that year, following an initial familiarization visit in February. To compensate this, during that period the team had frequent contact and telephone meetings with exporters and the CC, as an alternative to the visits. Despite these efforts, no positive reaction or learning curve were evident in the CC and the national SAN Partner ICADE did not suggest any change in the CC; as a consequence the team decided to stop investment in the country until a regional commercial coordinator could be contracted. This has been particularly significant as this is the country where least progress has been made in terms of certified area.

iii) Use of electronic information technologies

114. The project has made extensive use of electronic information technologies. In addition to standard email, the project team utilizes Voice Over Internet Protocol (VOIP) programs, such as Skype, for their telecommunications. The project has also established a web-based traceability system for monitoring RAC coffee from origin to final product. Moreover, the project has supported the development of an internet resource center for coffee companies that includes videos, photos, sample text, and other materials for use in developing and promoting RA certified products.

115. On the supply-side, the project originally envisioned using the information contained within the certification database to monitor many of its indicators. This database, managed by the Secretariat of the Sustainable Agriculture Network (SAN), contains both the results of farm visits and measurements critical parameters, such as the on-farm area in forest or natural vegetation, length of waterways crossing certified farms, etc. Unfortunately, as discussed in paragraphs 132-133, the project's use of this database has been limited due to a number of factors. As a result, the BCC project has not been able to measure key indicators, nor utilize the database to document its performance and impact. Moreover, market partners are not provided with important measures of the benefits and impacts of their coffee purchases.

iv) Relations between institutions

116. An issue related to that described in paragraph 112 is the apparently limited degree of regular interaction that central office staff have had with institutional actors in the target countries. The project management staff has taken limited advantage of the opportunity to pay calls to national institutional stakeholders during their visits to the target producing countries. Aside from the initial consultation meetings around the start of the project, there has been little formalized, high-level contact between BCC project managers and their counterparts in local stakeholder institutions. This is an area that the project management team is committed to improving in the coming years by developing more regular consultative mechanisms and including formalized stakeholder meetings during their visits to the target producing countries.

117. The Country Coordinators have been reaching out to national coffee organizations, private sector actors (e.g., exporters), and governmental agencies, but the degree to which these relationships have resulted in their participation on an operational level varies greatly from institution to institution. The participation by exporters and cooperatives has provided an important mechanism for training farmers and organizing RA certified supply chains. Formalized collaboration with the Colombian National Coffee Federation has resulted in significant technical assistance support to farmers in several regions in the country. Elsewhere, discussions with

national coffee organizations are at various stages of development and promise to provide important support for expanding the project's impact at a national level.

118. In general, the project will need to focus more on developing formalized⁸ relationships with key actors in the target producing countries in order to sustain its activities beyond the remaining life of the project.

v) *Coordination and collaboration with related initiatives*

119. The three current GEF projects with which collaboration would have been productive during the first half of the project are the following:

- The UNDP/GEF project "*Central American Markets for Biodiversity (CAMBio)*", executed by the Central American Bank for Economic Integration, CABEL.
- The UNDP/GEF project "*Biodiversity Conservation and Sustainable Land Use for the Benefit of the People in Three Coffee Producing Areas in Colombia.*" (GEF ID 3590). This project began approximately nine months ago.
- The UNDP/GEF project "*Biodiversity Conservation in the Productive Landscape of the Venezuelan Andes.*"

120. There has been considerable communication with the CAMBio project regarding farmer financing; this has been through person-to-person interaction rather than any formal structure, and has been facilitated by the fact that the same RTA (Andrew Bovarnick) was involved in the design of, and currently oversees, both projects. The RTA considers that limited degree of progress to date on this issue is due to other factors than coordination (see paragraph 299).

121. There has been little communication or coordination to date with either the Colombia or the Venezuela single-country coffee projects, despite the potential that exists for the BCC project to contribute to the environmental and social goals of those two projects, and for the projects to act as channels for bulking up BCC certification. The BCC Project Manager argues that his work overload has been a barrier to the establishment of formalized coordination mechanisms, and that neither of the country projects has taken the initiative to establish communication. It is significant that these three projects (BCC and the two country projects) fall under the responsibility of three different RTAs in the regional office of UNDP in Panama.

122. The RTA responsible for the Colombia project (Santiago Carrizosa) reports that he and the RTA responsible for the BCC project (Andrew Bovarnick) have both asked the managers of the two projects to establish coordination, but there has been no communication since the Colombia project started (the BCC manager did contact the UNDP Country Office in Colombia prior to the startup of the Colombia project but received little response as the CO Environmental Officer had only just been joined the CO).

vi) *Technical capacities*

123. The team involved in the implementation of the project (see paragraph 108 and Annex 4) brings together a wide range of technical capacities, and this has been one of the major factors that explain the advances made by the project to date, presented in Section 4.3. The capacities among the team in relation to key areas of relevance to the project are as follows:

- *Market development*: these capacities are concentrated in the Sustainable Value Chain team, but it is evident that is also an area of strength and interest of the Project Manager. There are

⁸ Throughout this document, the term "formalized" is used to refer to mechanisms and strategies that are based on previously defined analyses and plans. Such formalization is considered to be crucial in order to ensure consistency and institutional sustainability.

also significant levels of capacity in this sphere among the Country Coordinators, however this varies widely between countries: it is a particular area of specialty of the Brazil CC, for example, the Peru and El Salvador CCs work well on both supply and market issues, and by contrast the Honduras CC has shown to have limited capacities to address market issues.

- *Technical assistance, agronomy, natural resource management and certification services:* strong capacities on these ‘supply-side’ issues are evident in numerous parts of the project structure, most notably in the Sustainable Landscapes team and the Standards and Policy section of SAN, as well as among the SAN partners at national level. Again, however, capacities in these issues vary among the SAN partner teams.
- *Policy:* there are strong capacities in this area in the consultant who has been engaged in policy lobbying in Europe, but otherwise this appears to be a significant area of weakness of the project. This is shown, for example, by the fact that the policy working groups that it was originally intended to set up in each of the target countries failed to materialize.
- *Finance:* there is no specific capacity in the team to propose or implement strategies for facilitating the provision of financial support to producers, to help them meet the costs of becoming certified. The main area of capacity in this area, to which the project has access, is the Environmental Economist in UNDP (Andrew Bovarnick).
- *Communications:* there are strong capacity in Rainforest Alliance in North America, and in Europe, the project built additional capacity in the form of four part-time consultants who work with coffee companies on communicating about RA certified products.
- *Gender and other social issues:* none of the team members appear to have specific qualifications in these issues, although they may have general knowledge gained in the course of their work in rural development and natural resource management.
- *Scientific capacity:* on the admission of the project team itself, when the project started up RA had virtually no capacity to carry out scientific analyses or to provide solid scientific support to the organization’s activities. This situation has changed significantly with the recent appointment of very capable and visionary personnel within the Evaluation and Research division of RA, who are now actively involved in supporting the development of solid strategies for research and M&E at the levels of both the organization as a whole and its projects.
- *Monitoring and evaluation:* this is a major area of weakness in the project team: explainable by the fact that the learning manager proposed in the ProDoc (paragraphs 430 and 530-1) was never appointed.

124. Some of the above capacities have in fact been developed as a result of the project and are of significance not only to the ability of the project to achieve its objective, but as lasting impacts of the project in terms of the ability of RA and its partners to continue to support certification in the long term.

4.2.2. Monitoring and evaluation

Rating: this issue is rated as “Moderately Unsatisfactory” for the following reasons:

- Few of the indicators proposed in the logframe were measured in practice.
- There was little attempt to develop alternative indicator to substitute or complement those that did not work.
- The research studies on which most of the M&E budget has been spent have little utility in guiding project-wide management decisions.

Monitoring and Evaluation instruments

125. The main instrument for monitoring and evaluation, from the point of view of UNDP and GEF, continues to be the Logframe, which, according to the ProDoc, was to be complemented by Project Objectives Monitoring Plan 2006-2013 and biodiversity monitoring strategies in each of the target countries (see paragraph 65).

126. Subsequently, a complementary M&E Framework has been developed for the project (see Annex 5) with support from the Evaluation and Research section of RA. This was designed to operate at *landscape level*, with the aim of determining how certification affects forest conservation and connectivity, and *farm level*, with the aim of linking certification standards and on-farm improvements and of determining the aggregate effects of certification in study areas. The framework focused only on biodiversity and social factors in producer countries, as summarized in Box 4

Box 4. Variable to be monitored according to the M&E Framework

Biodiversity:

- Historical and current rates of conversion of shade coffee to other land uses or to full sun coffee production.
- Effectiveness of RA shade requirements for promoting avian dispersal corridors (in El Salvador) and for travel corridors for threatened mammals (in Colombia)
- Differences between stream biodiversity and water quality between certified and non-certified farms in Colombia
- Implications of reduced agrochemical use for soil health and fauna (Colombia and El Salvador)
- Annual trends in areas under strict reserves, in length of streams and water bodies protected, and in volumes of water consumed and waste waters treated.

Social and economic conditions

- Differences in quality of life of workers between certified and non-certified farms (El Salvador or Guatemala)
- Differences in productivity, quality, price premiums and production costs between certified and non-certified farms (Honduras and/or Colombia)
- Differences in economic conditions between certified and non-certified producers (Colombia or Peru)
- Annual trends in workers' access to potable water, wage levels, accidents, proportion of certified production sold to certified buyers and quantities of hazardous chemicals used.

127. The inclusion of scientific research studies in the M&E Framework, in addition to more conventional repeated monitoring exercises, was in theory a positive innovation as it had the potential to test the key assumptions on which project design was based (see paragraphs 39-45). On the other hand, the fact that none of the studies were carried out in more than two of the project's six target countries calls into question the extent of the geographical area over which it can be assumed that their results are applicable.

128. The two key elements of the M&E Framework had the potential to contribute in different ways to adaptive management: by examining the validity of key assumptions, the research studies had the potential to guide longer-term decisions at a more programmatic level regarding the value of coffee management and certification as tools for conservation, whereas the proposed annual monitoring events had the potential to inform and orient project strategies over a more immediate timescale. The degree to which the M&E plan was implemented is reviewed below.

Measurement of indicators in practice

129. As discussed below, the only data that have been systematically generated in all project countries are the numbers of hectares certified, the volumes of certified coffee that are traded, the numbers of people that participate in capacity development and other events organized by the project (but see paragraph 265 for reservations regarding the utility of these data), and the levels of execution of GEF project funds.

130. With regard to socioeconomic impacts, the only information that has been gathered by the project to date in all of the project countries has been the largely anecdotal and *ad hoc* indications of price premiums received by producers: prior to the cost-benefit questionnaire that is currently being piloted, there has been no attempt to examine cost issue, and as a result there has been no analysis of the broader implications of certification for family economies and livelihoods, or of the distribution of benefits between different social strata or genders.

131. A certain amount of information is in addition collected and managed by the cooperatives with which the project works, and in some cases this is shared directly with the project. In Peru, this information is collected by the Country Coordinator and used for monitoring, however it is not fed into the M&E systems of either the BCC project as a whole or the certification system as a whole, largely because it is incomplete in coverage and inconsistent in content. For example, one Peruvian cooperative gathers data on social parameters such as the housing conditions of its members; however these are not as yet used by the Country Coordinator, the BCC project or the certification system as a whole to monitor the social impacts of certification.

132. There is in fact a large amount of data gathered which has potential to support the monitoring and documentation of the impacts of certification on biodiversity and socioeconomic conditions, in the form of the certification and annual audit reports that are generated routinely for all certified farms by auditing bodies such as SFC, and which cover a wide range of variables related to each of the 10 SAN principles, including management practices and land use breakdowns within certified farms. In Brazil, farm level statistics in the audit reports regarding land use breakdowns are freely exchanged between the auditing and technical assistance arms of IMAFLORA (other information, such as forms of incompliance with SAN norms, are treated as confidential). Similar sharing of the aggregated data is occurring in El Salvador, where the audit division (SalvaCERT) has a productive working relationship with the TA division (SalvaASIST).

133. Apart from this internal sharing within individual SAN partners, little or no advantage is taken of the potential that exists for these reports to act as tools for monitoring trends in biodiversity status or other parameters, and thereby to support adaptive management at project or system levels. One of the main reasons for this situation is the existence of an institutional culture within the SAN and its members that places an unwarranted level of emphasis on the avoidance of perceived conflicts of interests between certification and technical support, whereas in reality the sharing of most audit data, especially if aggregated and without reference to individual named farms, would generate no such conflicts. Another hindrance is the fact that audit data, for example on the condition of vegetation in different land units on the farm, are not reported in the audit reports in a harmonized manner that would allow them to be aggregated or compared. Unfortunately, the project has not been able to secure a formal agreement to obtain aggregated data with all the SAN members in the target countries, or globally from the SAN secretariat, despite the large investment it has made in the SAN and its activities to date.

134. The degree to which each of the indicators proposed in the Logframe have been measured in practice is discussed below.

1) Objective level indicators

Growth in certified area

135. The indicator that was most consistently measured, reported on and used in adaptive management was *Indicator O1: “Growth in habitat area under sustainable management on certified farms”*.

136. Data on this indicator have been managed and presented in three different instruments: the PIRs, the Country Strategies (up to 2008) and SFC records. SFC data are the most official of these three sources, however probably significantly underestimate the areas under certification as they only register farms or groups for which proof of the final payment for certification has been sent to SFC. The project team estimates that around 40,000ha may have achieved certification in practice but not yet satisfied this final requirement, and so do not appear in SFC records.

137. In practice, this indicator has come to dominate decision-making in the project. In Peru, for example, it motivated a change from a limited geographical focus on areas considered to be of particularly high biodiversity value to a nationwide approach, which was considered by the team to be the best way to maximize both market and biodiversity impacts. In Brazil, it motivated an increased degree of emphasis on larger cooperatives. In El Salvador, a similar expansion in focus was also adopted to meet the project’s certified area and volume targets.

Biodiversity impacts

138. In practice, there has been no systematic or consistent monitoring of the biodiversity impacts of the project. The keystone species referred to in *Indicator O2 (“increased populations of keystone species on certified farms show BD conservation benefits”)* were never defined and no formalized baseline studies were carried out in any of the target countries.

139. Instead of carrying out more conventional periodic monitoring, of between-year trends in biodiversity status (or proxy variables) in the target countries, the decision was taken to carry out one-off studies comparing the biodiversity status of certified and non-certified farms. Two studies were carried out in Colombia and El Salvador with GEF funding, and another study was carried out in Brazil on the initiative of the local SAN partner but without GEF funding.

140. These studies are of limited potential utility as aids to adaptive management. They do not reveal the specific impact of the project in comparison to the without project scenario (under which certification was also being carried out and improved management practices being implemented), due to the fact that they were carried out on a one-off basis early on in the project. Neither were they designed to distinguish between the implications of different management practices (such as reductions in the use of agricultural chemicals or improved management of residues from wet milling) for biodiversity status, which might have informed the project regarding the management practices on which emphasis should be placed in the certification criteria and technical assistance processes in order to maximize BD impacts (it should be recognized that it would probably anyway have been very difficult to identify such causal relationships reliably).

141. As they do not constitute monitoring tools per se for the project, further discussion of these studies and their results is left to the review of the project’s impacts under Outcome 6 (Increased learning and adaptive management) under section 4.3 below.

2) Indicators for Outcomes 1 and 2: Growth in demand for certified coffee

142. *Indicator 1.1-Volume of certified coffee sold.* The usefulness of this indicator is that it provided the project with a clear success measure for the market demand for RAC coffee. It was also reliably measured since the data was obtained from the traceability system the project built to track coffee from producer to buyer. As with many new systems, the traceability system experienced some software problems, as well as a period of learning during which market

partners were trained to operate the system. This resulted in some initial data problems, which the project subsequently adjusted.

143. This indicator was used quite heavily by the project in that it drove both the overall strategy and prioritization of project activities. As mentioned earlier, this indicator became an essential data point for not only how the project planned its activities and evaluated the success of its supply-side work, but also provide a critical source of data for market development work.

144. *Indicator 1.2 – Number of roasters of varying sizes buying certified coffee.* This indicator could have been useful in determining how successful the project was at tailoring its activities to target different types of coffee company. This indicator was regularly measured by using the information provided by companies registering on RA's marketplace software platform. The challenge with this indicator was that it was based on self-reporting by companies, which meant that it was better at capturing larger size companies (A, B and C), but far less accurate when it comes to smaller roasters (D&E) who tended not to register themselves in the system. As a result it is not possible to generate a total number for either roasters or buyers. The proportion of the total numbers of roasters and outlets purchasing and selling RAC coffee might have been a valid complementary measure of closeness to the demand side "tipping point", however it is clear that success depends mostly on a small number of major global brands.

145. This indicator was useful in targeting companies, but not as much as perhaps originally thought as the team found it more effective to focus its limited time and resources on those companies where they had an entry point, or expression of interest, rather than specifically targeting companies based on their market segment. This opportunity driven approach made sense given the approach to identifying potential companies, at trade shows and industry events, and approaching them through presentations and discussions with key individuals, or decision makers. Moreover, the limited capacity of the sustainable supply chain team, and the amount of work and time required to cultivate a new client, resulted in the project shifting its focus on getting major and mid-sized market players to make public commitments to offer RAC coffee. These public announcements, combined with the growing presence of RA certified products in key markets and channels, resulted in other companies approaching RA, thus allowing the team to dedicate its new client development activities on those companies who already had a significant level of interest. This indicator did prove useful as a progress indicator, allowing for an on-going analysis of the supply and demand balance.

146. *Indicator 1.3 - Number of outlets selling biodiversity-friendly, RAC coffee.* This indicator was functionally measured as "Number of retailers of varying sizes offering RAC coffee. This indicator proved nearly impossible to track as the companies themselves had trouble capturing the exact number of outlets carrying their products due to the complexity and dynamic nature of their distribution channels. Nor was the tracking tool, Marketplace, provided an incomplete data set, especially of the smaller categories of retailers. Therefore, this indicator was not measured, nor utilized, with good reason as it is unclear if it provides information not captured by indicator 2.1

147. *Indicator 2.1 - Consumers in key markets increasingly recognize the seal.* This indicator could have been very useful to measuring the effectiveness of the project's efforts to increase consumer awareness of RAC coffee. In practice, there have been considerable difficulties with the monitoring of levels of consumer recognition of the RA seal. The baseline study proposed in the logframe was never carried out, and while the project was able to present in the PIRs data on consumer recognition have been from 5 different industry sources. However, these studies were designed for other the companies own purposes, such as to determine the potential of specific RAC coffee products in particular markets, rather than a measure of project effectiveness. As a result, only in two of these cases have measurements been repeated between years. In addition, the data on levels of seal recognition are not related to the length of time since

the introduction of certified products on the market in question, as proposed in the target (“Within five years after introduction of certified products on a market, 20% of coffee consumers will recognize the seal”).

3) Indicators for Outcome 3 and 4: Supply side capacities

148. *Indicator 3.1 (number of auditors)* has proven to date to be a relevant and easily quantifiable measure of certification capacity, however the project team considers that it should not continue to be used as a measure of project success during the remaining period given that growth in auditor numbers is no longer under the direct control of the project.

149. Although relevant, *Indicator 3.2 (RAC has obtained ISO 65 accreditation)* has proven to be an incomplete measure of project success in building the institutional framework for supporting certification and auditing: as explained in paragraph 261, it has failed to indicate the major changes that have been achieved in institutional restructuring prior to the expected ISO65 certification. An additional, complementary indicator of institutional conditions is therefore required.

150. No baseline study was carried out of satisfaction levels (*Indicator 3.3 - Increase in satisfaction levels with RAC among farmers who are audited for the first time*) at the start of the project. The 2010 PIR reports that “all inspection organizations under the certifier (Sustainable Farm Certification, Inc.) have done client satisfaction surveys as a part of the quality monitoring done by SFC. The data covers 2008 and represents baseline data”. The PIR also states that “As the Sustainable Agriculture Network evolves into a standard-setting body with accredited certifiers, the system will need an institutionalized quality control mechanism, not a project-based survey”. While the observation regarding the need for an institutionalized system is correct, it is not clear why the data on satisfaction, which the PIR says have been collected by inspection organizations, are not reported in the PIR as a measure of success that is attributable, at least in part, to the project.

151. In the logframe matrix, it was proposed that benchmark studies would track a representative group of farmers in order to monitor the price premiums achieved from certified coffee (*Indicator 4.1*). In practice, no baseline studies or consistent monitoring have been carried out regarding this variable. Project staff justify this on two grounds: firstly, that coffee prices for certified and non-certified coffee vary so widely with time, and in response to so many different factors, that it would be difficult to detect a consistent difference with any degree of confidence; and secondly, that some producers do not make public the prices that they receive for their coffee, for reasons of commercial confidentiality (this issue is recognized in the risks and assumptions column of the logframe matrix⁹). It is, however, debatable whether these two issues could not have been overcome if adequate attention had been paid to designing an effective sampling and monitoring system.

152. The project is in the process of piloting a questionnaire to gather information on the costs and benefits of certification, and it is hoped that this will help give a clearer picture of the overall economic benefits of certification, rather than solely the price premiums on which Indicator 4.1 currently focuses.

4) Indicators for Outcome 5: Policy environment

⁹ This was not the correct place to refer to this issue: the risks and assumptions column refers to risks that may affect the achievement of the targets, not the facility of measurement of the indicator.

153. *Indicator 5.1 (Number of policy initiatives/threats addressed in major coffee producing and coffee consuming countries; extent of success in addressing these (high, medium, low):* This indicator might have been useful if specific policy initiatives had been identified. However, the initial policy studies in the producing regions failed to identify specific initiatives deemed to be a threat or opportunity, and the indicator was not measured. On the consuming country side, public procurement initiatives did come to light that the project might address, but no baseline or end point was specifically identified by the project. If the project can identify specific desired outcomes for these policy initiatives going forward, then this indicator could be useful to measuring the effectiveness of the project's policy work by the end of the project.

154. *Indicator 5.2 (Policy working groups formed with relevant public, private and research organizations in each of the 6 project countries):* this indicator could have been useful in measuring the producing country work on policy as the existence of these groups would provide evidence that the project had a mechanism for identifying and addressing policy initiatives. However, the indicator was never measured since these groups were never established.

5) Indicators for Outcome 6: Learning and adaptive management

155. The 2010 PIR does report on progress in relation to the two indicators for this outcome (*Indicator 6.1 “Systematic information is available to document the impact of certification on biodiversity and social-economic conditions”, and Indicator 6.2 “Learning enables improved strategic planning and program design and implementation”*). In relation to indicator 6.1, the PIR refers to the collection of audit data and the research studies that were carried out in two of the project countries, but does not refer to the limited utility of these in providing conclusive evidence (due to the absence of control groups for audit reports) capable of widespread generalization (due to the geographical specificity of the research studies).

4.2.3 Risk mitigation

156. No explicit risk mitigation strategy was included in the ProDoc, related to the external assumptions on which the achievement of the outcomes and objective were taken to depend. It is, however, evident that the project has implemented a number of strategies (see Table 3) which have potential to increase the probability of the assumptions stated in the logframe being realized (and thereby to minimize external risks).

Table 3. Mitigation strategies applied by the project with implications for the assumptions stated in the logframe

Assumption	Mitigation strategies applied by the project
O1: Market fluctuations will not severely limit the interest of farmers in getting and staying certified	<ul style="list-style-type: none"> - 1. Development of capacities among producers to enable them to enter into favorable long-term commercial agreements with buyers, and to improve quality in order to obtain improved prices during price slumps. - 2. Development of awareness of non-financial benefits of certification, in order to maintain commitment to certification in periods of high prices.
O2: Consumers and companies will maintain interest in sustainability issues	<ul style="list-style-type: none"> - 3. Promotion of the corporate and commercial benefits of certification among companies, although on the base of limited evidence - 4. Promotion (limited) of the RA seal and its implications among consumers
1.1 Companies find increased reason to	<ul style="list-style-type: none"> - 3. Promotion of the corporate and commercial

promote responsible sourcing policies	benefits of certification among companies, although on the base of limited evidence
2.1 Consumers increasingly find certified products a credible way for them to support sustainability and conservation of BD.	- 4. Promotion (limited) of the RA seal and its implications among consumers
3.1 Local agricultural technical assistance providers are willing to receive training in certification standards and provide technical assistance to producers.	- 5. Promotion of awareness and development of capacities among technical assistance providers
4.2 Coffee industry is willing to continue to reward certified sustainable coffee	- 3. Promotion of the corporate and commercial benefits of certification among companies, although on the base of limited evidence
5.1 Policy makers will be willing to engage with the project partners in the various countries/ markets	- 6. Use of media outlets to raise awareness of certification issues among policy makers

4.2.4 Adaptive management

157. There is a considerable degree of overlap between what is proposed in the ProDoc with regards to adaptive management at project- and program- levels. This section focuses on reviewing the degree to which the implementation of the project itself has been subject to adaptive management: the creation of capacities at the level of the certification program as a whole is discussed in section 4.3 (Outcome 6). The broad groups of adaptive management structures are discussed here: firstly, those that provide an overall framework allowing the project team to determine whether the project is on course, and secondly, feedback loops that allow different actors within and outside of the project structure to interchange information and adjust their management activities in an adaptive manner.

Overall tools guiding adaptive management at project level

158. **Logical framework.** The logframe presented in the ProDoc should be the central tool for adaptive management of UNDP and GEF projects. In this project, the ‘vertical logic’ of the logframe has been used as a list of the outcomes/components and outputs around which the annual work plans and quarterly reports have been structured. Elements of ‘horizontal logic’ have also been used: progress in relation to indicator targets has been used to guide project decisions, and reference has been made in the PIRs to external assumptions, in explaining these rates of progress. These different logical elements have, however, been used in a rather piecemeal fashion, with little explicit reference to the overall integrated logic of the logframe.

159. **Project Steering Committee.** The PSC is the entity with overriding responsibility for taking strategic level decisions on the project. It bases these decisions on information presented by the Project Manager in a brief PowerPoint presentation at the start of each PSC meeting: this is complemented by additional information provided during the discussions by the Project Manager and by the other participants on developments within RA as well as on external factors with possible implications for the project. Six PSC meetings have been held, on a six-monthly basis between March 2007 and September 2009. The PSC minutes that are available suggest that these meetings have become increasingly useful as forums for strategic discussions on the project, generating concrete recommendations on the basis of information presented on advances.

160. **PIRs.** Project Implementation Reviews (PIRs), prepared annually by the Project Manager with inputs from UNDP Country Office and the Regional Technical Adviser of UNDP GEF, are intended to be used by GEF and UNDP to identify issues, track and benchmark progress, provide

those involved with the project with the information needed to practice adaptive management to support the delivery of results and communicate progress both internally and externally. These have been completed correctly by the Project Manager, although the tone of the reporting is perhaps inadequately analytical and self-critical to enable them to realize their full potential as tools for reflection and adaptive management. Suggestions of minor course corrections have been included at times by the CO and RTA. A major limitation of PIRs is their rigid and constrained format: while perhaps necessary in order to avoid UNDP and GEF being swamped by information from all of the projects under implementation at any given time, this leaves limits their utility as tools for adaptive management, as they give little opportunity for reflection or discussion of complex issues. The PIRs only require corrective measures to be specified in cases where progress is reported as Unsatisfactory, however: in other cases their role is limited to reporting rather than as formalized tools for adaptive management.

161. First Year Implementation Progress Report (September 2007). This report, which was suggested by the UNDP RTA, is the only report of this nature to have been prepared to date. It provided a useful opportunity for reflection on the part of the Project Coordinator: it highlighted issues and challenges for each of the project's outcomes, and suggested strategies for overcoming some of these (although with varying degrees of detail), as well as needs for corresponding modifications to the budgetary allocation. It is understood that this report was also presented to the project's second Steering Committee meeting.

162. Annual work plans and budgets (AWPBs). Project-level AWPBs are elaborated in the target countries or by the managers of specific components, on the basis of information on progress with selected indicators and on levels of financial execution.

163. Ad hoc meetings and interchanges with other project actors within the RA structure. Internal communication and corresponding adaptive management within the RA structure (shown in Annex 4) is of a largely non-formalized, ad hoc nature. Of particular importance are the informal interchanges on the supply and demand situation for certified coffee, between BCC Coordination and the Sustainable Value Chains (SVC) team (whose members are based in the USA and Europe), which are used to guide management decisions at each end. Although the Project Manager has overall responsibility for ensuring that the project achieves its objective and outcomes, and that its financial resources are managed correctly, there are no formalized mechanisms for other people in the RA structure who are involved in the BCC project to provide periodic reports of progress, challenges or lessons learnt to the Project Manager, or for the manager to have formalized inputs into the planning of their activities. Despite the unorthodox structure of the project and the geographical dispersion of those involved in it, it appears that these non-formalized processes are largely effective. This is principally due to the favourable institutional culture that exists within the institution, which in turn is in large part a function of its relatively small size. There are no guarantees, however, that these non-formalized arrangements will continue to be effective in the face of any possible staff changes or the rapid institutional growth that RA is currently experiencing.

Adaptive management loops linking project actors

164. The main adaptive management "loops" evident at present, linking actors within and outside of the project structure, are as follows (see paragraph 108 for definition of the main elements of the project's management structure):

165. **BCC Coordination¹⁰ ↔ Country Coordinators.** The activities of Country Coordinators are guided at a strategic level by the Country Strategies, which were developed from 2008 onward as a joint effort between the Technical Manager for Latin America (Michelle Deugd) and the CCs, and therefore combine strategic considerations from the ProDoc (such as targets for certified area) with information on advances and conditions in the target countries, fed back by the CCs. Annual work plans and budgets propose activities and corresponding budgets over a shorter term planning horizon: these are developed by CCs subject to the overall provisions of the Country Strategies and also reflect updated guidance provided by BCC Coordination, particularly with regards to annual area targets (taking into account information passed from SVC to BCC Coordination regarding the levels and types of production required in each country by the market). Information on financial and operational execution is then fed back to BCC Coordination in the form of quarterly financial and narrative reports generated by CCs. Further inputs into the adaptive management of components 3 and 4 are generated during the meetings of CCs which to date have been held twice-yearly in target countries (5 such meetings have been held to date, between April 2008 and May 2010): the decisions taken there have only been able to respond to the limited monitoring information available (levels of growth in certified area and market behaviour, progress with activities and financial execution, and anecdotal evidence on other issues).

166. **Suppliers (cooperatives) ← SVC → roasters/retailers.** The SVC functions as a channel for the ad hoc interchange of information on supply and demand issues between suppliers (in producer countries) and roasters and retailers (in consumer countries), which enables the former to tailor their production and sales to the needs of the latter, and the latter to develop purchasing and sales plans on the basis of information on the supply pipeline.

167. **Producers and suppliers ← CCs → exporters.** CCs fulfill a similar role within the target countries, in channeling information on supply and demand issues between producers and suppliers, on the one hand, and exporters on the other, enabling each group to tailor their strategies to the needs and potential of the other.

168. **BCC Coordination ↔ other BCC team members.** The main mechanisms for adaptive management within the team based in Costa Rica are *ad hoc* interchanges of impressions, ideas and proposals formulated either in the main BCC office, during visits to target countries or in meetings with other project partners. Although *ad hoc* and non-formalized in nature, interviews with team members carried out during the course of the MTE suggest that they are generally happy with the effectiveness of this mechanism as a means of enabling their suggestions to be taken into account in management decisions. Similar exchanges occur between the CCs and the SVC team about supply and demand issues.

169. **BCC Coordination ↔ other RA institutions and partners in Costa Rica.** The Project Manager (Leif Pedersen) communicates in a formalized manner with other RA institutions and partners through monthly meetings of the coordinators based in the Costa Rica office shared by BCC, and also by ad hoc meetings.

170. The first indicator at Objective level, “Growth in habitat area under sustainable management on certified farms” (i.e. hectares under certification), along with sales volume (Indicator 1.1) was the indicator that was used most as a guide to adaptive management. This indicator is also referred to in the Country Strategies, and it – along with sales volume - factored into decisions by the Country Coordinators regarding the geographical focus in Peru and El Salvador and the types

¹⁰ “BCC Coordination” in this context is taken to mean the two main figures responsible for defining the strategic directions of the project and providing oversight, namely the Project Manager (Leif Pedersen) and the Technical Manager for Latin America (Michelle Deugd)

of producers on which to focus in Brazil (see paragraph 137 for more detail on these issues). The emphasis placed on this indicator is confirmed in the First Year Implementation Progress Report.

171. One mechanism that is obviously missing from the above lists is an annual report by the Project Manager. It is likely that this would have provided useful opportunities for analysis and reflection regarding the overall progress of the project from an integral perspective, and for discussion of conceptual issues that are beyond the scope of the other reporting and planning instruments.

172. A number of clear examples of adaptive management were identified during the MTE, including the following:

- Broadening of the geographical area of attention of the project in Peru, from the limited area in the north to whole of the country's coffee growing region, in response to indications that growth in the area under certification would not be sufficient to allow the targets to be met.
- Change in focus from small to large cooperatives in Brazil, for the same reason.
- Change of strategy for policy lobbying, in response to recognition of the limited effectiveness of the model of policy working groups.
- Increased emphasis on identifying and promoting low-cost practices to enable farmers to improve yields and quality and to comply with SAN norms, in response to recognition that the costs of such practices represent an obstacle for many farmers.
- Advertisement for the post of value chain specialist for Honduras and Guatemala in recognition of the limited effectiveness to date of national partners in interacting with private sector coffee purchasers and exporters.

173. These first two examples are significant, as they respond to an indicator at the level of project objective and therefore have the potential to maximize impacts at this level.

4.2.5 Stakeholder participation:

Rating: this issue is rated as "Moderately Satisfactory" for the following reasons:

- The project team does consult with a large number of stakeholders, especially coffee purchasers and roasters, and adjusts its strategies correspondingly
- The only formalized mechanism for direct stakeholder participation in project decisions is the Project Steering Committee, on which a very narrow range of stakeholders is represented.
- There is little evidence of formalized and regularly updated analyses of the needs and requirements of stakeholders.

174. In this section, project stakeholders are understood to mean those actors who influence, or whose interests may be affected by, the project, and participation is understood as ***having the opportunity actively to influence*** the project's strategies, as opposed to merely passive involvement as beneficiaries or implementers of activities on which the project depends.

1) Rainforest Alliance

175. Participation in decisions on project strategy by members of RA who are not formally part of the project team itself (see Annex 4) is of critical importance, by virtue of the role of RA as executing agency of the project and as a potential channel for replication and for the application of lessons learnt.

176. The main formalized mechanism for RA participation in the project is the Project Steering Committee. To date, this has met on an approximately six-monthly basis, and the minutes of the meetings carried out to date suggest that it has been effective as a forum for discussing strategic issues. In addition, communication and participation within the RA structure is achieved through largely *ad hoc*, non-formalized meetings and interchanges as described in paragraph 163, which, due largely to the still relatively small size of the organization and its favourable institutional culture, appear in general to be effective.

2) Coffee producers

177. These are arguably the most critical stakeholders for the project, given that it is their management actions that are the ultimate determinant of the condition of biodiversity in coffee farms; their livelihoods are directly affected by the economic costs and benefits associated at farm level with RA certification; their involvement in the certification process is crucial to ensure the magnitude and consistency of supply that is required for RAC coffee to become mainstream in the market; and their involvement in the definition of priorities and strategies for technical assistance would help to maximize its relevance to their needs and conditions.

178. Despite being the principal project stakeholders and target group, there are currently no formalized mechanisms for the active participation of this group in project decisions. The annual stakeholder meetings proposed in the ProDoc¹¹ never materialized. They have had no representation on the Project Steering Committee: this is justified by the Project Manager this on the grounds that there is no one entity capable of representing their interests, given that they are spread across 6 target countries. They have been involved in the public consultation processes that have guided the development of the SAN Standard and local indicators (see Annex 14), and this has indirectly affected project design decisions, as the emphasis of the technical support provided by the project is to a large degree determined by the content of the SAN Standard and local indicators.

3) Private sector actors in the coffee value chain (exporters, roasters and retailers)

179. This stakeholder group is also crucial to project success, as they constitute the channel whereby producers are able to gain access to consumers who are willing to give preference to RAC coffee. As such, they also play a role in determining how much of the ultimate price producers receive, and thereby the economic incentive they have to participate in certification. In addition, a number of private sector actors (principally exporters, sometimes in partnership with roasters) provide technical assistance to coffee producers to help them comply with RA certification requirements, and effective participation in the project would allow the types of support provided to producers, by the project and by these private sector actors, to complement each other effectively and efficiently.

180. There has been considerable interaction between project team members and these actors: in the target countries, the Country Coordinators have been in regular contact with exporters, while the Sustainable Value Chain team is in regular meetings with roasters and retailers in consumer countries, including a formal annual meeting with the most important market partners. However, the more formalized mechanisms foreseen in the ProDoc, in the form of the Coffee Sector

¹¹ “The National Coordinators will conduct a formal annual stakeholder meeting which will bring national institutions together with relevant civil society organizations, technical service providers and producer groups to debate the advances of sustainability in coffee production in the country and harmonize actions to promote it.” (ProDoc, paragraph 427).

Advisory Group (which was intended to “guide the project on how to achieve maximum impact in the coffee sector and improve interaction with coffee companies”) and annual stakeholder meetings, never materialized, and this has limited the degree to which these actors have been able to have influence on the project at strategic level, for example in terms of geographical priorities and collaboration in the provision of technical and financial assistance to producers. They have had no representation on the Project Steering Committee, which is again explained by the difficulty of identifying a valid representative.

4) Coffee consumers

181. Demand for RAC coffee among this group, and their perceptions of the environmental and social claims made in relation to RAC coffee, are crucial determinants of the levels of commitment to the system by coffee companies.

182. The main way in which this group has achieved participation in project decisions has been through their purchasing decisions and expressions of perceptions, which have been conveyed to the project both through sales volumes (see Figure 9) and through surveys carried out by companies (see Figure 10): in turn, the project and coffee companies have sought to influence these consumers through publicity materials and advertising campaigns. They have not been involved in the SAN Public Consultation process, despite the fact that this directly determines the environmental and social benefits to which the consumers are contributing through their purchasing decisions. There are significant practical considerations as to how to ensure the adequate and fair participation of such a large and dispersed group, however in the absence of such participation there is a real risk to the credibility of the RA Seal if it emerges that consumers’ perceptions of its benefits differ from reality.

5) National SAN Partners

183. The SAN partners are responsible for execution of most of the supply-side work of the project, and as users of the information and learning gathered by the project. As members of the SAN Network, they are stakeholders in the standards development work supported by the project and owners of the information gathered by the audit process, the analysis of which could provide critical information for the project management and learning. Moreover, these organizations have significant in-house expertise from their certification and other initiatives that could help guide and inform the project’s technical assistance efforts. Finally, the experience and reputation of the national SAN partners benefit the project team in its efforts to engage governmental officials, sector actors, NGOs, and local financial institutions critical to the project’s success. The participation of SAN partners in non-target countries, meanwhile, provides an opportunity for further replication of project impacts.

184. IMAFLORA has represented national SAN Partners on the Project Steering Committee. At country level, their main form of participation in the project has been through the involvement of staff members as Country Coordinators, who have been involved in project decision-making through the development of Country Strategies, periodic planning meetings of CCs and ad hoc interactions with BCC Coordination staff (see paragraph 165). This has provided an important opportunity for promoting institutional ownership in the SAN partners, however in practice this has depended to a large extent on the internal dynamics of the organizations: there appears to have been limited direct communication between BCC Coordination staff and the upper levels of the SAN partners, which might have helped guarantee institutional ownership. In addition, The Policy Working Groups that were proposed in the ProDoc, in which the SAN Partners might have played an important, never materialized.

6) National coffee organizations

185. These organizations are key stakeholders as they are the official representatives of farmers and the industry at various levels. Their participation is critical to making sure the project's activities are in keeping with sector wide policies. Moreover, many of these organizations have extensive technical assistance divisions, which could serve as a mechanism for educating farmers about RA certification, providing agricultural technical training in the good management practices and SAN standards, as well as managing financial incentives for producers to adopt BD-friendly production practices; their participation is also important in ensuring that their TA provision is compatible with, and complementary to, that of the project. As these organizations often have a role in promoting their country's coffee in international markets, they are also an important partner in generating demand for RAC coffee from their respective countries.

186. Since the inception workshop, the participation of national coffee organizations has been through meetings with Country Coordinators, as well as the collaborative design of specific training events. This has been effective degree but has not allowed the level of strategic participation and influence that more formalized mechanisms, such as the proposed Policy Working Groups or annual stakeholder meetings, might have achieved.

7) National governments in targeted coffee-producing countries

187. Considering that the project involves so many sectors and issues – environment, agriculture, economic development – national governments are an essential stakeholder. National governments are critical to project success as they are responsible for determining if national policy and legal frameworks are conducive to the project achieving its goals. In producing countries, the national government's natural resource management and agricultural policies and legislation can either support or impede the project's efforts to foster sustainable land management practices in coffee growing are

188. Governmental participation is critical to ensuring the project is both in keeping with, and contributing to, national plans and initiatives. As the SAN standards require farmers comply with local laws, the national government active participation in local indicator development has been critical. Where producing coffee in compliance with local laws is not economically viable, or impractical, then the government is the only avenue by which such issues can be formally resolved. Moreover, governments could provide financial incentives, such as subsidies, tax exemptions, loan guarantees and low cost credit, for farmers to invest in the on farm changes that the SAN standards and RA certification require.

189. In addition to the initial inception workshop, the participation of government in the project has been achieved through both the local indicator development processes, and meetings with country coordinators. Other mechanisms that might have contributed to more active participation of the governments of the target countries in the project's management were the Policy Working Groups and the annual stakeholder meetings, neither of which were held, and the development and updating of the country strategies.

8) Governments of consumer countries

190. The governments of coffee consuming countries are a stakeholder in the project in that trade policy, consumer product labelling laws, and food safety legislation can all present significant barriers to importing and selling coffee as RA certified. Public sector purchasing policies and procurement programs could create a large client base for RAC coffee and provide legitimacy and third-party confirmation of the validity of the RA certification system. Alternatively, if such policies exclude RA certification, they not only represent a loss of a significant segment of the market, but could also raise unwarranted concerns about the credibility of RA certification among

coffee companies, consumers and the general public. Consuming country governments providing significant development assistance to coffee producing countries, resources that could be leveraged to promote BD-friendly coffee production.

191. While the ProDoc did not include participation mechanisms for this diverse and numerous group of stakeholders, the project has started to engage these stakeholders around procurement issues, which might serve as the first step in their active participation in the project.

9) National Inspection Organizations

192. At present, only SAN partners and SAAS provide inspection services, but the system is opening up to national inspection organizations that are not part of the network, which could play a critical role in providing low cost verification of farmer compliance with the SAN standards, making them potentially important contributors to building enduring local certification capacity.

193. As range of sectors utilize audit and verification services, the staff of these entities may also be familiar with local laws, policies and practices in various relevant fields and could contribute this expertise to the project's work in updating the local interpretations of the SAN standards to reflect changing legal and policy environment. Where trade law, tax code or governmental subsidies emerge as a threat to, or opportunity for, the project, the participation of these organizations in Policy Working Groups, if established, might provide significant expertise in analyzing the implications, and potential solutions, for resolving these issues. Similarly, the country strategies updating process and annual stakeholder meetings might allow the national inspection organizations to contribute to the project strategy and management.

4.2.6 Financial situation

194. This section aims to review:

- The financial resources which have been used to date, in order to allow the results presented in the following section to be interpreted in relation to their cost
- The financial resources remaining, in order to orient the generation of recommendations for the rest of the project period.

195. More detailed information and discussion on financial management and execution is presented in Annex 12.

196. Key facts are as follows:

- Budgetary execution was significantly behind projections in years 1 and 2, but this was corrected in years 3 and 4: cumulative execution to date is now at 86% of that foreseen at this stage.
- There is remaining GEF budget of \$2,657,402, or an average of approximately \$885,800 per year.
- The original budget for outcome 2 has been completely spent; execution of the budget for Outcome 6 is also ahead of what was foreseen in the TBWP, although 16.3% of the budget foreseen for this outcome still remains unspent.
- There is still significant budgetary flexibility with the other four outcomes: outcomes 1, 4 and 5 in particular are significantly under-executed.
- The budget lines for Supplies and Miscellaneous expenses are overspent.
- Spending on equipment has been \$146,088 to date, or 1.5% of total expenditure. This is well within the 10% figure which is the rule of thumb limit that GEF typically imposes on equipment.
- In the 6 target countries, components 3 and 4 accounted for the bulk of the expenditure, especially 3. Project expenditure on these supply-side components (3 and 4) has been

greatest in Brazil, followed in decreasing order by Colombia, Peru, Guatemala, Honduras and El Salvador.

- A large and growing number of people have been paid using GEF funds, however most of these are people assigned for short periods or who are also responsible for (and paid by) other projects: the project is therefore far from being overstaffed.

197. There has been considerable confusion and inconsistency regarding the definition of project management expenditures, however it appears that to date these have accounted for around 5.5% of total GEF expenditures, well within the normal maximum of 10% that GEF imposes on new projects.

Figure 2. Budget by calendar year: planned in ProDoc, executed to date and proposed in budget modification submitted to UNDP

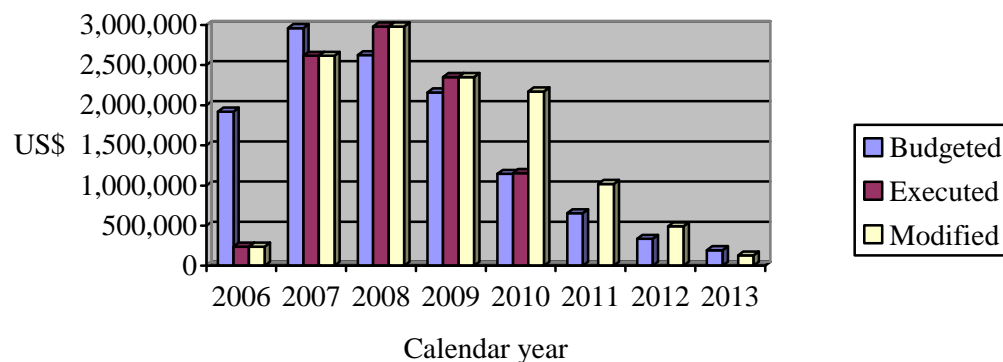


Figure 3. Cumulative budget by calendar year: planned in ProDoc, executed to date and proposed in budget modification submitted to UNDP

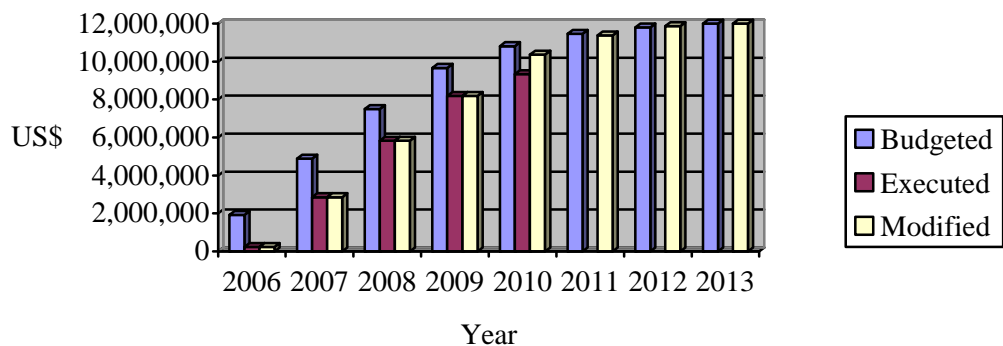


Figure 4. Budgetary execution by outcome

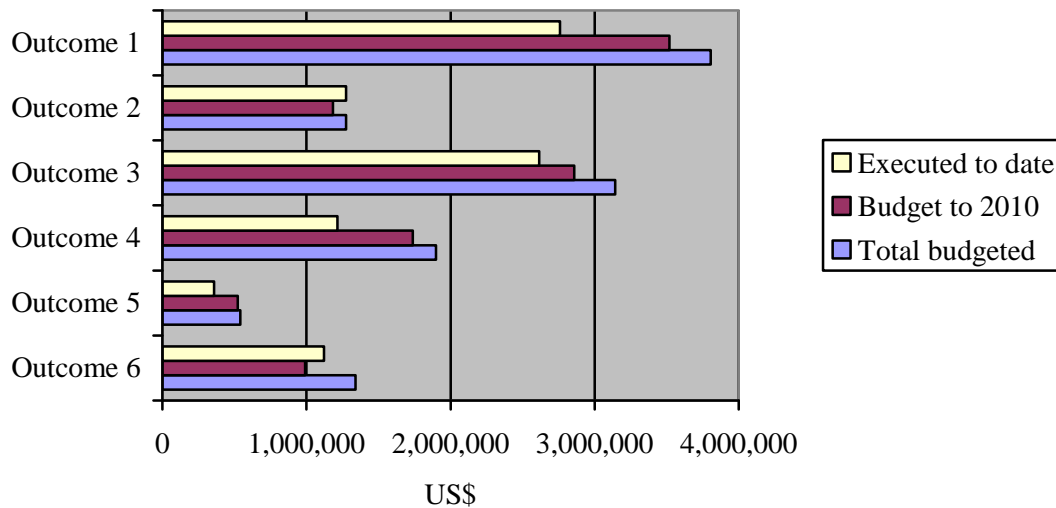


Table 4. Budgetary execution to date, by outcome

Outcome	Cumulative budget to 2013, as per ProDoc (\$)	Cumulative budget to end 2010, as per ProDoc (\$)	Cumulative budget executed to date (\$)	% execution of amount budgeted to end 2010	Remaining budget (\$)	% execution of total budget to 2013
1	3,804,925	3,519,342	2,758,510	78.4	1,046,415	72.5
2	1,274,086	1,183,336	1,274,086	107.7	0	100.0
3	3,141,352	2,859,716	2,615,780	91.5	525,572	83.3
4	1,898,735	1,737,832	1,214,088	69.9	684,647	63.9
5	539,622	522,260	358,012	68.6	181,610	66.3
6	1,341,280	991,179	1,122,122	113.2	219,158	83.7
Total	12,000,000	10,813,665	9,342,597	86.4	2,657,403	77.9

Table 5. Budgetary expenditure to date, by outcome and target country

	Brazil	Colombia	El Salvador	Guatemala	Honduras	Peru	Totals
Outcome 1	63,647						63,647
Outcome 2							0
Outcome 3	354,553	313,098	229,730	255,709	245,749	294,494	1,693,333
Outcome 4	158,824	122,661	72,100	64,245	73,862	126,209	617,902
Outcome 5		122,661		594	73,862	7,151	204,268
Outcome 6	4,229	179,821	146,194		1,132		331,377
	581,253	738,242	448,024	320,548	394,605	427,854	2,910,527

Figure 5. Budgetary expenditure to date, by target country and outcome

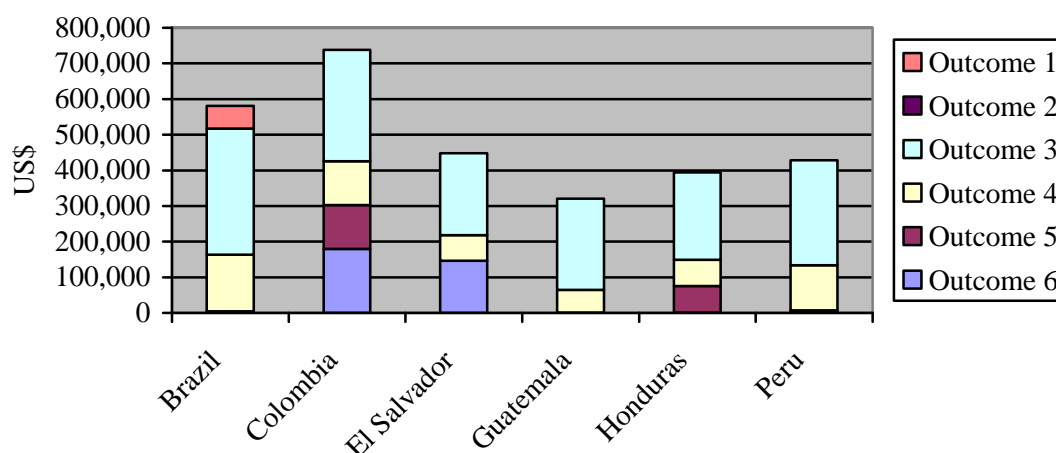


Table 6. Breakdown of spending on salaries to date, by outcome and country (excluding expenditure executed by SAN partners in target countries)

Country	Outcome					Total
	1	2	3 and 4	6	Project Management	
Costa Rica	140	1,715	189,560	94,733	477,549	763,687
Guatemala	13,215	190	139,081		10,466	162,952
Netherlands	164,565					164,565
Peru			166,418			166,418
UK	4,330					4,330
USA	734,044	98,994		147,116	55,380	1,035,534
Undefined	420,306	48,095	192,763	98,569	375,798	1,135,531
Total	1,336,600	148,994	687,822	340,418	919,913	3,433,027

198. In April 2010 the Project Administrator submitted a revised version of the budget to UNDP for approval. This involved a reassignment of budget between years, to compensate for the under-execution to date and also between budget codes. There are several aspects of this budgetary modification that are worthy of note:

- It involves a significant increase (\$1,508,625) in the amount of resources dedicated to International Consultants, and a major decrease (\$2,822,622) in the budget for Local Consultants.
- The overspends (relative to the original budget in the ProDoc) on Travel, Contractual Services – Companies, Audiovisual Equipment and Equipment Maintenance have all been corrected, however there are still budgetary overspends on Supplies and Miscellaneous Expenses.

(i) Cost-effectiveness of project achievements

Supply side issues

199. Cost-effectiveness, in terms of effort/cost per unit area certified, varies greatly between producers for a number of reasons. It is highest among larger, already organized producers located in easily accessible areas and with high levels of pre-existing capacities. The project team say, however, that they have not taken active decisions on this basis to exclude the more costly smaller, more remote and more disorganized producers with lower levels of baseline capacity – rather, that there has tended to have been a process of self-selection by the former and self-exclusion by the latter.

200. Cost effectiveness in terms of effort/cost per unit of biodiversity conservation benefit has also been highly variable, depending on the biodiversity values present on each farm to be certified, the specific effectiveness of coffee certification as a tool for promoting the conservation status of the biodiversity in question, and the amount of change in ‘environmental behaviour’ that producers are likely to undertake on obtaining certification (cost effectiveness in these terms was low when the investment in certification only involves farmers formalizing existing environmental behaviour). There has been no active strategy to select farms on the basis of these considerations, either.

201. Cost-effectiveness to date could in fact have been further maximized by being more proactive in the selection of the beneficiary population, through the preferential targeting of promotion activities on sites or areas that offer the possibility of combining low levels of effort per unit area certified with high potential for biodiversity gain.

202. The project’s main strategy on the supply side, for maximizing impact with a minimum of cost, has been to concentrate effort on developing capacities among those provide services to coffee producers, such as technicians working in coffee cooperatives – “training the trainers” – rather than solely among the producers themselves. There has not, however, been insistence on only working through trainers, in order to avoid the exclusion of individual producers who still make up a significant proportion of those that are potential candidates for certification. The training of individual farmers keeps the project’s technical assistance team firmly connected to the farm-level reality and provides opportunities to identify innovative best practices and solutions for complying with the SAN standards. Moreover, highly motivated producers, or farm leaders, have proven to be very effective promoters of the best practices among their neighbors and peers.

203. Another strategy promoted by the project, which has high potential in terms the level of impact generated by the limited funding available for capacity development, is to recover the costs of capacity development activities from their participants. The feasibility of this approach has varied greatly between participants, depending on their capacity to pay.

Demand side issues

204. The project’s strategy for developing market demand has been to work through coffee companies to develop demand, rather than to attempt to generate consumer demand directly. From the standpoint of cost-effectiveness, this strategy makes sense since the project is utilizing existing marketing resources and expertise to generate demand for RAC coffee. Coffee companies have the skills and experience in communicating with consumers that Rainforest Alliance can harness in developing awareness and value for RA certification. This allows RA to be more targeted in the skills it requires in house, but also allows it to reach consumers in the ideal environment – the point of purchase.

205. This approach also allows RA to tap into other business motivations for purchasing sustainable products that are indirectly related to consumer demand, thereby diversifying the

value proposition for RAC coffee. By targeting coffee companies directly, RA can generate sales volumes by providing coffee companies with additional benefits such as reputational risk management, supply chain security, corporate social responsibility strategy, etc.

206. The choice of working through companies to reach consumers also allows Rainforest Alliance to focus its resources and skills sets on avenues for awareness building that are not readily available to its market partners, such as earned media (i.e., newspaper article about RA certification's impacts), publicity events or actions, internet presence and social media.

(ii) Financial management (including disbursement issues)

Current procedures for planning and reporting

207. The two principal instruments used for financial planning and reporting at central level are the Annual Plan of Operations (APO), which is broken down by outcome, output and activity, and the Quarterly Financial Report (QFR), which is broken down by outcome and detailed Atlas code.

208. Financial and operational planning is carried out for the target countries on an annual basis: plans are prepared at central level and then sent to the national partners for review. Financial disbursements from HQ to partners are made on a quarterly basis on the basis of quarterly financial reports prepared by the partners. These are broken down at the levels of outputs and activities.

209. Project management costs are spread on a pro-rata basis across the six outcomes.

Quality of budgetary management

210. Budgetary management issues are discussed in Annex 12

(iii) Co-financing

211. The co-financing identified in the signed ProDoc is shown in Annex 13.

212. Interviews with Country Coordinators and industry representatives suggested that the project is receiving real and significant cofinancing from a range of sources, as proposed in the ProDoc. Of particular note are initiatives such as those by roasters such as Nespresso and exporters such as ECOM to provide technical support to producers in order to assist them to become certified. The Project Team were unable, however, to obtain and provide to the MTE team firm evidence of the magnitude and nature of cofinancing by source, due to the fact that the BCC team is awaiting responses to their requests for this information from the cofinancing sources. However, the BCC team will provide the GEF with cofinancing information by the end of the first Quarter of 2011.

4.2.7 Execution and implementation modalities.

213. The selection of NGO Execution modality for this project was justified as follows in the ProDoc:

“Rainforest Alliance has experience in executing large, regional projects, such as the USAID-funded Certified Sustainable Products Alliance in Mesoamerica, and the IDB-funded Sustainable Tourism Project for SMEs. The organization has sufficient capacity and experience to execute this project, which will be documented through a rigorous Capacity Assessment which will be submitted with the ProDoc for CEO endorsement.

214. This decision has proven, in practice, to have been fully warranted. RA was, at the time of project start-up, already a global leader in the area of product certification, largely by virtue of its highly successful involvement in the Forest Stewardship Council timber certification system. It

has highly capable and committed personnel, who are open to innovative approaches to conservation and (in line with the vision of the organization as a whole) recognise the need to integrate environmental and social concerns. Consequently, the organization has proven to be, in general, well respected throughout the region and among market actors. However, the relationship with the Colombian Coffee Federation seems to have been strained at times due to the fact that the Federation's desire to promote multiple certifications differed from the project's exclusive focus on RAC. A specific example of this dynamic was the refusal by the new director of CENICAFE to allow the researchers who conducted the project-funded biodiversity studies in Colombia to attend the biodiversity workshop held during the MTE to present their results.

215. The project staff members themselves acknowledge that at the time of project start-up RA had very limited scientific capacity; this situation has now been greatly improved, however, with the appointment of the current, highly capable and visionary, members of RA's Evaluation and Research division.

216. In addition, the regional scope of the project meant that NGO Execution did not imply competition with any single Governmental institution. On the negative side, limited ownership of the project appears to have been developed among Governmental stakeholders, despite the initial commitment expressed by each of the GEF focal points in the obligatory letters of endorsement that accompanied the ProDoc.

217. The main value added that has resulted from having UNDP as the Implementing Agency of the project has been the specialist inputs that have been received, from the time of its initial design to the present day, from its Environmental Economist, Andrew Bovarnick, who has overall responsibility for the project in the UNDP Regional Office in Panama. In contrast, virtually no advantage has been taken of the technical capacities of the Country Offices of UNDP in the target countries, which undermines the major arguments that are normally used for having UNDP in the role of Implementing Agency. Neither has the fact that the Country Office of UNDP with overall administrative responsibilities for the project, the Rainforest Alliance office where the BCC project itself is based, and the head office of Rainforest Alliance to which the project team reports, are based in three different countries (Guatemala, Costa Rica and USA), been conducive to the rapid resolution of administrative issues: in practice, however, most of the administrative issues which presented themselves during the first year of the project have now been ironed out.

218. A further issue with implications for the participation of UNDP in the project has been the fact that there have been major delays in the disbursement of the GEF agency fee to UNDP. Guatemala Country Office informed the MTE team that, after three years of the issue being raised repeatedly with UNDP headquarters by both them and the RCU, they only received notification on 6th December 2010 that the fees had entered their account. Guatemala CO has yet to confirm whether the fees have been distributed among the COs of the six target countries of the project, as requested to UNDP at the end of 2009¹². This is significant inasmuch as, however great their motivations to support the project, UNDP Country Offices are obliged to justify internally their level of investment of effort in specific projects on the basis of the fees received.

219. The management costs of the project have been inadequately tracked, but appear to have been reasonable to date, at around 5.5% of expenditure (see Annex 12).

¹² Letter from Chisa Mikami, UNDP Guatemala Country Director a.i. to Yannick Glemarec, Executive Coordinator UNDP GEF, 9th December 2009 (ref 51603 Coffee – 0635/09).

Table 7. Key differences in strategic approach of project between project countries, as reported by the project team

Country	Strategic focus
Brazil	<ul style="list-style-type: none"> • Large and medium-size coops which can scale up internally • Trained consultants in each region to provide follow up whenever is necessary • Train the trainers of private Agricultural consultancies • Work with buyers and exporters to communicate demand needs to Brazilian farmers strategy integrated with Nespresso and Mitsubishi work
Colombia	<ul style="list-style-type: none"> • Diversify pipeline with other than FNC exporters • Involvement in execution of complementing projects, at farm level: “reversion” of negative perception on our standard • TA focused on the benefits of our standard rather than price premium • Generation of Cost Benefit data • Pilot experience with FNC to facilitate the reduction of the implementation costs of internal certification systems. • Calibration of auditors to ensure audits are in line with other SAN partners
El Salvador	<ul style="list-style-type: none"> • Establishing technical capacity within groups, and with exporter agronomists, who attend small and big farmers • Strong focus on implementation of selling Technical Assistance services to promote sustainability of TA team • TA team diversified to other crops, specially sugarcane, will also ensure sustainability of team in general
Guatemala	<ul style="list-style-type: none"> • Parallel approach with both small farmers, organized in groups by exporters, and individual farmers • BCC strategy focused on complementation specific projects such as Nespresso and Tchibo at field level • Active involvement with exporters to streamline demand-supply information
Honduras	<ul style="list-style-type: none"> • Identify possible demand with the help of commercial coordinator • Emphasize working with those exporters interested in RAC • Identify small organized and big individual producers connected to those exporters • Complement the trainings with an additional training modulo focused on strengthening organizational structures (ICADE has the specialization in house) • Focus on training trainers
Peru	<ul style="list-style-type: none"> • Focus on groups with small farmers and scale-up opportunities, • Training of internal auditors and extension agents of cooperatives and exporters • Focus on economic sustainability through a) market linkages, b) increase in productivity and profitability, c) better business practices,

4.3 Results

Attainment of Outcomes/Achievement of project objective:

Rating: this issue is rated as “Satisfactory”¹³ for the following reasons:

- Progress with the principal indicator at Objective level (area under certification) is significantly below target, but the significance of this is limited by the fact that (unavoidably) the original target lacked any solid basis and was not an adequate measure of project success.
- It is not possible to arrive at reliable conclusions on overall net biodiversity impacts on the basis of the site-specific studies that have been carried out to date.
- There appear to have been major advances on the demand side (outcomes 1&2) in terms of market commitment to certified coffee.
- Similarly, the project appears to have been effective in developing capacities for achieving certification, although this evidence for this is largely either indirect or anecdotal.

220. This section of the MTE report reviews the progress made by the project towards the attainment of its outcomes and the achievement of its objective. In each case, progress is measured first against the targets stipulated in the logframe for each the indicators, which were proposed there as objectively verifiable measures of success. Progress is then discussed in each case taking into account the utility of the indicator in question (discussed in Section 4.1.1), whether the targets stipulated in the logframe for each were reasonable, and the degree to which the external assumptions proposed in the logframe as requisites for the attainment of each of the targets, had materialized in practice.

Objective

Indicator O1: Growth in habitat area under sustainable management on certified farms

221. *Progress with indicator:* Progress in relation to the growth in the total area of certified farms worldwide has been significantly behind that foreseen: at mid-term, 363,192ha were registered by SFC worldwide, or 48% of the mid-term target of 750,000ha (Figure 6)¹⁴. As explained in paragraph 136, there are an additional 35,200.95ha of farms that have passed their

¹³ The MTE considers in fact that progress has been outstanding in many regards, however the fact that the project is far from meeting several of the most important targets specified in the Project Document means that it would not have been appropriate to rate it as “Highly Satisfactory (HS)” (the next highest rating), which would have implied that “The project had no shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency”, despite the fact that in retrospect a number of the targets were probably unrealistic.

¹⁴ The most recent data presented in the November 2010 SFC report are as follows:

	Conservation area (ha)	Production area (ha)	Other areas (ha)	Total area (ha)
Brazil	28,507.51	33,638.32	32,638.18	94,784.01
Colombia	3,962.29	15,316.74	12,201.12	31,480.15
El Salvador	1,348.52	14,950.69	1,150.66	17,449.87
Guatemala	5,818.64	9,279.50	1,660.52	16,758.66
Honduras	1,019.15	2,030.67	223.10	3,272.92
Peru	47,223.57	40,224.15	27,439.98	114,887.70
Total	87,879.68	115,440.07	75,313.56	278,633.31

audit but are still finalizing the paperwork necessary for them to be formally registered by SFC, making a total of 398,393ha, or 53% of the mid-term target. The average monthly growth in certified area to date has been 5,514ha. Average monthly growth rates in the certified area have been inconsistent over this period (2.3% in 2006, 4.7% in 2007, 2.1% in 2008 and 0.9% in 2009), which may in part due to the effects of the global financial crisis.

Figure 6. Progress with Indicator O1: Worldwide growth in habitat area under sustainable management on certified farms

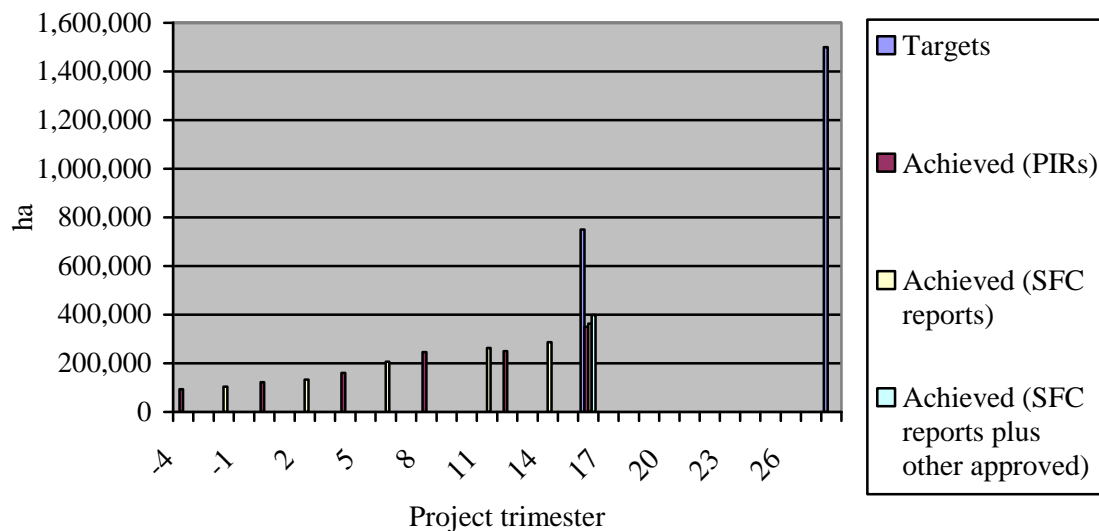
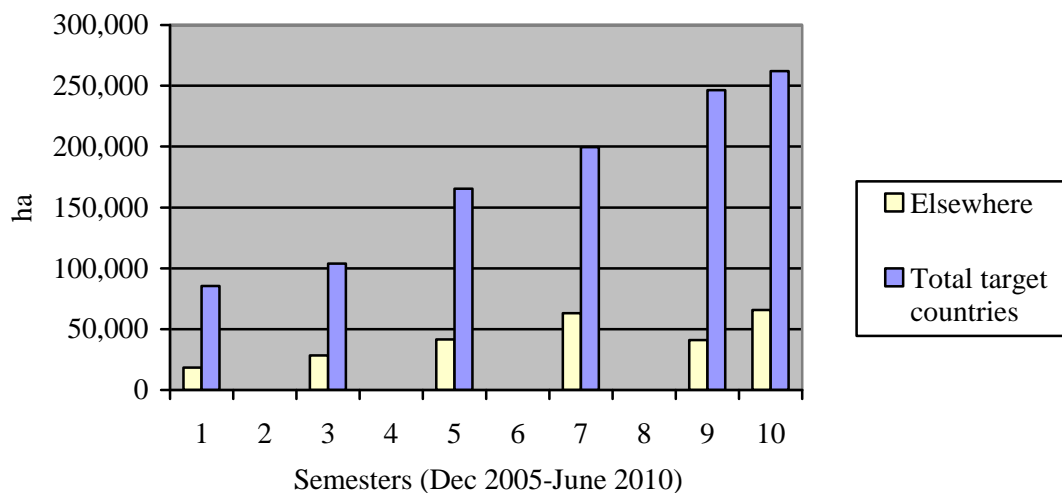


Figure 7. Growth in total certified area in target countries and elsewhere in the world (ha)



222. The targets in the ProDoc assumed that the rate of growth in certified area would be greater during the second half of the project than the first half, as the capacities developed during the first half would increasingly take effect. In order to meet the 2013 target of 1,500,000ha, however, an average monthly growth rate of 32,400ha would be required over the remaining 34 months of the project (almost 6 times the average monthly growth to date), and this is probably unrealistic (as

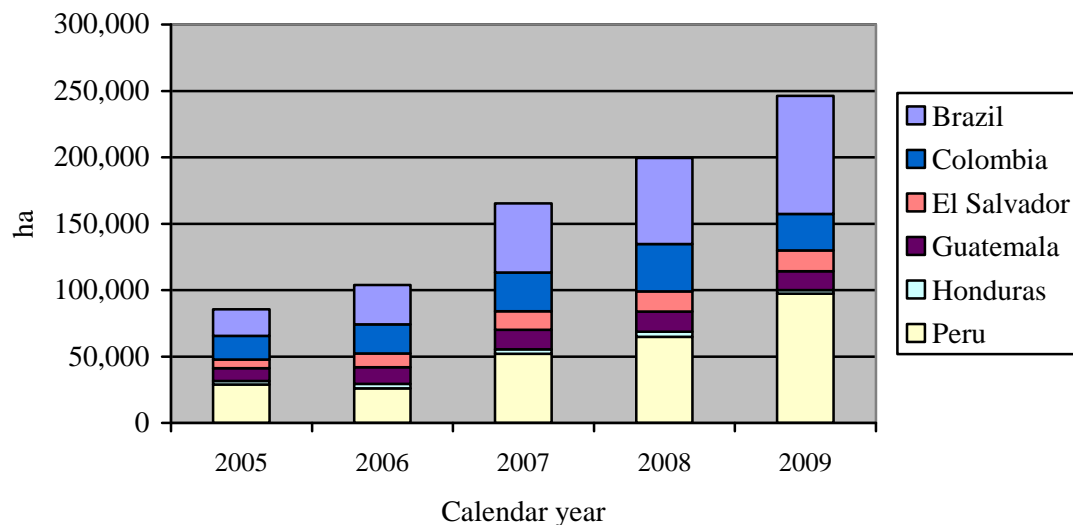
discussed in the following section, growth in future may be facilitated by the fact that many barriers to certification have been removed during the first half of the project, but this is likely to be tempered by the fact that the producers to be certified in future may pose greater challenges than many of those certified to date). A more realistic 50% increase in monthly growth (8,271ha/month) would result in a total area at the end of the project of 679,607ha (around 45% of the end of project target); a 100% increase (16,542ha/month) would result in an end of project total of 96,021ha (64% of the target).

223. There has been considerable variation in the rates of growth of total certified area (both coffee and non-coffee) among target countries (Figure 8 and Table 8), according to the SFC database.

Table 8. Growth in total certified area, by country

	Cumulative area (ha)						% growth 2005-2010
	Dec 2005	Dec 2006	Dec 2007	Jan 2009	Dec 2009	Jun 2010	
Brazil	20,019	29,608	51,982	64,710	88,986	91,989	360
Colombia	17,688	21,941	29,187	35,769	27,462	24,775	40
El Salvador	6,445	10,419	14,054	15,255	15,737	16,599	158
Guatemala	9,765	12,531	14,680	15,041	13,998	15,057	54
Honduras	2,568	3,378	3,380	3,998	2,871	2,749	7
Peru	28,963	26,044	51,982	64,710	97,235	111,074	284
Total target countries	85,448	103,921	165,265	199,483	246,289	262,243	207
Elsewhere	18,303	28,474	41,429	63,078	41,085	65,854	260
Total worldwide	103,751	132,395	206,694	262,561	287,374	328,097	216

Figure 8. Growth in total certified area, by country



224. The two countries with most dramatic growth in certified area have been Peru and Brazil, with 111,074 ha and 91,989 ha respectively. At the other end of the scale is Honduras, with only 2,749 ha. These differences may largely be explained as follows:

- Peru already has a large number of certified organic producers (it is the largest producer of certified organic coffee in the world), who already meet many of the criteria for environmental sustainability of the SAN Standard and have therefore been able to achieve RA certification with relatively little effort.
- The average size of coffee farms in Brazil is much greater than in the other target countries, resulting in economies of scale in terms of the number of hectares that can be certified per unit effort. In addition, baseline levels of technical and administrative capacities are typically high, making it relatively easy for producers to satisfy SAN requirements.
- Honduras has a number of specific challenges, including the following:
 - The coffee producing population is dominated by fragmented and poorly organized producers, which increases the difficulty of providing support and limits their ability to influence markets
 - Large amounts (up to 20%) of coffee production are exported illegally to neighbouring countries such as Guatemala, because the prices offered in Guatemala are higher.
 - The national SAN partner (ICADE) has strong capacities in the area of technical support but limited experience of, or capacity for, interacting with market actors.
 - The dominant form of coffee certification is Utz, which is less demanding than RAC and therefore more attractive for many small producers.

Indicator O2: Increased populations of keystone species on certified farms show BD conservation benefits

225. *Progress with indicator:* This indicator has not been measured consistently by the project: as explained in section 4.2.2, an active decision was taken to focus efforts on in-depth site-specific research studies rather than the monitoring of project-wide impact indicators. The following conclusions and tentative inferences may however be made regarding the biodiversity impact of the project:

- The growth in certified area may be used as an approximate proxy indicator of environmental benefits, assuming that all of the certified area must have met the requirements for environmental sustainability contained in the SAN Standard. This does not, however, necessarily equate directly to biodiversity benefits. The SAN requirement that certified farms protect areas of natural vegetation is the aspect that is likely to be most directly related to biodiversity benefits. Table 9 shows that 41.8% of the certified area in the target countries is shade coffee and 31.5% is conservation area, giving a total of 73% (203,320 ha) over which RA certification is likely to have generated concrete conservation benefits, through the modification of coffee management practices or the promotion of set-asides. Project impact, in terms of growth in this area since establishment of the baseline in 2005 (see Table 8) is estimated as 140,968 ha¹⁵.

¹⁵ The 2005 baseline for total certified area was 85,448 ha; assuming that a similar proportion of shade coffee and conservation areas applied in that case (73%), the total area of shade coffee and conservation in 2005 would have been 62,352ha. 203,320-62,352 = 140,968ha growth in shade coffee + conservation area between 2005 and 2010.

- Studies carried out during the project show that, in the Apaneca corridor of El Salvador, certified shade coffee is more favourable for migratory avifauna than non-certified shade coffee, and that in the districts of Santander and Cundimarca in Colombia indicators of water quality are better in certified shade coffee than in non-certified shade coffee (see Annex 10). It is likely, though not proven, that similar benefits may be generated from the shade coffee that has been certified elsewhere during the project period: it is unlikely that the magnitude of this benefit is proportional to the total area of certified coffee, however, for the following reasons:
 - Not all of the certified coffee area is shade coffee – 35% of the certified area in the target countries, for example, consists of farms in Brazil where coffee is produced with no shade.
 - Not all of the certified area is necessarily located on globally important migration routes for avifauna, as the El Salvador study area is.
 - Neither the El Salvador nor the Colombia study included a chronological perspective that would have permitted changes in conditions and management to be tracked over time and would, thereby, have controlled for the possibility that certified farms were inherently (pre-certification) more favorable for biodiversity than farms that did not become certified.
- There is also much evidence in the literature (as reviewed in the ProDoc) that shade coffee plantations (whether certified or not) contain abundant biodiversity compared to other land uses, and this was confirmed for some issues through the research studies supported by the project. It is probable that the project has generated biodiversity benefits by using certification as an economic tool for reducing farmers' motivations to convert shade coffee plantations to other, less BD-friendly land uses; again, however, in the absence of adequate counterfactuals and tracking over time it is not possible to confirm this.

Table 9. Areas in conservation and production (from November 2010 SAN Conservation Area Report)

Country	Areas most likely to generate BD benefits due to RA certification		Other areas		Total area (ha)
	Conservation area (ha)	Shade coffee area (ha)	Sun coffee (ha)	Non-coffee, non-conservation areas (ha)	
Brazil	28,507.51		33,638.32	32,638.18	94,784.01
Colombia	3,962.29	15,316.74		12,201.12	31,480.15
El Salvador	1,348.52	14,950.69		1,150.66	17,449.87
Guatemala	5,818.64	9,279.50		1,660.52	16,758.66
Honduras	1,019.15	2,030.67		223.10	3,272.92
Peru	47,223.57	40,224.15		27,439.98	114,887.70
Total	87,879.68	115,440.07	33,638.32	75,313.56	278,633.31

226. It is important to recognize that both the scientific studies supported by the project and the data provided to the MTE team on internal farm breakdowns, presented in Table 9, are specific to the target countries, which limits their utility as indicators of the Objective, which is worldwide in scope.

227. Although not included as an indicator in the logframe, the ProDoc stated that "...the direct conservation of 1,500,000ha of coffee [will result in] positive biodiversity impacts across coffee landscape, representing approximately 10-15 million ha". No evidence has been generated to date

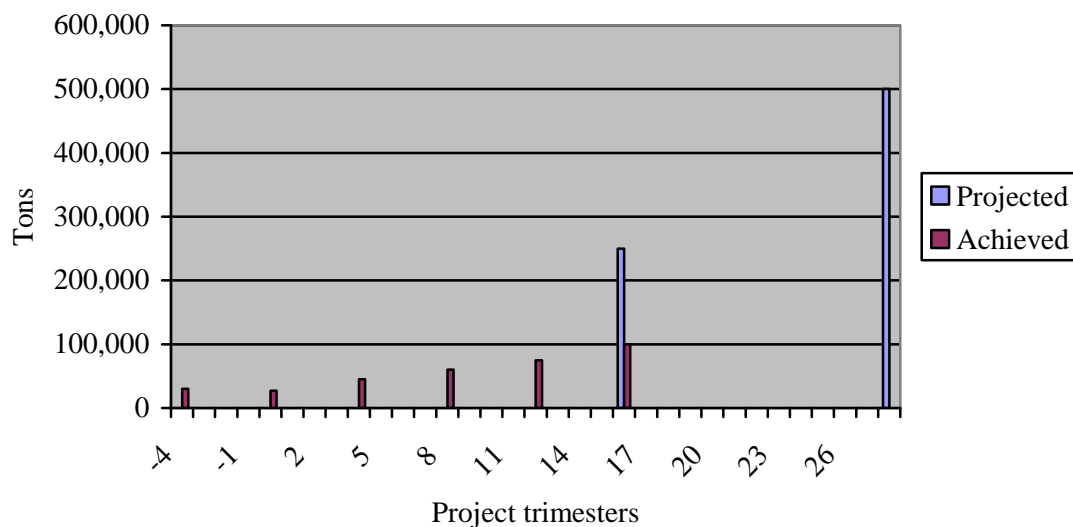
to substantiate this statement or to demonstrate the landscape level benefits that have been achieved in practice, beyond very site-specific evidence from El Salvador and Colombia that forest fauna (birds and monkeys respectively) use coffee plantations as complementary habitat.

Outcome 1: Demand for biodiversity-friendly coffee on international coffee markets has increased.

Indicator 1.1: Volume of certified coffee sold

228. *Progress with indicator:* The rates of growth in the volume of certified coffee sold have also been significantly lower than foreseen: the achievement at year 4 is 40% of the target for that year (100,000 t, compared to a target of 250,000 t).

Figure 9. Progress with Indicator 1.1: Volume of certified coffee sold



229. *Discussion:* Although the volume of coffee being sold has more than doubled since 2005, the growth rate is not sufficiently large to reach the 2013 target. As discussed in paragraph 231, this lag in volume is partly explained by the fact that the cultivation of market partners, and therefore the resulting demand, requires more time than the project initially expected. Moreover, only 40-50% of the coffee produced per certified hectare is available for sale as RA certified, which is far less than initially expected. This is because not all the coffee produced on a farm meets market requirements (e.g., quality, cup profile, etc.), and some of the export grade coffee is sold under another certifications, or on the local market to raise cash to finance the remaining harvest. Due to this lower per hectare coffee availability, combined with the slower than expected growth in certified area, current high market prices, and lack of RAC coffee from several origins that are critical components to many major brands, the current sales estimate for 2013 is between 180,000 and 220,000 t, or 36% to 44% of the original end of project target of 500,000 t.

Indicator 1.2 Number of roasters of varying sizes buying certified coffee

230. *Progress with indicator:* Progress in relation to the total number of roasters buying certified coffee has been significantly greater than foreseen in the ProDoc in terms of the total numbers of roasters, due to greater than expected growth among small roasters (<1,000t/year), which by 2008

had already exceeded the end of project target. Since the project started, only one B sized roaster (10k-100K) purchasing RAC coffee, which occurred early on in the project.

Table 10. Number of roasters of varying sizes buying certified coffee

Roaster size (t/year)		Baseline (2005)	Achieved			End 2013 target
			June 2008	June 2009	June 2010	
A	100k up	0	0	0	0	1
B	10k- 100k	0	1	1	1	5
C	5k to 10k	1	1	2	3	5
D	1k to 5k	0	8	10	6	25
E	1 to 1000	82	>400	>400	>400	300
Total		83				336

231. *Discussion:* The project's progress in expanding the number of market partners in the coffee industry is illustrated by the fact that as of October 2010 approximately 2000 companies were registered to offer RAC coffee, up from slightly less than 200 in 2006. The progress among larger roasters, where achievements are currently below what is required to meet end of project targets, can be explained in part by the length of time required to approach and cultivate these larger companies. Due to the fact that the number of internal decision makers that must buy into the value of offering RAC coffee means that the time and level of investment required to increase the number of roasters is highly correlated to the size of the company. It is quite possible that results expected from the project's market demand related activities thus far have not yet be detectable at this point and faster growth in the number of larger sized roasters (A and B) could occur during the second half of the project.

Indicator 1.3 Number of outlets selling biodiversity-friendly, RAC coffee

232. In reality, this indicator was effectively "number of retailers of varying sizes offering certified coffee" since the actual number of outlets was never calculated as the source of information (Marketplace) was unable to provide this information reliably. Moreover, as individual outlets, such as supermarkets, offered multiple RA certified products, outlets were being counted multiple times.

233. *Progress with indicator:* Growth in the numbers of small to medium size outlets (100-5,000t/year) selling RAC coffee is on course to meet the end of project target. Growth among larger outlets has been slower, with no progress in the largest category (>10,000t/year) and only 30% progress at mid-term in relation to the end of project target for the 5-10,000t/year category.

Table 11. Number of retailers of various sizes offering RA certified coffee

Company size (by number of outlets/company)		Baseline (2005)	Achieved			End 2013 target
			June 2008	June 2009	June 2010	
A	10k up	1	0	0	0	6
B	5k to 10k	1	3	3	3	10
C	1k to 5k	1	7	11	12	20
D	100 to 1000	5	14	19	24	50
E	1 to 100	80	No data	No data	No data	500
Total		83				586

234. As with the growth in roasters, there may be barriers to RAC coffee related to the size of the outlet. Moreover, the pool of larger outlets (A and B) could be far smaller than initially anticipated, so each additional outlet could require a greater level of effort to achieve. The inability to consistently measure this indicator could also have resulted in outlets of all sizes not being counted, which means the current numbers could be significantly lower than the true count.

235. *Degree of realization of assumptions:* The major assumption for this outcome is that companies find increased reason to promote responsible sourcing policies. The evaluation sought to explore this assumption by examining why companies were offering RAC coffee and if they were finding the value of doing so sufficiently compelling to support further growth in market demand. The evaluation found that companies were incorporating RA certification into their supply chains and product lines for a variety of reasons, including:

- *Reputational risk management* - Many companies report that RAC coffee provides them with a strategy for managing risks to their brand image associated with the environmental and social impacts of their supply chains.
- *Supply chain management* – By incorporating RA certification into their supply chain management strategy, coffee companies believe they are ensuring the long-term availability of coffee from specific key origins. Moreover, the relationships they are building with producers through projects aimed at supporting their suppliers to transition to RA certification are seen as valuable to building a long-term supply of critical coffee.
- *Requirement of key accounts.* Some coffee companies identified the inclusion of “ethical” or “sustainable coffee” in their product line as critical to even be considered by some key accounts, especially institutional buyers.
- *Emerging industry standard.* Among specialty coffee companies in particular, the inclusion of certified products and supply targets is seen as becoming a de facto industry standard in that the major players are all offering some form of certified or verified coffee.
- *Corporate social responsibility and sustainability.* Social and environmental issues associated with a company’s supply chain are emerging as a central component of Corporate Social Responsibility or Corporate Sustainability strategies. Certification provides a highly defensible first step in developing a comprehensive CSR or sustainability program “At Origin”.
- *Employee satisfaction.* Many companies identified their work with RA certification and promotion of RAC coffee as a source of employee pride and satisfaction.
- *Customer retention.* Interestingly, some retail coffee companies reported that rather than attracting new customers, their offering of RA certified to keep existing customers.

236. *Discussion:* Aside from the value proposition coffee roasters saw RAC coffee offered, the evaluation found that project has been successful at establishing a strong foundation for future growth in the market demand for it. In addition to the growth in volume and number of purchasers of RAC coffee (Indicators 1.1 and 1.2), there have the major commitments by some market players to transitioning all of their supply chain to it. The implications for project success of these commitments is not entirely captured by the indicators as these companies will not only buy additional coffee, but also expand the opportunities for consumer exposure and awareness as they integrate RAC coffee into their own brand identity and promotional activities and attract media coverage. Perhaps more importantly, these public announcements by coffee companies are closely followed by farmers, producer organizations and other supply-side industry players. These commitments, combined with direct communication for coffee buyers from these companies, are a major factor in exporters and cooperatives expanding their RA certified supply

chains. For example, almost all of the exporters, cooperatives and farmers interviewed during the evaluation identified the primary reason they initially sought RA certification was due to the interest of existing, or potential, clients in RAC coffee.

237. The evaluation's findings indicate that the market demand should continue to expand due to the clear evidence that the project has built significant capacity for cultivating the types of market partnerships that result in such commitments. This process that can take several years from initial contact and discussion to the initial offering of an RA product, which is the first step towards a company making a large scale commitment to transitioning a significant percentage of their supply chain to RAC coffee. The work of the past few years should result in both new companies offering RAC coffees and current companies expanding their commitment over the remaining years of the project and beyond.

238. While every company is different, the process of market partnership development typically starts with an initial contact at a trade-show or event, followed-up with a visit and presentation by RA staff to key individuals. If effective, this first contact serves to create one or two key internal advocates who assist RA in arranging targeted meetings and discussions with key internal decision makers. These subsequent contacts require RA to first understand the particular concerns and roles of specific decision makers within the company and make persuasive arguments for how RA certification meets their needs, or addresses their concerns. Therefore, the critical success factor is RA's ability to make a persuasive argument and identify and build relationships with key influencers within the potential market partner. As there is no single formula or approach that can be applied universally, so having staff members that understand the industry, can discuss the specific issues unique to coffee companies, and make a strong business case for RAC coffee has been a critical factor in the project's success to date.

239. The evaluation found that the project allowed Rainforest Alliance to build a market development team that is well respected by the coffee industry. Key informants routinely described the team as responsive, professional, committed and sincere. The effectiveness of the team was evident in the strong personal relationships it has developed across various divisions of the companies with which it works, and the level of personal and institutional commitment it has fostered at all levels of RA's market partners. The increased availability of RA staff to respond to market partner's questions, concerns and information requests is valued by all of the companies with which it has developed partnerships.

240. While the RA certification is universally seen as the most holistic and strict of the "sustainable coffee" certification programs, RA is reported to be the easiest to work with among the alternatives. The team is seen as being passionate and committed, but also pragmatic and understanding of the realities facing its market partners. Although not seen as flexible in terms of its standards or requirements, the program has been responsive to company's concerns and interests. For example, the fact that the program allows for 30% RAC coffee to carry the seal was seen as critical to coffee companies being able to get involved while in the process of developing a certified supply chain. Moreover, while RA universally seeks continual improvement in the form of market partners increasing the percentages of RAC coffee they use, they were reported to be quite understanding of a company's needing to define the pace of this process for themselves.

241. The project has also been very effective at developing awareness about RA certification among the industry. The project's strategy of having a strong presence at trade shows and industry events, combined with quick and effective follow-up on potential leads, has paid off in terms of effectively targeting potential market partners.

242. The single greatest challenge to continued achievement of this outcome is that supply is not keeping up with demand. Companies have been impressed with the rate at which new coffee supply has been made available, much of which can be attributed to the project's work in

producing countries. Many companies report they are confident this rate of growth can continue based on their experience thus far. However, there remains a general concern about the diversity of suppliers available. For example, companies report that before committing to purchasing RAC coffee, when they went to purchase a specific coffee, they would have ten to two options that met their quality standards and flavor profile, whereas they now find they only have three or four RA certified options.

243. This lack of options to chosen among creates a concern about the risk that the types of RAC coffee companies need may not be available, especially from regions where producers are using multiple certifications as a market diversification strategy. This lack of “supply depth” represents a real risk that companies will find themselves without a key component of their blend or product line-up. Similarly, the lack of availability represents a risk that RAC coffees, which already cost significantly more comparable non-certified coffees, may become unaffordable if the demand continues to outpace availability. The fact that more companies are publicly committing to RAC coffee is viewed as a mixed blessing as with this expanded availability, and therefore consumer exposure to the RA brand, comes more buyers chasing after the same coffees. This risk is most acute among the small to medium-sized roasters who express concerns that their supply needs could be eclipsed by the large global brands.

244. Another key limitation to continue growth in market demand is the lack of availability of specific origins and coffee types as this limits the ability of companies to expand their commitment to RAC coffee across their entire supply-chain. For example, Europeans are accustomed to having a *robusta* component to their coffees, especially their espresso blends. A major limitation to expanding RA certification into key markets, such as Italy, is this lack of a supply of a high quality *robusta* product. The limited availability of specific origins, such as East African and Asian coffees, is a major obstacle to company’s making the commitment to transitioning their entire supply chain to 100% RA certified. However, the limited availability, and small number of suppliers, of RAC coffees from Brazil is the single largest constraint to more global coffee brands expanding their commitment to RAC coffee as this origin is a core component of their blends worldwide.

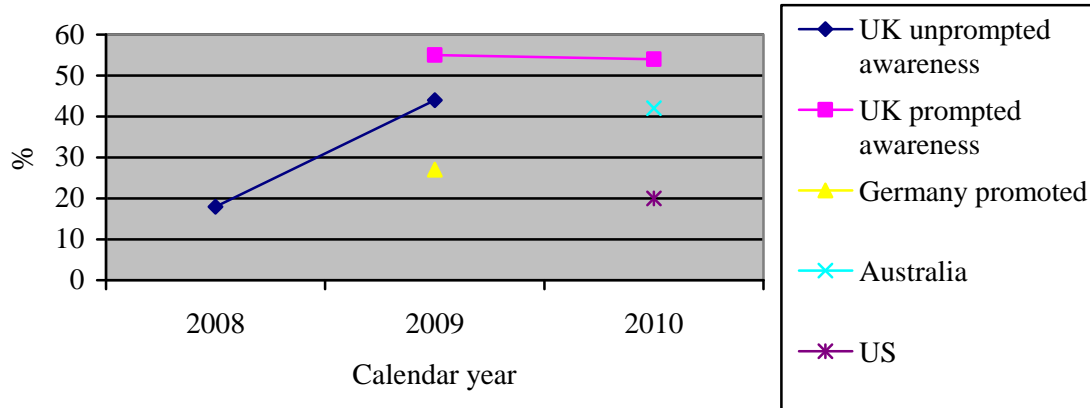
245. Finally, the evaluation found that market partners thought that the market demand team was “extremely busy” and “stretched very thin”. Although their responsiveness had improved since the start of the project, the team was seen as being less proactive than it might be due to the capacity constraints and growing workload of the staff involved. The result is that RA could be missing the opportunities that more extensive cultivation of their current clients might provide, such as expanding their offerings of RAC coffee, pursuing joint marketing efforts and deepening their commitment to RA certification overall.

Outcome 2: Consumer interest to purchase certified coffee increased

Indicator 2.1 Consumers in key markets increasingly recognize the seal

246. *Progress:* As mentioned before, this indicator has not been measured in a consistent or continuous manner. However, all of the data sources reported in the PIRs suggest that seal recognition levels are significantly in excess of the 20% target established in the logframe, even if it is not clear how many years after initial product introduction the data were collected.

Figure 10. Trends in consumer awareness of RA seal



247. *Discussion:* The trend towards increasing consumer awareness, although not conclusive, is supported by the increase in media coverage about RAC coffee since the start of the project. For example, in 2005, RA collected 250 media clips, which had grown to nearly 1000 by 2009. A “Google News” search for “Rainforest Alliance” and “coffee” reveals that media coverage increased from 82 results (2005) to 212 during the first ten months of 2010. A similar growth in discussions about RAC coffee is seen in blogs, with the same search of “Google Blogs” finding that results for January to October of 2010 was 6,042, up from only 59 for all of 2005. While these measures are incomplete and media coverage does not necessarily translate into consumer awareness about RAC coffee, the above trends seem to indicate that the project has been effective in increasing the frequency with which the public might encounter Rainforest Alliance through traditional and emerging media channels – one manner in which awareness about RAC coffee might be generated.

248. *Degree of realization of assumptions:* The first assumption for this outcome was that consumers increasingly find certified products a credible way to support sustainability and conservation of biodiversity. The logic being that customers need to not only be aware of the RA seal and its value, but also see certification as credible. There is no quantitative evidence to date one way or another regarding the validity of this assumption, but the project has not sought to actively monitor this assumption. Discussions with market participants, however, reveal that there is a strong belief that RA certification provides a credibility that is greater than other approaches to addressing supply chain sustainability issues. In fact, this was a common reason why many companies selected RAC coffee in the first place.

249. The second assumption is that corporations that conduct consumer surveys on sustainability will share the information with the project, which is related to the feasibility of indicator 2.1, rather than Outcome 2 itself. Due to the expense and skills required to conduct these types of surveys, the project depends on coffee companies undertaking these efforts and providing the results. The project has been successful at getting the results of various surveys, so the assumption holds true. However, the project has not been able to negotiate that these surveys be designed and conducted in a manner that provides a direct measure of its effectiveness. This is to be expected given the expense and purpose of such research.

250. *Discussion:* The evaluation did find that market participants believe that consumer awareness is increasing, but from a very low level. In markets where highly visible RA certified products had been launched in conjunction with significant investments in marketing, the level of consumer awareness was believed to be much higher than in markets where no such presence can

be found. For example, the U.K. market has had large marketing efforts by Chiquita (banana), PG Tips (tea), Kraft (coffee) and McDonalds (coffee), which have had a knock-off benefit for other companies' promotions of RAC coffee. However, in markets where consumers are less exposed to the RA logo and message, the level of consumer awareness is seen by companies as a major limitation to their own efforts. This observation supports the project's strategy of working with companies to develop promotions that promote the RA brand do have a larger market-wide benefit.

251. The first challenge to raising consumer awareness is the comprehensive nature of RA certification – which encompasses a range of social and environmental issues - makes it a difficult concept to communicate to consumers.

252. The challenge facing the project going forward is that other certifications have far greater consumer awareness. While RA has been very successful given its limited resources and relatively recent entrance to the coffee market, it competes with certifications that have been in the market for far longer and have better funded media outreach and consumer awareness efforts. This is an issue for many coffee companies who are faced with explaining both why they do not offer other certified coffees and educating consumers about RA certification.

253. The market partners interviewed mentioned they would like to see RA do more to promote its own brand identity through earned media exposure, social media and publicity events – all of which are mechanisms that RA will be more effective at utilizing than its partners. RA has already started working on further expanding this area of work, most notably its upcoming “seal you cup” social media campaign, which several market partners expressed excitement about. Moreover, the communications team has increased the earned media exposure for RA and RAC coffee through trips to origin and other outreach activities - successes that many market partners might not be fully aware of.

254. The evaluation found that the project has been able to develop some very useful materials in support of its partners marketing efforts. Of particular value has been the large quantity of videos, frequently asked questions, impact stories and fact sheets available through the RA marketplace web portal. This material has been used by market partners in developing training materials, consumer communication pieces, packaging copy and point of purchase materials.

255. The market partners have an ever increasing need for information about the benefits and impact of the project's supply-side work. As companies expand their product offerings, and further incorporate RA certification into their own brand identity and sourcing strategies, the number of ways and frequency of their communications about RA certification also increases. For example, monthly newsletters, special promotions, web content updates and social media messages all require that new stories, compelling facts and supply-side information be available on an ongoing basis. This is less of an issue for companies that have developed their own projects aimed at developing their supply as these initiatives are a conduit for obtaining stories, case studies and impact information. However, those companies who are relying on RA for supply-side information will increasingly demand more such content as they develop new and different ways to communicate with their customers about RA.

256. The evaluation found that market partners found the approval process for marketing materials associated with RA certified products was well organized, and turnaround time was excellent (3 days on average), quicker than the stated time (5 days) and far faster than other certification systems and most other non-profit partners. Several companies reported that RA also made special efforts to provide useful feedback on the text in addition to its approval.

257. However, the current approval process requires companies include an extra week in their product development and promotion plans which, at times, is a disincentive to their offering RAC

coffee. Several companies reported that there were occasions where they chose not to include RA certified products in a marketing campaign or promotional initiative due to the additional effort required to comply with RA's approval process. While market partners understand and appreciate the important role that this approval provides in protecting and upholding the value of the RA brand, they also believed that streamlining the process would result in more exposure for RA and greater sales of RAC coffee. There was a clear recognition that RA was indeed improving the process and many commented on RA's responsiveness and flexibility had increased over time. Furthermore, some suggested that RA might see an increase companies' promotion of RAC coffee if the organization were to widen the allowed parameters for logo use to permit more creativity in integrating it into marketing campaign materials and packaging. In addition, RA might consider offering a shorter approval time to market partners who had key point persons in the marketing departments of marketing departments that had undergone training in RA logo use and messaging. This training of internal point people could also, theoretically, reduce the RA staff time required to review, correct and approve materials, which could become a real concern as the number of companies offering RA certified products increases in coming years.

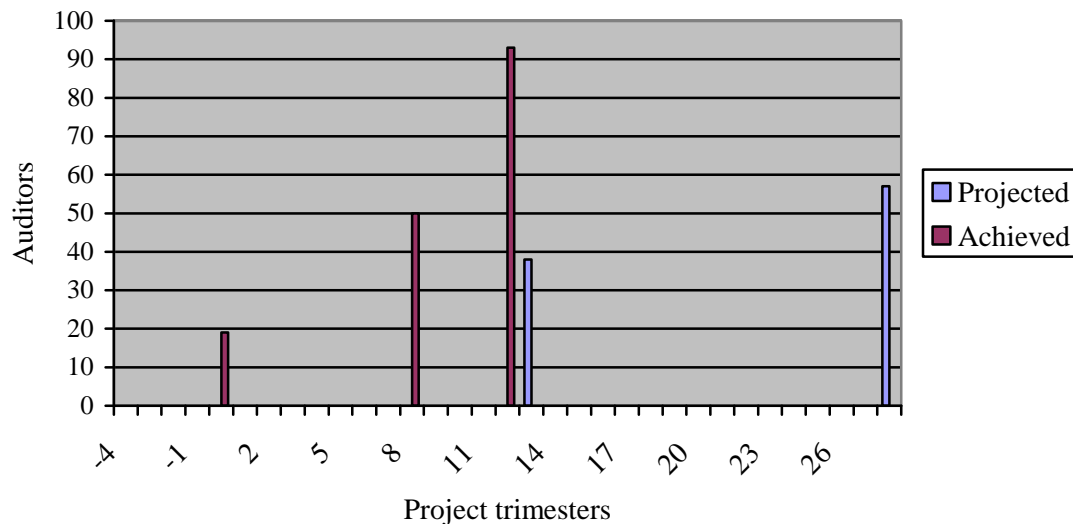
Outcome 3: National capacities to certify all sizes of coffee farms in biologically rich production landscapes has increased

258. As discussed earlier, the indicators for this outcome reflect one of two possible interpretations of the intended focus of the outcome, namely capacities to carry out certification, rather than, as implied in the outputs indicative activities listed in the ProDoc, capacities among farmers to become certified. Following the review of the indicators presented below, therefore, impact is discussed on the basis of a number of alternative measures.

Indicator 3.1 Number of auditors

259. *Progress:* There has been very positive progress with the growth in the numbers of auditors in the target countries (see Figure 11): the end of project target was achieved well before the mid-term of the project. There has, however, been no formalized analysis by the project that would allow an appreciation of whether the target and actual numbers of auditors will be adequate to certify and audit the growing area of certified farms, nor do the figures take into account the possibility of natural "wastage" – i.e. that some of the auditors that are trained may cease auditing in the future (for example in order to pursue other career options). The risk of this occurring is probably greater with individuals than with companies.

Figure 11. Progress with Indicator 3.1: numbers of auditors approved by SAAS



260. *Discussion:* During interviews carried out during the course of the MTE, farmers indicated that there is variation among auditors in terms of the levels of emphasis that they place on different issues, some being stricter than others in terms of, for example, the degree of attention paid to environmental issues. This is of concern as it may affect the credibility of the certification system among farmers and external actors.

Indicator 3.2 RAC has obtained ISO 65 accreditation

261. *Progress:* This target (proposed in the logframe for year 2 of the project) has not been achieved. The 2010 PIR justifies this on the basis that the project has been supporting processes of broader change in the institutional context for RA certification (one of the implications of which is that this indicator should instead read “SAN has obtained ISO65 accreditation”), which will need to be finalized before ISO65 accreditation is achieved (see Annex 8 for details of the strengthening that has been carried out).

Indicator 3.3 Increase in satisfaction levels with RAC among farmers who are audited for the first time.

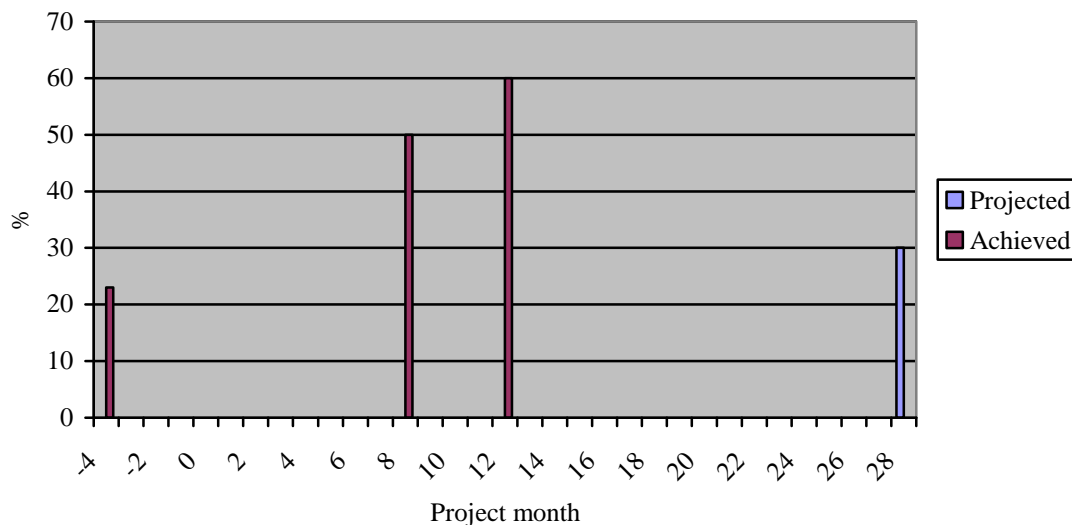
262. This indicator has not been measured by the project, but it has been measured by the SAN. The SAN is putting in place a formalized system of complaints, which will serve to deal with the possible unhappiness of their clients.

Indicator 3.4 Increased volume of certified coffee produced by smallholders.

263. This indicator, in practice, was really “Increase in percentage of total certified land area held by smallholders” as the project found it difficult to estimate the specific numbers of individual smallholders based on the available data.

264. *Progress:* Progress with this indicator has also been significantly ahead of that foreseen in the ProDoc (see Figure 12). This is significant given that it may be assumed to be directly related to the contribution of the project to poverty reduction, through the generation of economic and social benefits for the more marginalized sectors of the coffee producing population.

Figure 12. Progress with Indicator 3.4: percentage of total certified area that belongs to smallholders



Producer capacities

265. As explained in paragraph 75, there are no adequate indicators of producer capacities in the logframe. Field visits and interviews carried out during the MTE make it clear, however, that the project has been highly successful in delivering relevant, useful and effective training to a large number of people. This is significant as, in addition to the farmers who as a result have managed to obtain certification (and so are measured by Indicator O1), there is undoubtedly a large number of others who have acquired knowledge and abilities that have resulted in them changing their management practices, in ways that are favorable for biodiversity conservation, and may allow them to obtain certification in the future with relatively little effort if market conditions make it attractive for them to do so. An imperfect proxy indicator of this effect is the total number of people of different types who have been trained by the project (the indicator is imperfect because information is lacking on the proportions of those trained who have actually acquired the expected capacities, and the proportions of those with capacities who have modified their behaviour as a result. Data on the numbers of people trained are shown in Table 12 (these data should be regarded as only approximate due to variations among countries in the criteria used for classification).

Table 12. Numbers of people participating in project training events

Country	Producers		Technicians and auditors		Total	
	Participants	% women	Participants	% women	Participants	% women
Brazil	2,108	27.5	250	44.8	2,358	29.3
Colombia	5,630	11.5	11,217	26.1	16,847	21.2
El Salvador	1,645	12.2	1,026	41.5	2,671	23.4
Guatemala	720	14.9	119	13.4	839	14.7
Honduras	1,949	16.3	318	14.5	2,267	16.1
Peru	3,040	20.7	2,414	14.6	5,454	18.0
Total	15,092	16.4	15,344	25.3	30,436	20.9

266. *Discussion:* In order to evaluate the progress towards this outcome, it is important to note first that RA is unique in that it is the only certification system that provides capacity development for achieving certification. Individuals interviewed for this evaluation in general also emphasize that what they like about RA certification is its integrated nature, which is seen as different from other seals. Therefore, this outcome represents a real innovation for RA, and so progress must be seen in the context of a system that is learning to incorporate a new and challenging function.

267. At present, there is little quantitative evidence on which to base conclusions regarding the degree to which the project has led to the improvements in capacities among national stakeholders that would be required to ensure the long term sustainability of the supply of RAC coffee, given that there has been no systematic assessment of capacity levels. Growth in the area of certified coffee farms area undoubtedly reflects the successful development of capacities to achieve certification – both among the producers themselves and those providing them with technical assistance (technicians in cooperatives and extension services) – but this does not indicate whether the capacities that have been developed are sufficient to allow producers to remain certified in the long term.

268. The number of producers who have obtained certification probably underestimates the magnitude of the population in which capacity development impact has been generated. The project has trained many more producers than have actually become (or remained) certified, and it is probable (though unproven) that many of these have retained and are applying the capacities that they received. It is probable, though again unproven due to the lack of adequate monitoring procedures, that this situation is resulting in additional underestimated biodiversity benefits as these producers may be applying BD-friendly practices for other reasons than the prospect of price premiums (for example cost savings through the use of integrated pest management), and also that this population constitutes a latent pool of producers that could easily become certified in the future if market and other conditions make it attractive to them to do so.

269. A particularly positive aspect of the project's capacity development strategy has been its focus on "training trainers" rather than solely working directly with producers. This is of crucial importance for maximizing and replicating impact and for furthering sustainability – in theory these trainers will be able to provide producers with the continued support they may require to remain certified, in particular by responding effectively to the technical recommendations of audit reports, and will also be equipped to train further producers in the future. This capacity for replication is important, given that in most of the cooperatives visited during the evaluation a significant number of members were considered to have the potential and interest to become certified eventually if provided with the required support.

270. It should be recognized that the impact curve of capacity development will probably flatten off in the future (assuming that there were adequate capacity monitoring to allow such a curve to be developed). In all of the cases visited during the evaluation, it was clear that the producers with whom the project worked and achieved success to date were principally the "low hanging fruit" – i.e. the producers who were naturally better equipped to develop capacities and put them into practice.

271. The project's progress in this area is due in large part to the major role that the private sector has played a major role in providing technical assistance to producers in order to enable them to meet supply targets. Access to this varies a lot though between producers – it tends mainly to be provided by in-country exporting companies (such as ECOM) and in a few cases by importers and retailers (though Nespresso is one of the exceptions).

Extension capacities

272. In addition, the number of trainees trained (“technicians” in Table 12) is a potential proxy indicator for supply-side capacities for the provision of technical assistance (relevant to Output 3.4 “Local capacity created for technical extension service in implementation of standards”). It is clear that the “training of trainers” has been a highly valuable contribution by the project on the supply side. It has major positive implications for sustainability and replication potential, as it will allow new producers to continue to ‘come on board’ with sustainable coffee production and certification in the future, after the project. Again, however, this is an imperfect indicator, as it does not take into account factors which may have impeded some of those trained from actually delivering technical assistance in the long term (such as the capacities of the institutions within which they work, an issue that was mentioned for some of the target institutions in Honduras by the national partner).

Output 3.5 A group certification system developed and applied

273. *Progress:* The model of group certification has successfully been applied in all six of the BCC target countries.

Table 13. Coverage of group certification

Variable	June 2009	June 2010
Number of smallholders worldwide with group certification	29,000	35,000
Number of BCC countries where group certification being carried out	6	6
Number of countries worldwide with group certification	15	21

274. *Degree of realization of assumptions:* The project assumed that local agricultural technical assistance service providers are willing to receive training in certification standards and provide technical assistance to producers. The widespread involvement of agricultural assistance providers, associated with both cooperatives and export companies, in project activities provides solid evidence of their interest and willingness to support producers obtain RA certification.

275. *Discussion:* Advances in developing capacities for certification and auditing have resulted in what appears to be a sufficient reliable supply of auditors to be able to cover the projected growth in certified area, at least in the medium term (growth in the number of auditors (Table 19) has been significantly greater than the end or project target defined in the ProDoc). Of particular significance is the increase in the proportion of auditors based in the target countries themselves, which has served to keep the costs of certification and auditing down. One concern in this regard is that there appears to have been no formalized process (in either the design or implementation phases of the project) of relating projections of the numbers of auditors needed, to projections of growth in the numbers and areas of farms requiring certification and auditing.

276. The project has played a significant role in supporting the consolidation of tools and the institutional framework for auditing capacity, in particular the process of moving the sustainable farm certification program of SAN and RA from an in-house model to one where an independent accreditation body accredits certification bodies to perform farm audits and issue certificates. Largely as a consequence of this, project staff members consider that growth in the numbers of auditors should no longer be included as an indicator of project success, as it no longer depends on the actions of the project.

Outcome 4: Economic sustainability of certified coffee farms has increased

Indicator 4.1 Certified farmers earn better prices than comparable non-certified farmers

277. *Progress with indicator:* According to the 2010 PIR, “It is now widely recognized that most farmers do get a clearly detectable price premium for their certified coffee, typically 8-12 cents per pound of green coffee.” Given that no baseline studies or consistent monitoring of this indicator were carried out, most of the indications of price premiums are anecdotal.

278. Interviews with key informants during the process of the MTE did report that they are receiving more for their RAC coffee than for comparable non-certified coffee. Some producers, particularly larger enterprises who sell their coffee directly, did report significant price premiums, in some cases of 10-20% over comparable non-certified coffee. Smaller producers, especially those who sold to exporters, and to a lesser extent cooperatives, were typically less clear about price premiums received for their having obtained RA certification.

279. The actual magnitude of this price differential for RAC coffee seems to differ significantly from country to country and from producer to producer. In absolute terms, some of the price differentials (per pound of green coffee) for RAC coffee reported by interviewees during the MTE were as follows: USD 0.08-0.085 (El Salvador), USD 0.15 (El Salvador), USD 0.20 (Peru), USD 0.03-0.04 (Peru), USD 0.20-0.30 (Peru), USD 0.30-0.50 (Peru), and USD 0.08 (Brazil). However, these figures illustrate the difficulty in measuring “price premiums” as their size is influenced by a number of factors, such as differences in quality, market conditions at time of sale, timing of sale, individual contractual arrangements, local prices at time of delivery and/or contracting, type of supply chain (e.g., exporter, cooperative, direct, etc.), sale under multiple certifications, etc. Therefore, it is hard to disaggregate what component of the price paid is directly related to the RA certification. The measurement of RA certification premium is made further complicated by the fact that farmers often look at the total price they received (at farm gate) for their parchment or cherry coffee relative to the local price they would have been paid, rather than the contract price (FOB) for green coffee relative to the market price (NYBOT).

280. In addition, the real measure of an RA certification premium would need to account for both the additional capital cost associated with exporting coffee. As farmers often require pre-harvest loans to prepare for and finance the harvest, for which they pay significant interest rates. Since export sales involve additional costs (milling, transport) to be financed, additional capital is required to export coffee. Moreover, the length of these loans is longer, and associated interest costs higher, as export sales are generally only paid upon presentation of the shipping documents, which adds several weeks or months to the loan period. As the price premium is associated with export sales, these additional costs must be subtracted to determine the real added value to farmers. This is a particular issue for direct sales by farmers and cooperatives, as exporters are often self-financing and subtract their capital costs along with their service fees and profit before paying the farmer.

281. More important, and harder to quantify, is determining the “risk adjusted” price premium as coffee exports imply significant risks that are often overlooked, especially those that cannot be mitigated through insurance. There are a numerous ways that a coffee transaction can result in a partial or complete loss, improper milling, poor storage, dirty or contaminated container, missed embarkations, customs delays, large currency fluctuations, etc. This is a real issue for individual farmers and cooperatives, where a single such incident represents a significant portion of the total annual revenues. Therefore, if realizing a price premium requires farmers directly, or indirectly, assume export risks, then determining its real value must include an adjustment for these risks.

282. *Discussion:* These aforementioned complications aside, the information gathered during the MTE does reveal that RAC coffee provide some additional value, although this amount is

variable and situation specific. These observations are further supported by coffee companies also reported paying more for RAC coffee than for non-certified coffee, although these estimates also varied by origin, contract and harvest year.

283. A common observation among many producers of all types was that aside from price premiums, RA certification contributed to economic viability of farmers in several ways. Some farmers credit the implementation of the improved organizational and management systems required by RA certification with helping them to reduce costs. For example, farmers reported that the more judicious use of agrochemicals mandated by RA certification resulted in them not only using less of these expensive inputs, but also lowered their cash outlays in advance of the harvest. Since farmers had to borrow less their total interest payments were smaller. Another observation is that the better processing equipment and practices resulted in less shrinkage (i.e., more coffee per kilo of cherry) and better coffee quality, both of which contributed to increasing their total revenues from a single coffee harvest.

284. Although compliance with the SAN standards does not necessarily require farmers to implement practices that improve crop productivity, such as pruning of coffee trees, renovation (i.e., replacement of old plants), shade management, etc., the focus on farm administration and continual improvement that comes with RA certification was reported by farmers as conducive to their adopting better management techniques. This fact, combined with the tendency for agricultural extension service providers to train farmers in both “good management practices” required to meet RA standards with better crop management techniques, meant that RA certified farmers reported significant productivity gains after several years.

285. The MTE found that farmers’ gains in coffee yield per hectare, which reportedly ranged from 10% to 30% after three to five years, represented a significant economic benefit for farmers. For example, one group of mid-sized, professionally managed farms reported an increase of 1500 pounds of export grade coffee per hectare after three years. At a 10% hurdle rate, and assuming a conservative price differential of USD0.08 per pound for RA certification alone (i.e., less quality or other premiums), this additional productivity alone provided a payback period on the initial investment of only five years. This illustrative case highlights the potential for an agricultural production regime based around the SAN standards to provide real economic benefits independent of a price premium.

286. Additional data will be generated on the economic viability of certified farms through the cost-benefit survey that is currently being piloted in the project’s target countries (see paragraph 152). This survey should provide a clear estimate of the cost of specific activities farmers need to undertake to comply with the SAN standards, as well as the cost of continual improvements farmers must make to retain their RA certified status. This study will need to establish clear guidance for what specific investments are required to sufficiently meet SAN standards to obtain initial RA certification. This is important as farmers reported making significant investments to obtain RA certification that in hindsight might not have been necessary to make upfront. This implies getting clear agreement on the full range investment options for complying with the critical criteria and meeting the minimum performance required to become RA certified for the first time. The costing of these specific initial investments will allow for a financial modeling of the transition of a “typical” farm(s) to RA certified status. This would provide farmers with a more realistic estimate of the cost of obtaining RA certification for the first time, at which they would have access to both the short-term market opportunities and long-term benefits RA certification provides.

287. However, long-term studies of different scale farms and production models and the resulting economic and non-economic benefits relative to a control group will be needed to make definitive statements about the sustainability of RA certification.

Indicator 4.2 Certified farmers feel certification has helped improve their ability to survive a future coffee crisis

288. *Progress:* No specific data have been collected on this variable. It might be assumed that price premiums, improved market access and cost reductions as a result of becoming RA certified would result in farmers feeling that they were better able to survive another period of low prices. Although there is some strong anecdotal information to support this assumption, the current period of high prices and the alleged decline in farmer interest in certification in general, makes it difficult to determine the effect of RA certification on increasing farmer resilience to a future coffee crisis.

289. *Degree of realization of assumptions:* The first assumption for this outcome is that certified farms would be willing to share price [information] with project partners. This was related to the indicator 4.1, which sought to measure the increase in prices farmers obtained for their RA coffee relative to their non-certified counterparts. Indeed, this assumption proved to be problematic as the project was unable to obtain reliable, consistent price data. The original approach was to collect this data via the internet portal the market partners used (Marketplace). However, the use of this was inconsistent at first and numbers provided were arbitrary or outright fabrications. Indeed, the reluctance to provide such data on a confidential basis through a secure, private website is a strong indication that this assumption was incorrect.

290. This outcome also assumes that the coffee industry is willing to continue to reward RAC coffee. The idea is that the economic sustainability of RA certified farms is due in part to the improved prices farmers receive for their RAC coffee (Indicator 4.1). Therefore, the coffee industry must have a sustained interest in rewarding farmers for their certified coffee. An examination of the outputs reveals that these rewards were seen as including coffee companies supporting efforts to provide RA certified farmers with preferential market access (Output 4.2), attractive financing (Output 4.3), and differentials for coffee quality (Output 4.4). Other potential rewards companies might provide their RA certified farmer suppliers was to facilitate the establishment of better trade terms with business service providers, such as processors, exports, importers, brokers, etc. (Output 4.5). The project also envisioned rewarding RA certified farmers by providing valuable feedback on their quality (Output 4.4) and critical market information and enterprise development support for improving their businesses (Output 4.6).

291. This second assumption seems to have held true thus far in that the project has been able to increase the commitment of coffee companies in expanding their purchases of RAC coffee despite the higher prices many report paying for it. Moreover, several companies have made significant investments in developing products that directly involve specific growing regions, and track their benefits to farmers. Various key informants reported that their company's support of farmers with technical assistance and/or expanded purchases is a critical part of their business strategy as well as the company's sustainability program. Visits to "origin" to meet with RA certified farmers has had a significant impact on participating coffee companies continued and growing commitment to purchasing and marketing RAC coffee. It is reasonable to believe that this assumption will hold true for the life of the project, if not beyond.

292. *Discussion:* The ProDoc describes this outcome as a response to a series of factors "vital to increasing economic sustainability of already RA certified farms" (ProDoc, page 56). This outcome sought to respond to such factors as farmers' limited understanding of, and access to, markets and market information, which are required to realize the value of their RAC coffee. Other factors included farmers' limited business skills, lack of quality control and improvement systems, and limited ability to negotiate better prices for their products. Lack of affordable financing was another critical factor that this outcome sought to address.

293. These factors were not believed to be “barriers to [farmers obtaining RA] certification or satisfying the demand for [RA] certified coffee” (ibid). These factors were identified as being separate to the improvements in economic sustainability inherent to certification. Specifically, this outcome was a response to factors that are “not part of the [RA] certification scheme [that] can put the farmers’ economic sustainability in jeopardy” (ibid). Therefore, this outcome was included “to help facilitate measures that which can enhance [economic sustainability of farmers]” (ProDoc, page 57).

294. The ProDoc acknowledged how ambitious this outcome was “as these thematic areas could merit a project itself” (ibid.). Moreover, the “project’s capacity to address sustainability issues is limited” (ibid.). The original strategy for this outcome was to use a combination of “targeted efforts and partnerships with other institutions.” However, this strategy proved more difficult than perhaps originally thought due, in part, to the wide spectrum of the actors involved in this outcome. Specifically, the outcome involved working with agricultural extension agencies (Output 4.1), coffee buyers (Output 4.2), industry associations (Outputs 4.2, 4.4), financial institutions (Output 4.3), processors (Output 4.4), exporters and importers (Outputs 4.2, 4.3, 4.4, 4.5) and small scale enterprise specialists (Output 4.6).

295. The project’s success in some areas, and lack of progress in others, supports the observation that this wide range of actors, and the associated skills required to effectively engage them, was a major challenge for the project to date. The areas where the project was successful are related to the areas where the project built capacity, specifically in agricultural extension and market access. The project has been successful in expanding its “training of trainers” work to include the “Best Management Practices” related to economic sustainability. This represents a major evolution for RA, as the project has effectively defined that agricultural extension services in support of RA certification as including topics, such as crop and soil health, productivity, and quality, which go beyond the SAN standards. Moreover, the project has been successful in its efforts to link potential buyers with potential suppliers, both through organized efforts such as traceability systems, buyer-supplier exchanges (including cupping competitions), and supply-demand information sharing, as well as in its less formalized or structured work of responding to various information requests and bringing together specific buyers and suppliers in need of each other.

296. This innovation cannot be underestimated as it represents a significant philosophical shift and change in organizational culture for RA and its SAN partners to go from institutions that establish standards and audit compliance with them to organizations that also partner with farmers, producer organizations and exporters to find effective, economically viable techniques for achieving sustainability at the farm level. It should be considered a major success of the project that in only a few years time RA and its local SAN partners have come to be seen by the industry as the only certification program that actively works with producers and suppliers to overcome the challenges of meeting the rigorous SAN standards to achieve RA certification.

297. In the areas where the project has not built dedicated capacity, nor been able to allocate staff time, it has been less successful. The project has the skills and expertise in finance and credit provision and business development, but the staff has not had sufficient time to focus on this aspect of the project. This explains, in part, why the project’s work with financial institutions and business service providers has not advanced with respect this aspect of the outcome.

298. In the area of finance and credit, the project’s original strategy of partnering with financial institutions proved to be difficult. Multiple attempts to establish working relationships with credit providers have not yet come to fruition. The lack of expertise in this highly specialized area in the target producing countries is partly responsible, as this task was assigned to already overloaded country coordinators whose background tended to be in agriculture and whose performance was measured by the area certified and volume of coffee exported.

299. A more critical challenge to making progress with this aspect of Outcome 4 is related to the kind of financing the project sought to assist farmers in accessing. Specifically, what farmers really need to meet and maintain RA certification is financing for investments in infrastructure (e.g. processing facilities, worker housing, etc.) and farm improvements (renovation, reforestation, etc.). Unfortunately, the financial sector has limited experience in providing these types of long-term, unsecured loans. The risks and opportunities of providing financing for farmers to make the investments he/she requires to comply with the SAN standards and get certified are still not well understood, nor are the potential mechanisms for organizing and managing such loans well established. This was made clear to the project as its discussions with Oikocredit, Root Capital, CAMBIO, and Banco Hipotecario, revealed that these financial institutions had little experience with financing long-term investments by producers, especially smallholders. Moreover, the project was unable to effectively demonstrate the net present value of, and repayment rates for, investments made by farmers to comply with the SAN standards (although the cost-benefit data currently being generated will help to fill this information gap)..

300. This very important kind of financing is further complicated by the long history of coffee sector organizations and governmental agencies heavily subsidizing infrastructure investments. These sporadic programs have not only proven difficult to sustain, but are also becoming harder and harder to justify in many coffee growing countries as the role of coffee in national economies continues to decrease. However, the expectations of farmers regarding these types of investments remains, presenting a significant barrier to developing a vibrant financial services sector around this area of need.

301. The financial service sector's lack of familiarity of with these on-farm infrastructure loans and the history of subsidizing such investments together make providing farmers with this type of financing a major challenge. Therefore, it is understandable that the project has yet to make major progress in this area. Moreover, the current high coffee prices means that farmers' capacity to self-finance of these types of investments, so the need has been less than if the project had been implemented during a period of low coffee prices, such as when the project was designed.

302. In the coming years, there is an opportunity for the project to revisit this aspect of Outcome 4 as, Rabobank, a global financial institution specializing in providing banking services to the food and agriculture sectors, will second to RA an individual with significant agricultural finance experience and expertise. Although RA has not yet decided if and how much of this individual will be dedicated to this aspect of the project, the potential availability of this critical skill set to the project team could be a promising development as it should allow for greater clarity as to the types of financing farmers require to get RA certified, as well as how such loans might be structured to make the risk and return attractive to both farmers and lending institutions.

Outcome 5: Increased capacity to engage policy makers in coffee-producing and consuming countries in promoting sustainable coffee practices and to monitor and respond to policy initiatives/threats to sustainable coffee.

Indicator 5.1 Number of policy initiatives/threats addressed in major coffee producing and coffee consuming countries; extent of success in addressing these (high, medium, low)

303. *Progress:* The project did not establish baseline, or measure this indicator, so it was not used to monitor the project's policy related work.

304. *Discussion:* The principal focus of the project in the policy arena has been on consumer rather than producer countries. This has been a pragmatic decision as the 2010 PIR states "The team has not found it realistic to fundamentally change [producer country] governments' regulatory framework, such as fiscal policies or legislation". This decision reflects the fact that the national SAN partners, who have a strong technical focus, are not necessarily set up or

positioned to carry out effective policy lobbying, especially in a specific sector such as coffee. Moreover, the skills set of the country coordinators reflect the relative importance of agricultural and/or industry expertise over policy-related experience. Finally, the initial policy studies in the producing regions failed to identify specific initiatives deemed to be a threat or opportunity. This indicator might have been used if specific policy initiatives had been identified, but since none were, and in light of the lack of policy specific skills and capacity, it is understandable why it was not utilized in the producing countries targeted by the project

305. According to the 2010 PIR, “The project continues to engage European policy makers at the highest level, both within the EU as well as in several European countries, and focus continues to be public procurement, but also possible future regulation of voluntary certification systems. Europe is higher priority than the US in terms of policy work, because European countries are far more likely to want to regulate on sustainability issues than the US.”

306. Despite having identified specific public procurement initiatives in consuming countries that the project should address, it did not establish a baseline or define a desired policy outcome as a target for this indicator. In retrospect, the process of defining the specific initiatives to be monitored, and the desired impact of the project’s policy related work, could have been a useful exercise in defining how the project might address these issues more broadly. As there is still an opportunity for the project to identify specific desired outcomes for these public procurement initiatives over the remaining project period and beyond, this indicator could still be useful to measuring the effectiveness of the project’s policy work in consuming countries.

Indicator 5.2 Policy working groups formed with relevant public, private and research organizations in each of the 6 project countries (over time the priority policy issues that have been identified and the extent to which they’ve been addressed).

307. *Progress:* No policy working groups have been established to date so this indicator has not been measured or utilized by the project.

308. According to the 2010 PIR, “The project’s policy work has been slightly different from what was envisioned in the ProDoc. Instead of assembling working groups with the specific aim to lobby for a particular policy change, the team has engaged government officials and policy makers in dialogue around certification and standards development, developed relationships with local governments through collaboration with their rural development projects, by letting local governments finance capacity building work with farmer groups, or through mutual agreements to support sustainable agriculture. The project has also found it very useful to engage with national coffee organizations, which wield considerable control over many countries coffee policy.”

309. This indicator might have been useful if specific policy initiatives had been identified. However, the initial policy studies in the producing regions failed to identify specific initiatives deemed to be a threat or opportunity, and the indicator was not measured. On the consuming country side, public procurement initiatives did come to light that the project might address, but no baseline or end point was specific identified by the project. If the project can identify specific desired outcomes for these policy initiatives going forward, then this indicator could be useful to measuring the effectiveness of the project’s policy work by the end of the project. However, it should be noted that procurement work was believed to contribute to Outcome 2 as it was included as Output 2.4.

310. *Discussion:* Progress with this outcome is challenging to evaluate due to changes in the project’s approach relative to those outlined in the ProDoc. On the supply side, the project did not invest a great deal of time and effort on policy related efforts due to several factors. First, the initial policy studies did not identify clear policy issues that needed to be addressed. This could

be due to the fact that no such issues exist in the countries where the project is working, or it could have been due to the quality and focus of these reports. The project management found these reports to be less than useful in identifying specific policy issues. Moreover, these reports were also intended as an input into the “local indicators” development process, which may have resulted in the final products being more oriented towards this purpose.

311. Second, the project also never convened working groups in the producing countries, so the mechanism for identifying policy initiatives was never established. This lack of a policy working group meant that the country projects did not have a formalized mechanism for monitoring the policy environment on an ongoing basis. There may also be some hidden consequences in that the projects may have missed potential opportunities for shaping sector policies, or participate in collaborative initiatives.

312. Finally, the lack of formalized policy activities at a country level is due to the skill sets selected for the country coordinators. These positions had wide ranging roles and responsibilities, including project and grant management, agricultural extension services, credit access, business planning, marketing and communications, etc. The wide scope of these positions, and the range of different skills sets required, resulted in the project needing to prioritize certain skills when hiring the country coordinators. Based on the profile of the country coordinators the project hired, the selection process seems to have deemed policy knowledge and experience to be less critical than agricultural and sector expertise.

313. Although the project’s approach to policy related work in the producing countries was not implemented as originally envisioned, the project did find that its local indicators development work did examine policy issues. The convening of these local experts to look at the implications of local regulations and laws for the SAN norms was seen as a policy dialogue in its own right and useful in identifying challenges to project success. However, this dialogue did not appear to have led to an ongoing process of monitoring policy and legislative issues. Perhaps, the policy working group might have been useful in moving this dialogue forward. (Note: the development of local indicators was not associated with this Outcome, but rather Outcome 6, Output 6.5)

314. In addition, the project collaborated closely with National Coffee Organizations to develop technical assistance programs to support producers in meeting the SAN standards and obtaining RA certification. For example, the project has working relationships with the National Coffee Organization in Colombia (FNC), El Salvador (CSC), Peru (JNC), and elsewhere, which provide a form of policy dialogue on a number of issues relevant to the sector on a national level.

315. Another development in the policy work in producing countries is that the project came to understand the important role of local governments in achieving its outcomes. The emerging importance, and potential, of sub-national policy work is exemplified by Colombia, where the project has negotiated with the departmental governments of Huila, Tolima and Cundinamarca to provide direct financing for the implementation of the SAN standards and RA certification. This local governmental policy work is expected to provide more than US\$400,000 in support of efforts that will result in an addition 6,000 ha of RAC coffee. Similarly, the local level policy work in Colombia reportedly contributed to two municipal governments in the Department of Santander providing a tax exemption for “conservation forests” on RA certified farms. These examples highlight the potential of this local policy work to produce similar results elsewhere, such as Peru, where regionalization of governmental power is important.

316. In terms of consuming countries, the policy environment in North America was determined not to present significant challenges to the project, so no specific investment was made in the U.S. or Canada. However, the project did build policy related capacity in Europe, in the form of a policy expert, who has been monitoring regulation in EU and member states that might adversely impact RA certification.

317. This policy work has focused on making sure that RA certification was not excluded from national and local procurement policies. For example, the project financing allowed RA to lobby for amendments to EU Parliament Resolution on a Motion for Fair Trade in order to make sure the document encompasses all schemes that contribute to the sustainable management of the environment.¹⁶ Similarly, RA sought to changes to the European Social and Economic Committee (November 2009) Opinion on the Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee; Contributing to Sustainable Development; and The Role of Fair Trade and Non-Governmental Trade-Related Sustainability Assurance Schemes¹⁷. Specifically, RA policy work contributed to expanding the document's language to be favourable to all sustainable certification programs, not just Fair-Trade. Similarly, RA presented its certification program during a Hearing on Fair Trade in the Belgian Federal Parliament, which contributed to halting legislation that would give the Fair-Trade brand exclusive legal protection¹⁸.

318. This work could prove to be increasingly valuable as the market presence of RAC coffee grows in Europe as public and institutional purchasing programs represent a significant market opportunity. These initiatives are also a way to elevate the legitimacy of RA certification as they require an independent evaluation of certification system to qualify. This review and approval of RA certification would build confidence among coffee companies and consumers about the legitimacy of the system.

319. The policy capacity funded by the project was not exclusively focused on coffee related work as many of the issues being addressed were also not sector specific. While it is understandable that a wider approach was required for RA's policy work to be effective in Europe, some of the activities undertaken with project funds might have been more appropriately financed by other resources.

320. Despite the lack of a formal policy component, and changing political environment, the project has made advances in how it contributes and responds to sector and governmental policies. In Brazil, the project placed a special emphasis on targeting small-scale farmers in response to concerns about the potential for the project to disproportionately benefit larger farmers. In Peru, the project has opened a dialogue with regional governmental authorities in several regions to encourage their participation in these specific focus areas. The project's renewed focus on enhancing the involvement of sector and governmental actors will be critical to realizing local ownership beyond the life of the project.

¹⁶ The EU Parliament called on the European Commission to recognize that there are also other credible schemes that alongside the Fair Trade movement and under the umbrella of the International Social and Environmental Accreditation and Labelling Alliance (ISEAL), collaborate to define social and environmental standard setting in third party certification (2005/2245 (INI)).

¹⁷ ECOSOC, Opinion of the European Economic and Social Committee on the Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee: Contributing to Sustainable Development: The role of Fair Trade and non-governmental trade-related sustainability assurance schemes (COM(2009)215 final).

¹⁸ Belgian Federal Government, (Chambre des Représentants du Royaume de Belgique) draft laws proposing the creation of a legal framework for Fair Trade were pending in the Committee for Enterprise of the House of Representatives of the Belgian Federal Government. This proposed legislation was introduced by Muriel Gerkens (Ecolo-Groen), Christian Brotcorne (CDh) and Colette Burgeon/Karine Lalieux (PS-SP.a). However, lobbying efforts, including formal presentations at a special Parliamentary Hearing in January 2008, resulted in all these proposals being shelved. (DOC 52 0056/001).

Outcome 6: Increased learning and adaptive management

321. There is in fact a major degree of overlap, and has been a certain degree of confusion between project and program levels in terms of the proposed and implemented activities and systems for monitoring and evaluation/adaptive management (M&E/AM). Section 4.2.3 above focuses on what the project has achieved in terms of internal M&E/AM, and the discussion in this section focuses instead on the impacts that the project has created within the program in terms of capacities for M&E/AM.

Indicator 6.1 Systematic information is available to document the impact of certification on biodiversity and social-economic conditions

322. The targets for this indicator in the logframe matrix were that:

“By year 2, systematic information is generated annually in each project country, and by year 5, clear evidence has been obtained of the biodiversity benefits in coffee”.

323. As explained in paragraph 129, the only data that are systematically generated in each project country are the numbers of hectares certified, the volumes of certified coffee that are traded, the numbers of people that participate in capacity development and other events organized by the project and the levels of execution of GEF project funds.

324. The fact that it has not yet proven possible to use audit reports as a source of data for monitoring and evaluation, as discussed in paragraph 132, also represents a major lost opportunity at program level, as these reports will continue to be generated on a routine basis after the project has finished, and most of the data that they currently or potentially contain are of equal relevance for adaptive management decisions at project and at program levels.

325. Additional potential sources of information on the impacts of certification have been the biological and socioeconomic studies carried out in El Salvador, Colombia and Brazil (see section 4.2.2). The studies in El Salvador and Colombia were well designed and executed, with a sample size that was large enough to generate statistically significant results, but the statistical significance of the results of the Brazil study was limited by its small sample size. The results of the biodiversity studies are summarized in Annex 10 and the results of socioeconomic studies in Annex 11.

326. As discussed in paragraph 140, these studies have limited utility as guides to adaptive management of the project, due to their restricted geographical coverage and the lack of adequate control groups. There was no guarantee, for example, that certified farms may not in general have tended to be those which would anyway have shown better environmental performance than non-certified farms, even without certification. For the same reasons, they are also of limited utility for guiding adaptive management decisions at the program level. Rather, they should be viewed as tools for learning, although again the lessons that they have generated have been very specific in geographical terms. Although it is recognized that little scientifically valid evidence is available regarding the impacts of certification, it is questionable whether these expensive and geographically specific studies were the best use of the limited funds available under this component: they had a major opportunity cost, as limited resources were left over for other forms of monitoring, evaluation and for the development of corresponding capacities for adaptive management. These alternative approaches to monitoring and evaluation could have included, for example, the development and institutionalization within the certification system of mechanisms for monitoring the magnitude of trends in the proportions of different land uses, vegetation types and vegetation quality within certified farms, in comparison with control groups: this could have provided some (albeit imperfect) indication of program-wide biodiversity impacts. The Brazil study came close to this approach, by comparing areas of coffee and forest in certified and non-

certified farms with the drainage basins within which they were located; however, as explained above, its utility was limited by its sample size and the fact that it did not study trends over time.

327. Another alternative use for the funds spent on the studies in El Salvador and Colombia could have been to contract a specialist in monitoring and evaluation – a “Learning and Knowledge Specialist” was in fact proposed in the ProDoc (page 141). Instead, the decision was taken to use these funds to cover the costs of the first Director for Evaluation and Research in Rainforest Alliance, Rebecca Butterfield. Such a person at project level could have played an important role in developing and consolidating the M&E and adaptive management systems for the project, thereby avoiding many of the deficiencies in information generation and management mentioned in sections, 4.2.2, 4.2.3 and 4.3, as well as supporting the development of adaptive management capacities at program level under Outcome 6.

328. The other aspect implicit in this indicator was that information would be not only generated, but also effectively disseminated. It was proposed in the ProDoc that

“during its inception phase the project will formalize information-sharing agreements with project country governments to ensure that knowledge generated about biodiversity in coffee landscapes, recommended coffee landscapes conservation measures, on-farm biodiversity farm management practices and other relevant information will reach the governments and help them in their work to promote sustainability in agriculture and the fulfillment of their sustainability- and biodiversity conservation action plans.”

329. No such agreements have been established: this is a reflection, on the one hand, of the fact that the project has not generated the proposed knowledge on biodiversity or management practices, and also of the limited degree to which the project has developed relations with target country Governments.

330. The project, as well as RA in general, has been very active in generating press releases and other promotional materials, as well as high quality technical guidance documents on best practices and self-evaluation at farm level and technical guidance on how to comply with the SAN Standard. There is little evidence, however, of the types of documentation and dissemination of lessons learnt to internal and external audiences that was foreseen in the ProDoc (Output 6.4) and was intended to “guarantee transparency, increase learning and replication... as well as promote a healthy exchange of opinions and knowledge”. This focus on promotion rather than reflection is summed up in the 2010 PIR:

“The project has created capacity to raise public awareness in two ways. First, the team engages with journalists, sometimes taking the journalists to certified farms, to make them tell readers or viewers of sustainability and how the consumer can make a difference by exercising a choice for a certified product. The team has had articles in esteemed news outlets, like New York Times, Wall Street Journal, London Times and the Guardian. Second, the team guides companies' marketing or PR teams in sustainability issues and makes sure they get the message right.”

331. Training documents are routinely checked with SAN Secretariat in order to ensure their relevance to the SAN Standards; however a formalized process for the validation of training materials is still under development. Most of the materials developed to date have been aimed at technicians, and there is still a gap to be filled in terms of additional materials aimed at, and validated by, the producers themselves, that could be made available through the technicians. Attention to this issue is particularly important given that producers are highly variable in terms of their educational levels.

Indicator 6.2 Learning enables improved strategic planning and program design and implementation.

332. According to the 2010 PIR, progress in relation to this indicator is as follows:

“Continuous development of the Sustainable Agriculture Network standards is based both on leading world-class experts in different fields, and on extensive local stakeholder input, including government agencies, NGO community, academic experts, industry and growers. Based on the inputs and a continuous evaluation of impacts the standards are adjusted. As for the BCC project, field operations are guided by country strategies, and both strategies and activities are adjusted as needed based on performance and continuous trouble shooting. As an example, analysis of socio-economic impacts of the program has led to increased focus on productivity and quality, as well as a search for cost-effective solutions to common problems, such as wastewater treatment.”

333. The “multi-stakeholder consultation and involvement at country and international levels [intended to] secure inputs in certification program and standard setting process” (ProDoc, Output 6.5) has taken place as foreseen, in the form of the SAN public consultation process (see Annex 14), which has included twice-yearly meetings of the International Standards Committee, a public consultation process (the most recent one of which was in 2008) and local consultation meetings in target countries, based on initial scoping exercises. Initial meetings in this process were partially supported with GEF project funds (these costs will be assumed in future by SAN using funds generated through its participation fee). This process has resulted in modifications to the SAN Standard (the inclusion of requirements for landscape connectivity through riparian forests, live fences and trees, and the exclusion of farms that have carried out destruction of high value ecosystems after 2005) and also, at country level, to the development of country-specific “indicators” (local criteria). There is no evidence however that these initiatives have been oriented by information generated through monitoring or the systematization of lessons learnt, at either project or program level: the SAN representative recognized the need for mechanisms (workshops) to allow research results to be integrated into the standards setting process.

Sustainability

Financial Sustainability.

334. At the core of the project is the establishment of a market-based mechanism, RA certification, which GEF support will help to reach the point at which the system will continue to grow without external donor financing. The idea is that market demand, and associated benefits to farmers, will achieve the point at which the business of producing and selling RAC coffee is sufficiently attractive for the system to become self-sufficient. While the project is on track to achieve this goal, it is clear that there will be a period of time between when the GEF funding is exhausted and commercial sustainability is achieved. Therefore, the risk to the project benefits continuing beyond the end of the project is that additional external financing is insufficient to bridge this period. Table 14 shows that in all the target countries but Guatemala projected income will cover, or nearly so, projected costs by the end of the project; however in all cases but El Salvador this depends heavily on short term and unsustainable external project (non-GEF) funds.

335. One aspect of the project’s approach to financial sustainability in Brazil, Colombia and El Salvador is to work through partnerships with local institutions and implement cost recovery for project funded activities. The use of SAN partners to execute supply-side work has served to develop capacity in local organizations with strong financial track records. Moreover, collaboration with cooperatives and exporters to provide technical assistance to farmers is

promising from an institutional sustainability perspective as it taps into existing mechanisms and funding sources for this work. On the market side, the approach of working through coffee companies to develop market demand also provides a mechanism for achieving project outcomes through established channels.

336. The risk to this approach is that Rainforest Alliance is unable to establish the delicate balance between demand and supply. Greater demand than supply could raise prices, and constrict availability, to the point where coffee companies where the costs and risks of committing to RA certification outweigh the benefits. Conversely, too little demand means that farmers find getting RA certified, and the associated costs and effort it requires, to be unattractive, thereby limiting supply and availability to the point where companies reduce their commitment to RAC coffee. This risk is a major issue that RA is actively working with its market and supply-side partners to develop and implement strategies to address.

337. As for cost-recovery mechanisms, Rainforest Alliance is implementing a “participation fee” of USD0.015 per pound on green coffee imports to reduce its dependence on foundations, individual donors, and bilateral and multilateral agencies. RA’s formal official announcement of this fee, which came into effect in October 2010, describes the objectives of the fee as follows:

- To improve the systems and services that benefit all the actors along the value chain, from farmers to consumers
- To make the benefits of certification more accessible to more smallholders
- To support the growth of the Sustainable Agriculture Network, which ensures that the standards are meaningful, effective, comprehensive, cutting edge and adapted to local ecological, social and legal conditions
- To meet the deliverables of several multilateral donors that require Rainforest Alliance Certified™ become self financed.

338. The proceeds from the participation fee will be used for (i) standard and policy setting, (ii) adaptation of standards to local environmental and cultural conditions as well as emerging initiatives such as climate protection, productivity and quality; (iii) crop and product traceability, (iv) further development and implementation of a user-friendly chain of custody verification system, and (v) use of seal approval and general promotion. However, supply-side work will continue to be covered through a combination of services fees and external grant funding.

339. In order to ensure the viability of this new mechanism, this participation fee was benchmarked against other certifications, such as Fair-Trade and Utz, to identify a cost point that was in keeping with industry standards. Moreover, efforts were made to consult partners about the participation fee, feedback that is reflected in the decision to levy the fee at the point of importation. This participation fee represents a significant advance for the project and Rainforest Alliance, the success of which could provide key lessons for other initiatives.

340. However, as with any major change in the cost structure of a supply-chain, there are some risks that Rainforest Alliance is actively managing, most critical of which is that the market may respond negatively to the introduction of the fee. Although significant efforts were made to consult existing partners, the introduction of this new cost into their business calculations will not occur until they are actually invoiced for these costs. Many partners are already facing additional costs by offering RAC coffee, and made decisions on the basis of an analysis that may not have included the participation fee. Given the high cost of coffee at the time of its introduction, the fee could cause market partners to hold-off on expanding their commitment, or even reduce their current plans for RAC coffee products. The fee may also have a “dampening effect” on new companies choosing to include RAC coffee in their product lines.

341. Another risk associated with the participation fee that needs to be managed is that it might make coffee companies less likely to invest in technical assistance and supply development efforts. Moreover, it could undermine their interest in signing contracts for communications and marketing support services. While these risks are significant, they are not insurmountable, and the potential benefits for financial sustainability far outweigh the risks.

342. On the supply-side, the project has been successful in defraying the costs of its technical assistance through cost sharing. Since 2009, the project estimates this cost sharing by exporters, cooperatives, farmers, producer groups, and others has generated approximately US\$250,000 in support of technical assistance activities. This is a significant first step towards implementing financial sustainability mechanisms as it demonstrates a willingness to pay for such services that could translate into beneficiaries paying the full cost in the future.

343. The major mechanism for financial sustainability is to introduce a service charge for the project's technical assistance services. This approach has been widely applied and has been successful in generating significant co-payments for services rendered by BCC. In El Salvador, for example, it is already started to cover the costs of training technical assistance agents. Moreover, the local SAN partner there, SalvaNATURA, has developed a business plan for its technical assistance division, SalvaASIST, which incorporates this service provider model into the institution's financial planning. In Brazil, the project plans to phase in service fees in 2011, building on the cost recovery efforts already in effect. The exception is Peru, where RA is executing the project directly: there, the implementation of financial sustainability mechanisms faces significant challenges. The current plan there is to continue to subsidize training as long as the funds are available, rather than intentionally forcing the issue by phasing the GEF funding out at the proposed rate. The reasons provided for not initiating service fees at this point are the limited capacity of farmers to pay and the ready availability of subsidies for technical assistance.

344. The risk associated with the fee for services model is that the costs of the training exceed that of their perceived value. This risk is considered minimal to moderate as the fees can be phased in as the market permits. The risk of relying on subsidies for technical assistance in lieu of cost-recovery is that it requires a continual, uninterrupted source of external financing – a proposition that may prove difficult to sustain indefinitely. Moreover, Rainforest Alliance's work extends far beyond coffee, so internal competition for donor attention for other products and initiatives could compete with fund-raising for coffee related work.

Socio-political sustainability.

345. The regional nature of the project makes identifying specific social or political risks difficult to describe in detail. However, the availability of affordable manual labour, especially for coffee picking, is a common problem to coffee production in Latin America. In the immediate term, increased public sector spending has made unskilled labour very expensive as it increases, at least temporarily, the demand for these workers by public works projects. In the long-term, economic development and urbanization represent a real risk to the economic viability of the current cost structure of coffee production in the target countries. On the other hand, the SAN standards seek to promote competitive wages and elevate the working environment and living standards of workers, which could serve to mitigate some of this risk.

346. The level of stakeholder ownership of the project could also represent a significant risk to sustaining its outcomes and benefits. While ownership of the SAN partners is relatively strong, the ownership by other stakeholders is less clear.

Institutional framework and governance.

347. In general, the project appears to not face significant legal, policy or governance risks as the coffee sector is given great latitude to operate in the target producing countries. However, this

risk is not currently monitored, or managed, in a consistent systematic manner, so the associated risks to the project's achievements are difficult to determine.

Environmental and social sustainability.

348. Again, the regional nature of the project makes specific environmental risks a challenge to identify and quantify. However, the project's work to develop local indicators, or interpretations of the SAN standards, seeks to proactively address the potential social and environmental risks associated with the behaviour changes the project is promoting among producers and other supply chain actors.

Contribution to upgrading skills of the national partners staff

349. The project did not include activities specifically related to upgrading the skills of staff members. However, the project did provide plenty of scope for professional growth by providing opportunities to work in new areas and take on new responsibilities. Staff members reported having been provided the chance to exchange experiences with their counterparts elsewhere, meet with market partners, learn about new fields and areas of expertise and participate in proposal development and planning activities. Staff also indicated that there were areas for further skill development that could help project implementation and effectiveness, including financial management, language skills and knowledge of trade and marketing aspects of the coffee industry.

Table 14. Key differences in financial sustainability approach and potential between target countries

Aspect/Issue	Brazil	Colombia	El Salvador	Guatemala	Honduras	Peru	Overall
Use of Cost Recovery	Some	Some	Significant	Unknown	Unknown	Some	
Use of Fee-for-service	Yes (in 2011)	No	Yes	Unknown	Unknown	No	
Importance of grants/projects to sustainability after BCC*	Very	Extremely	Not	Very	Important	Essential	Very
Grants (% of 2013 revenue)	51.6%	64.1%	100%	50%	40%	92%	53.4%
Fees/Contracts (% of 2013 revenue)	48.4	35.9%	100%	50%	60%	8%	46.6%
Projected income-cost balance in 2013, including grants and projects	-2,500	0	219	-71,864	-400	200	
Projected income-cost balance in 2013, excluding grants and projects	-82,500	-62,500	219	-86,864	-30,400	-114,800	

*Rated based on projected contribution of grants as a % of 2013 budget: Not (= 0%), Somewhat (0%-20%), Important (20-40%), very (40-60%), Extremely (60-80%), Essential (80-100%)

Table 15. Key differences in progress and challenges between target countries, as reported by the project team

Country	Progress	Main challenges
Brazil	<ul style="list-style-type: none"> • 400% growth since the beginning of the project • 10% of total coffee production area in Cerrado certified • Growth in 2010 seems low so far, but 8,000 productive hectares will be audited in November & December, focus has been on the preparation of those areas (partly Nespresso) 	<ul style="list-style-type: none"> • Progress in Cooxupeé slower than expected: coop did not comply with agreed follow up activities, but recently Efico got involved and achieved quick improvement • Absence of formal Chain of Custody is affecting credibility • High demand for RAC coffee from Brazil, but lack of funding affects sustainability of the team
Colombia	<ul style="list-style-type: none"> • Despite extreme complex context FN has obtained recent growth • Strong pipeline of 10 thousand production HA expected to be certified before April 2011 	<ul style="list-style-type: none"> • 35% reduction in coffee production due to coffee roast in 2008, 2009, 2010. which has drastically increased value of Colombian coffee • As a result the differential for RAC coffee almost invisible, and farmers lack motivation to invest in the required implementations • Moreover, implementation of RAC standard expensive in Colombia, and perceived as even more than necessary expensive due to TA approach of FNC, leading to perceived negative cost-benefit of RA standard, especially in FNC • Inspection body (Naturacert) has made progress but still struggling with delay in formalization processes (6 thousand production HA in formalization process) • Problems with strict focus of auditors, specially in the evaluation of groups, persist, even though positive feedback from the field increased
El Salvador	<ul style="list-style-type: none"> • Satisfactory growth • 12% of national coffee area RAC 	<ul style="list-style-type: none"> • Growth stagnation in Honduras, Nicaragua and Costa Rica affecting demand for El Salvador, as normally “CA” blends are demanded • Unsure future situation for TA team
Guatemala	<ul style="list-style-type: none"> • Growth lower than expected, farms in cooperatives of FEDECOCAGUA implement GAP, but did not apply for RAC • First version of strategy had a strong focus on the groups of FEDECOCAGUA but this did not generate 	<ul style="list-style-type: none"> • Unsure future on who is “allowed” to implement TA inhibits strategic planning processes with RA team • Difficult relationships between FIIT and FEDECOCAGUA inhibits growth with small farmers, most of them organized through the Federation, shift of focus to reach out to small farmers through exporters • FEDECOCAGUA opted for certifying the farms we helped preparing for RAC with Utz, due to challenges with FIIT (cost issues among others)

Country	Progress	Main challenges
	<p>expected results</p> <ul style="list-style-type: none"> • High demand for RAC coffee and specific TA projects facilitate recovery of growth rates 	
Honduras	<ul style="list-style-type: none"> • No progress 	<ul style="list-style-type: none"> • Very fragmented supply situation • Small farmers that lack organization • SAN partner provides good TA service but lacks commercial vision and knowledge
Peru	<ul style="list-style-type: none"> • In September 2010 to certified production area was 10,000ha more than target 	<ul style="list-style-type: none"> • Disconnected regions difficult to attend with small RA team (3) • Low productivity of the plantations reduce profitability of the RAC and are a general threat to the economic sustainability of the farm as a whole

5. Conclusions and Recommendations

5.1 Overview of findings

Considerations at the level of Project Objective:

Biodiversity benefits

350. There were strong indications from the field visits that many farmers have obtained certification as a result of modifications that they have carried out to their resource management practices, and that many of these modifications may be favorable for biodiversity conditions. Examples include the improved management of waste waters from wet milling, avoidance of the use of particularly harmful agricultural chemicals, maintenance or increase of the diversity of coffee shade and the establishment of capacities for combating fires.

351. These observations cannot, however, be translated with confidence into firm conclusions that the project has generated significant biodiversity benefits, given that indicators of biodiversity impact have not been measured in a widespread, appropriate or consistent manner. The few studies that have been done have been site-specific and, with few exceptions (such as the conclusions of the study of avian diversity in El Salvador, that certified coffee farms are beneficial for migratory avifauna) have failed to detect statistically significant differences between certified and non-certified farms. Neither is there conclusive evidence as to the precise relation between each of the specific management practices (required by the SAN standard) and biodiversity benefits, which could have allowed behaviour changes to be used as a proxy indicator of impact (assuming that the behaviour changes documented in the audit reports could be aggregated satisfactorily). Furthermore, any data that might exist regarding the biodiversity status of certified forests, or the “environmental behaviour” of producers, could only be translated into evidence of biodiversity impact if adequate provisions were made for control groups: the key question that remains satisfactorily to be answered is how the behaviour and impacts of certified farmers, across the geographical area covered by the project, have differed over the project period from directly comparable non-certified farmers (this issue is discussed further below, in relation to monitoring and evaluation). Without such a rigorous approach to monitoring it is impossible to estimate, for example, to what extent producers who have obtained certification have truly changed their environmental behaviour in order to achieve this, and to what extent they are merely formalizing, through certification, environmental behaviour that either already existed or would anyway have been adopted by the producers in question.

352. Conclusions regarding the level of biodiversity benefits that the project may have generated, through the use of certification as a tool to motivate changes in environmental behaviour, must also take into account the fact that many of the criteria, and even the locally specific “indicators¹⁹”, are susceptible to different interpretation by different auditors. A further consideration suggested by some farmers interviewed during the MTE is that some auditors appear to be less than strict when determining whether farmers are actually complying with specific criteria – evidence that a farmer is beginning to take steps towards the situation specified in the criterion in question is often considered a sufficient basis to grant approval. Finally, the SAN Standard itself is not particularly demanding in terms of biodiversity benefits – as discussed in Section 1.1, only 7 of the 15 “critical” (obligatory) criteria refer to environmental aspects, and criterion 2.8 referring to shade and set-asides is not one of these.

¹⁹ The term that SAN uses for locally-specific requirements for certification

353. For the above reasons, caution should be used in assuming that growth in the area under certification necessarily translates directly into a corresponding increase in biodiversity benefits. Conversely, it is highly probable, but not proved, that there are significant numbers of producers who have received training through the project and as a result have modified their environmental behaviour, resulting in biodiversity benefits, but have either not gone on to obtain certification, or who have obtained certification and allowed it to lapse, and are therefore not reflected in the figures for areas of certified farms.

354. The inclusion in the project of farms in Brazil where coffee is produced entirely without shade, often using highly intensive and mechanized production systems, is at first sight surprising, given that most attention to date on the potential of coffee to contribute to biodiversity conservation has focused on its ability to mimic natural ecosystems in terms of the structure and (to a lesser degree) the species composition of their vegetation. In fact, it appears that the certification of these Brazilian coffee farms does have major potential to contribute to biodiversity conservation, but principally through the conservation and restoration of set-asides rather than through the management of the coffee production system itself – the logic is that certification motivates increased levels of compliance with the existing legal requirement to leave set-asides. What is missing is conclusive evidence of the magnitude of the net benefits that this approach is generating – the only study carried out to date failed to detect significant differences between certified and non-certified farms in terms of the rates of change of the extent and condition of vegetation.

355. Despite the apparent validity of the approach in Brazil, it appears that this remains to be widely and fully understood, even within the project itself – the members of the Brazil SAN partner team report that they face a continual struggle to persuade people outside of Brazil that certification of non-shade coffee can yield biodiversity benefits. This also raises concerns regarding the implications of certifying these kinds of farms for the image of the RA seal as a whole: it is to be expected that the very term “rainforest” in the seal name would lead consumers to assume that the coffee that they are buying would at the least come from shade systems.

Effectiveness of coffee certification as motivation for behaviour change

356. As discussed in section 4.1, the logic of the project is based fundamentally on the assumption that certification is the most effective means of influencing farmers’ behaviour, through the provision of economic incentives in the form of price premiums and market access. This model also assumes that these incentives accrue directly to the farmers, whose ‘environmental behaviour’ is of interest.

357. Interviews with farmers, carried out during the course of the MTE, suggest in fact that their ‘environmental behaviour’ may also be influenced by other considerations, including a genuine desire to improve environmental conditions, the reduction of costs, improvement of farm efficiency, and increase in productivity – all of which they reported as benefits that have resulted from their involvement in the project. This may imply that farmers’ environmental behaviour is not as directly proportional to price premiums as may have been assumed at the beginning of the project, and suggests that the capacity development provided by the project and its partners has value per se rather than solely as a means of enabling farmers to gain to obtain certification. It may be that the potential of getting price premiums represents a major motivation for a farmer initially obtaining RA certification that subsequently diminishes in importance as the other benefits become more apparent.

358. It was also clear from a number of the interviews that these benefits do not necessarily accrue directly to the individual farmers who manage coffee farms. In many cases, a substantial amount of the price differential is filtered out at the level of the cooperative to which they belong, to cover operational costs, support social projects or lost due to operational or management

inefficiencies. In the case of farmers working with exporters, a significant portion of the price premium may be retained by the company to cover the costs of managing a certified supply chain, such as technical assistance, inspection, fees, operational and capital expenses. For example, one exporter reported that the overall cost of its certified supply chain of small-scale farmers was between US\$0.10-0.12 per pound. Although not all of this costs can be attributed directly to RA certification, since the company manages multiple certifications and its technical assistance is not entirely related to certification, it does illustrate that the cost of operating a certified supply chain can substantially decrease the net value of the price premium. This decrease in the price premiums available to farmers was not, however, mentioned as a disincentive to individual farmers' participation in certification.

359. This could be due to the fact that farmer do not always directly connect the changes in their behavior with becoming RA certified. Both cooperatives and exporters obtain multiple certifications as a risk mitigation strategy, and many extension agents promote “sustainable agriculture” rather than RA certification or the SAN standards explicitly. Furthermore, some cooperatives pay all their members the same price per pound, regardless of their certification status. The project team reports that the initial results of the cost-benefit studies support the hypothesis as it appears that the price premiums are “invisible” to most farmers, who describe the “good prices” they receive as being for their “quality of coffee”, which is they define as incorporating the characteristics of the coffee (i.e., cup quality, flavor profile, etc.) and the way it is produced. The widespread nature of the observation that many farmers do not clearly link price differential they receive to their adoption of the best management practice or their RA certification status does lend further weight to the impression that farmers are not solely motivated by price premiums.

Geographical focus

360. The tendency during the first half of the project has been towards broadening the geographical focus of the project's supply-side work, beyond solely the areas prioritized in the ProDoc, with the aim of maximizing delivery in terms of the total volume of certified coffee produced. This approach has been reasonable given that it maximizes the probability of the supposed “tipping point” being reached, on both supply and demand sides, during the project's lifetime – in other words, of certified production becoming the norm in producer countries, of sufficient demand for technical, auditing and other services existing among producers in order to allow service providers to become consolidated, and of retailers coming to demand certified coffee as the norm in order to maintain their competitive advantage and corporate credibility. An exclusive focus on the highest value sites in terms of biodiversity might have yielded greater biodiversity benefits in the short term, but overall uptake rates would probably have been lower given that such sites tend to be more difficult to work with than the average (sites which have maintained high biodiversity values have often achieved this by virtue of their remoteness): the result might have been that RAC coffee would have failed to move significantly away from being a “niche” product with limited replication potential, as has been the case with Bird-Friendly coffee. The broader geographical focus is likely thereby to yield greater and more widespread biodiversity benefits in the long term – this assumption remains to be validated, however, through formalized studies, and should be the subject of discussion during the biodiversity workshop.

361. It is still not possible to determine with any degree of confidence where the project currently lies in relation to the posited tipping point. This may in fact only become clear in hindsight. The fact that major global brands, like Kraft have already committed to RAC, and others have established partnerships to promote the SAN standards (Nescafe) suggests that RAC can already be considered as being in the mainstream of the market (i.e. near or past the tipping point), and therefore the project can safely begin to adopt a more focalized geographical approach, subject to

information being available to guide this, in order to maximize its short term biodiversity and poverty alleviation benefits.

Target population

362. The Country Strategies recommend the inclusion of a broad range of producer types as project beneficiaries, with the aim of maximizing impact and growth and at the same conferring benefits on smaller, poorer producers. The project has indeed made significant efforts to reach out to smaller, poorer coffee producers for inclusion among its beneficiaries, particularly in countries such as Peru where these constitute a large proportion of the coffee producer population.

363. Interviews with producers, cooperatives and exporters in the course of the MTE suggested that the profile of the beneficiary population has also been influenced by two additional processes, namely “self selection” by producers who take active steps to become involved in the project and in certification, and active selection by cooperatives and exporters of the producers that they wish to prioritize in the supply chain. The fact that the project has not collected information on the socioeconomic characteristics of the beneficiary vs. not beneficiary (certified vs. non-certified) population (other than smallholders own 60% of certified farms, see Figure 20) means that it is not possible to determine the overall net impacts of these different factors.

364. The interviews carried out during the MTE, however, repeatedly suggested that the effect of these latter factors has been that a significant proportion of those certified to date have been “lower hanging fruit” – i.e. farmers that have required least effort to become certified. Interviewees suggested that these have tended to be the most active, capable and advanced farmers, who often are already meeting many of the requirements of the SAN Standard (due in some cases to previous participation in other certification programs), who are already participating actively in established supply chains and/or who tend in some cases are located in more accessible areas.

365. If true, the apparent inclusion of many more easily certifiable farmers among the population certified to date is likely to have had the positive effect of accelerating progress towards the posited “tipping point” at which RAC coffee becomes fully mainstreamed in the marketplace. In the *short* term, this may not necessarily have maximized biodiversity and poverty alleviation benefits (as these farmers may not have had to change their management practices significantly to become certified, and may not necessarily be the poorest members of the population) but it has therefore probably helped to create the conditions (in the form of solid market acceptance for certified coffee) that will allow such benefits to be delivered and sustained in the *medium and long* terms.

366. The down side is that the farmers to be certified in future may be rather more challenging and require more effort and investment, and this may have the effect of tempering future growth rates in the uptake of RAC coffee: this is recognized by the UNDP RTA in his comments on the 2009 PIR, “There have [already] been some difficulties in maintaining the impressive increased rate of certification as the farms closer to certification have been certified so for new farms to become certified costs will be higher which is reducing interest by non certified farmers”.

Summary of status of each outcome

Outcome 1

367. The evaluation found that the project has been successful at developing the foundation for market demand. Although the project is not necessarily going to hit its targets by the end of the project, it is on track to achieving the volumes and market presence that are required to send the market signals needed to stimulate supply development.

Outcome 2

368. The conclusion of the evaluation is that consumer awareness has grown. Furthermore, this work has been done primarily through market partners in support of their products, so this outcome is really a component of Outcome 1. However, during the remaining 3 years, RA has plans to further expand its work on developing its own brand identity separately from its market partners, through the use of social media, earned media, etc. Therefore, at the end of the project this Outcome might be far more clearly differentiated from Outcome 1.

Outcomes 3 and 4

369. The evaluation found that there is a significant degree of overlap in conceptual and operational terms between elements of Outcome 3 and Outcome 4. The building of certification capacity was found to have progressed to the point where there is sufficient providers to cover the growth in certified area that is projected for the life of the project. In the area of agricultural extension service provider capacity, the project has built a foundation for further developing this area of work over the remaining years of the project. With respect to business and financial services, the project has yet to really start working on this element of the overall strategy.

Outcome 5

370. The evaluation's findings are that this outcome was less essential to the project's success than anticipated during the design of the project. However, policy work is emerging as an area that might require greater emphasis in the coming years. In consuming countries, public procurement policies are emerging as an area requiring greater attention as these public and institutional purchasing programs represent both significant potential volume, as well as a source of legitimacy steaming from the associated evaluation process. In producing countries, policy work may be an issue is specific countries, so the project should establish a mechanism for monitoring changes in the regulatory and political environment.

Outcome 6

371. The evaluation found that this outcome differed greatly from the typical project monitoring outcome in that it encompassed the areas of project learning and certification program impact monitoring. While there are clearly examples that the project has been practicing adaptive management, no formalized system of adaptive management has yet been developed as originally planned. With respect to impact monitoring, the project has undertaken a series of biodiversity and socio-economic impact studies, but these have focused on very limited geographical areas, with no evidence that their results can be generalized more broadly.

Project Management

Management approach

372. The management structure is decidedly "light" given the complexity and the geographical and thematic scope of the project: despite this, the core project team, particularly the Project Manager, has in general done an admirable job in managing the project. The PM is not only involved in managing this project, but also has been generating other proposals for RA in response to the institutional growth policy of RA, which reflects well on him. There were significant difficulties during the first year. For example little was done in Peru for the first year because the Country Coordinator lacked the orientation he needed to be able to implement the ambitious work plan. However, these problems appear to have been resolved as the project developed its core management team. It appears that the filling out of the project management team in 2008 did increasing the capacity of the core team to provide effective guidance and support to the Country Coordinators.

373. There is very strong time pressure on all of the staff involved in the project, which seems to be due to both the institutional culture of RA, as well as a human resource management issue. The relatively bare bones project staff for a project of this size and scope implies greater

workloads for individual staff members. Of particular consequence was the choice not to hire the learning and knowledge specialist, which the ProDoc (paragraph 540) described as responsible for outcome 6. This position was supposed to help the coffee manager plan and carry-out monitoring of project level impact as defined by logframe indicators, establish a monitoring system for the coffee certification program and on-farm impacts, and ensure the monitoring system documents the impacts of Rainforest Alliance coffee certification system. Without a dedicated M&E staff member, the responsibility for this aspect of project management was spread across the project management team.

374. Unlike many projects with a dedicated team, the BCC project is fully integrated into the Rainforest Alliance. Although this has significant benefits for sustainability, it also means that a portion of the project staff time is taken up developing new proposals.

375. The Project Manager appears to have been effective in fostering motivation among team members, and receptive to suggestions and innovations. The Country Coordinators reported having an opportunity to provide feedback and suggestions, which were often acted upon by the project manager. The project also fostered both formalized and non-formalized communications between Country Coordinators, who would share lessons learnt, experiences and ideas for addressing shared problems and challenges.

Financial management

376. Financial planning and management has improved significantly following the “teething pains” of the first year, and is now of a good standard. Again, this is despite the limited human resources (one administrator) assigned to this task at central level, and the fact that the project has dual accounting and reporting structures, in RA and UNDP – this duplication, and the high degree of centralization of RA procedures, has at times caused delays and costs which have been a source of frustration to the team.

377. There are a number of financial management and reporting issues which have created problems for the evaluation of the project, most significantly the following:

- Project management costs have not been reliably or consistently recorded.
- Expenditure by SAN partners in the target countries has not been broken down by Atlas budget code.

Gender

378. No significant attention appears to have been paid to gender issues by the project. None of the indicators in the logframe are gender sensitive (although data on participants in training activities are broken down by gender), no specific gender strategy has been developed and there is no specific capacity on project staff to address gender issues. According to the 2010 PIR, “The project gives equal access for women and men to capacity building services, but the coffee sector is traditionally dominated by men.” This domination of the coffee sector by men increases the need for specific provision to be made to increase female participation in benefits and decision-making.

Adaptive management

379. The project and the certification program as a whole include a number of mechanisms for adaptive management, of varying degrees of formalization and effectiveness. These do not correspond directly with the recommendations of the Foundations of Success consultancy carried out during the design phase, summarized in Annex XII of the ProDoc (although this is not necessarily a reflection on their validity or effectiveness).

5.2 Recommendations

5.2.1 Medium term (project period)

380. Over the remaining years of the project, the BCC management team should consider potential adjustments to its approach in the following areas:

Logical framework

381. Although, in retrospect, there are a number of ways in which the logframe could have been better structured and worded, in general these are not of sufficient importance to warrant a significant restructuring. Only the following changes are suggested:

Recommendation 1: Review and modify logframe indicators

382. *Introduce an additional indicator at Objective level, referring more specifically to whether the market “tipping point” has been reached.* This should be used as the principal measure of project success, as it takes into account the potential for sustainability and for ever-increasing biodiversity benefits to be delivered in the long term, after the project end. It should also be the principal determinant of project strategies, specifically the level of emphasis that the project should place on “demand” side issues and the unselective bulking up of certified area in order to achieve market impact. Once the target for this indicator has been reached, indicating that “the program is so well-known and appreciated that it will continue to grow without external donor financing”, it would be justified for the project (and/or program, depending on when the target is reached) to focus more on areas and producers with higher biodiversity value, that might require higher levels of effort per unit area in order to achieve success.

383. Detecting the achievement of the tipping point directly, by removing the external support and examining whether or not the current rates of growth in levels of certified coffee production and sales are maintained (an experimental approach), would not be practical or useful as a guide to project management decisions, given the probability that any responses to such a change would take a significant time to manifest themselves. It is therefore recommended that the levels of medium-term commitment by market actors to BD-friendly (including certified) coffee be used as a more appropriate (albeit imperfect) indicator. Specifically, one potential measure of the tipping point is might be the public commitment by one of the dozen or so large global brands to source 100% of its coffee from certified “sustainable” producers by a specific date in the future. This would indicate the tipping point has been, or is close to being, reached as such a move by a key market actor means that the market is confident about the availability, and cost, of the supply and that there is true agreement within the industry that sustainability is critical to its long-term viability. Given the tendency for the major coffee companies to follow one another’s strategic moves, this commitment signals that others will soon adopt similar sourcing programs.

384. *Maintain, but use with caution, the current indicator O1 (the total area of certified coffee farms worldwide).* This indicator provides GEF with an indirect measure of its short term impact during the project lifetime. It should be used with caution as a guide to project management because the end of project target was based only on educated guess that it corresponded to the market tipping point. If the tipping point were in fact at a lower level than 10%, then adherence to this target could lead the project to continue investing unnecessarily in demand-side promotion and the unselective bulking up of area in order to achieve impact in a market where spontaneous growth in the acceptance of certified coffee was already occurring; if it were at a higher level than 10% then the project might be tempted to ease up prematurely on demand side work and area growth, with the result that the spontaneous continued growth that is expected in future would fail to transpire, undermining the potential for additional biodiversity gains to be achieved in the long term.

385. *Review the indicators at Outcome level.* The recommended changes are shown in Box 5.

Box 5. Summary of suggested modifications to indicators at Outcome level

- **Outcome 1:**
 - *Indicator 1.2:* Due to impracticality of measurement, cease attempting to quantify Category E roasters
 - *indicator 1.3:* Due to impracticality of measurement, cease attempting to quantify Category E outlets, or eliminate this indicator entirely. If retained, review wording to make clear that it is the number of retailers of varying sizes offering RAC and not number of outlets.
- **Outcome 2:** Find an alternative indicator of consumer commitment to RAC coffee as the existing Indicator 2.1 is unusable. If none can be found then the only alternative is to combine Outcomes 1 and 2 and only measure Indicators 1.1-1.3.
- **Outcome 3:**
 - *Indicator 3.4:* Review wording in order to clarify whether what is being quantified is the percentage of the total number of farmers or of the volume of coffee sold

Include the following additional indirect indicators of capacity development:

 - Numbers of people, by type, who have participated in capacity development activities
 - Statements by those who have participated in capacity development activities regarding the impacts that have been generated on their capacities and behaviour, based on a sample survey
 - Levels of adoption of best practices, based on audit reports if these are available.
- **Outcome 4:**
 - Examine the potential of measuring the difference in the price farmers receive for RAC coffee (ex farm gate) vs. the contemporaneous local price for a comparable non-certified coffee.
 - Include an indicator of the cost-benefit balance of certification, rather than solely price premiums, based on the results of the cost-benefit study currently being carried out.
 - Include gender-sensitive indicator(s) of benefit distribution.
- **Outcome 5:**
 - Develop complementary indicator(s) to reflect a broader focus of this outcome on the development of a favorable enabling environment in general, rather than solely on policies.

Recommendation 2: Review wording of selected Outcomes and Outputs in the logframe

386. *Reword Outcome 3* in order to make it clearer that it refers to the development of capacities among producers and service providers in order to ensure that the former obtain and maintain certification (as is suggested by the wording of the Outputs and the Indicative Activities in the ProDoc), and not capacities among auditing and certifying bodies (as is suggested by the indicators in the logframe). Rewording of indicators requires GEF approval, but the change is minor so should not pose a problem.

387. *Reword Outcome 5* in order to make it refer not only to the specific issue of policy, but rather to the creation of a favorable overall ‘enabling environment’ that also features genuine and lasting commitment to biodiversity conservation in coffee and to certification, on the part of institutional stakeholders, and constructive inter-institutional collaboration.

388. *Review the outputs under each outcome.* Internal discussions should be held in the project to review whether the current breakdown is useful as a means of guiding and grouping activities in the annual and quarterly processes of planning and reporting, or requires modification. Any proposed changes should be balanced against possible implications for the current administrative system, which breaks down the planning and recording of expenditure by output.

Monitoring and evaluation

Recommendation 3: Identify one person in the project with lead responsibility for monitoring and evaluation.

389. As described in section 4, M&E activities at both project and program levels have been of limited usefulness to date and have not been adequately linked into adaptive management processes: indicators have been inadequately or inconsistently measured, indicators that have not proven to be useful have not been corrected or substituted, the logframe has not been adequately used as a tool to guide management decisions and what M&E data exist are not used in a consistent manner for adaptive management. These shortcomings are in large degree due to the fact that there is no centralized responsibility in the project for coordinating its M&E and adaptive management activities. It is therefore recommended that the project

Recommendation 4: Develop a revised M&E and adaptive management strategy for the project and the programme.

390. Due to the limited budget remaining for the rest of the project period, future activities in this area must be carefully selected on the basis of their strict utility for guiding project decisions, for developing permanent capacities at program level for adaptive management, and for generating lessons for future projects. The logical steps for which the strategy should provide are summarized in Box 6.

Box 6. Proposals of principal elements of the M&E strategy

1. Definition of aspects of management that it would be feasible to modify during the remainder of the project, in order to be able to decide what types of information need to be monitored in order to guide these decisions. Key aspects will include the following:
 - Geographical focus
 - Producer types on which to focus
 - Supply-side capacity development strategies
 - Focus and content of technical support
 - Nature of relations with partner institutions and stakeholders
 - Policy incidence
 - Target groups for demand-side activities
 - Nature of demand-side activities.
2. Definition of needs for information to allow the final evaluation of the project to be useful and to generate lessons for future investments by GEF, RA, UNDP and others.
3. Development of a revised list of project indicators, each of which should be directly related to meeting the needs for information identified through exercises proposed above.

4. Growth in the nature and magnitude of capacities among the project's target groups on the supply side.
 - The magnitude of the capacity replication achieved through the training of trainers.
 - Changes in environmental behaviour as resulting from the project and from certification.
 - The magnitude and nature of biodiversity impacts, across the entire area of influence of the project (this is likely to require the development of appropriate proxy indicators).
5. Design and implementation of a formalized system for M&E and adaptive management for the remainder of the project.

391. Options for M&E were discussed in depth in a two-day workshop on biodiversity monitoring held as part of the MTE, with the participation of representatives of the Evaluation and Research division of Rainforest Alliance (based in RA's New York headquarters), the researchers who were involved in the studies carried out during the first half of the project period, and staff of BCC. Specific recommendations generated during the workshop are as follows:

Recommendation 5: Negotiate clear and harmonized rules to allow access to aggregated data and selected farm-specific data to actors outside of SAN Secretariat, while ensuring that client confidentiality is respected and conflicts of interest are avoided.

392. To date, the large information resource contained in coffee farm audit reports has not been used to any degree or in a consistent manner, due largely to concerns within SAN about the conflicts of interest that might be generated by these being made available to those responsible for providing TA and other forms of support to producers. There is no reason in practice why these data should not be made accessible, so long as potentially sensitive information was not linked to specific named farms.

Recommendation 6: Review the feasibility of using audit reports as tools for M&E.

393. The data contained in audit reports (such as proportions of different types of land unit within certified farms) is currently recorded in audit reports in a non-harmonized and/or descriptive manner, which creates challenge for the aggregation and analysis of data between farms. It is at present not clear how great and expensive a task it would be to create a unified database based on the audit reports, presenting data in a uniform manner between audit reports and countries. A first step towards making use of this large, currently neglected data resource is to carry out a pilot exercise with a random sample of audit reports in order to determine such costs issues, in order to allow BCC Coordination to decide whether sufficient funds are available.

Recommendation 7: Review the feasibility of using existing technical assistance providers for the collection of data needed for monitoring and evaluation.

394. This strategy has been proposed by the Evaluation and Research division of Rainforest Alliance for future RA projects that include technical assistance components. It is proposed that TA providers will collect data on an annual basis both from the target audience that receives TA, and from a control group. The inclusion of a control group is a significant advantage of this approach, over the alternative of depending solely on audit reports of the beneficiary population itself. This data collection would be an additional task for the TA providers, even in the target population where it would require the dedication of additional time on top of that required for the provision of TA: it is therefore recommended that the project carry out a detailed review of the logistical feasibility and financial cost of this approach, based if possible on a pilot experience with a small sample of farmers and TA providers.

Recommendation 8: Review the content of the proposed cost benefit study.

395. In order to be useful, this study must be fully integrated into the proposed M&E strategy. Taking into account the results of the pilot application of the questionnaire to date, its content should be revisited in order to ensure that it generates the kinds and validity of information that is required to inform adaptive management decisions.

Recommendation 9: Standardize procedures for monitoring capacity development impacts.

396. If time and resources permit, the database of participants that the project team presented during the MTE should be reviewed in more detail in order generate clearer indications of the numbers of people, of different types, that have benefited from capacity development provided through the project. This is particularly important as this is the only measure that has been used to date of the impact of the project in capacity development, apart from the number of farms that have been certified (which fails to count “latent certifiables” who have gained capacities but have not become certified). In the future, it should be possible to use the data contained in audit reports (such as the levels of application of best management practices) as proxy indicators of the effectiveness of capacity development, assuming that audit reports become accessible and the information that they contain is presented in a format that permits analysis.

Recommendation 10: Design mechanisms for improved monitoring of social and gender impacts

397. To date there has been little or no widespread of systematic monitoring of social impacts. The La Florida cooperative in Peru, visited during the MTE, has however developed a program for the monitoring of social variables. While this cooperative is probably not representative in terms of its capacities to design and manage such a system, it is recommended that the project should facilitate participatory processes of analysis of the feasibility of implementing similar, possibly simplified, systems among others of its beneficiary groups. Even if it does not prove possible to generate and apply social indicators that are capable of being aggregated and compared consistently among different parts of the beneficiary population, this exercise could provide a useful tool for participatory analysis and reflection regarding social and gender issues among the beneficiaries, allowing the corresponding development of strategies to limit social and gender inequities.

Supply-demand integration

398. As the project matures, the need to consistently share reliable information about both demand and supply has become increasingly more important. The market demand development team requires accurate and up-to-date information about the upcoming harvest to help market partners in their own purchase planning. If they are going to be successful at convincing market partners to expand their commitment to RAC coffee, they require solid, defensible long-term estimates for future supply. As it requires two to three years for a farmer to move through the “pipeline”, country coordinators require better estimates of potential demand to design their promotion and training activities. Specific recommendations for improving the exchange of information on supply and demand are as follows:

Recommendation 11: Develop a standardized, systematic approach to forecasting supply and demand.

399. At the moment, the manner in which supply information is being generated uses variable data sources and differing calculations and assumptions between origins. Developing a standard reporting format with an agreed upon approach to establishing both long-term and short-term supply forecasts will greatly enhance the quality and dependability of supply estimates. Similarly, the market demand development team should develop a standardized approach for estimating the

current and future demand for specific origins so that supply-side of the project can plan accordingly. This system will also make sure that the underlying assumptions behind these forecasts are explicit and commonly understood by all.

Recommendation 12: Streamline communications by establishing key contacts for specific countries and/or regions.

400. At the moment, country coordinators are answering information requests from different individuals responsible for different markets. The market demand development team should consider assigning a single member the responsibility of collecting and communicating market information for specific region, so country coordinators have a single point of contact. This individual could also be responsible for channeling supply related information about their specific region to his/her colleagues at origin. Aside from the efficiency of information flow, this arrangement will stimulate more global thinking about demand and supply development.

Recommendation 13: Provide more training in marketing and trade to local partners and country coordinators.

401. During the evaluation, producer partners repeatedly commented on the value of the market information and exposure the project provided. Moreover, the low level of knowledge about the market and commercial activities among some producers is a major constraint to some producers accessing market opportunities. Some country coordinators also lacked market knowledge and trade experience, which proved to be a major challenge to linking these origins to the opportunities the BCC project created. The assigning of individual supply chain team members with responsibility for specific origins might be expanded to include a role in supplier education. The market demand development team could assist country coordinators in educating participants about markets, trade and contractual issues and considerations. This could provide “technical backstopping” to those country coordinators with less market and trade experience, while developing their knowledge and understanding of this aspect of the project.

Recommendation 14: Specifically strengthen work with market actors in Honduras and Guatemala.

402. The project is in the process of appointing a market specialist to work in Honduras and Guatemala, to compensate for the limited advances that have been made by the SAN partners there to date in interacting with market actors. This person would be a member of Rainforest Alliance, based in the RA offices in Guatemala. There are significant doubts as to whether, even with this new team member in place, the challenges encountered to date in Honduras can be overcome by the end of the project, allowing the “supply side tipping point” to be reached and certified coffee production and trade to grow spontaneously. The alternative, however, would be to abandon the goal of mainstreaming RA certification in these two countries. This would probably result, in the medium or even short term, in many of the achievements of the project to date being lost, in the absence of motivation from the market to producers to continue applying modified environmental behaviour.

403. Particular attention will need to be paid to ensuring that the new market specialist is accepted by the existing SAN partners, in order for him or her to be able to function effectively and for production/trade links to be institutionalized. It is suggested that the Project Manager should accompany the market specialist on his/her first round of introductory visits to national stakeholders, and that representatives of the SAN partners in each of the two countries should also be involved in this process.

Finance and Credit

404. ***Recommendation 15:*** *The finance expert from Robobank to be seconded to Rainforest Alliance should be dedicated to working on the financial services component of Outcome 4.* The dedication of this individual to interfacing with financial intuitions on a sustained basis should also help move the conversations with these key actors to date towards a working relationship aimed at providing farmers with affordable financing for the on-farm investments that producers require to comply with the SAN standards.

405. ***Recommendation 14:*** *Design, implemented and documented at least one pilot program to demonstrate the viability of financing on-farm investments farmers must make to meet the SAN standards.* Given the fact that banking sector limited experience lack of with on-farm infrastructure loans, the project must first demonstrate the viability, and risks associated, with financing farmers to achieve RA certification. By the end of the project period, RA should strive to have implemented a pilot long-term on-farm investment financing project on a scale that proves that such loans can be attractive economically and make meaningful contributions to both increasing the number of RA certified farmers, and shortening the time required to obtain RA certification.

Dissemination

Recommendation 17: *Provide more and clear demonstrations of the impacts and benefits of RA certification.*

406. There is widespread recognition that the currently available material has been both compelling and useful to marketing efforts. However, there is a growing need for both the quantity and quality of information for use in marketing materials and communications. As companies expand their product offerings, and incorporate RA certification into their own brand identity, they are also increasing the number of ways and frequency of their communications about RA certification. For example, coffee companies produce monthly newsletters, special promotions, web content updates and social media messages - all of which will require new stories, compelling facts and supply-side information be available on an ongoing basis. The first, and most obvious source of this type of information, is the database from the audits. RA and SAN should examine how the information gathered and compiled through this process might be synthesized to provide interesting and compelling data points for marketing efforts as it relates to the social and environmental impacts. Such information, as to how much on-farm forest and miles of waterways, are being protected by farmers could be a powerful messaging tool about the environmental impacts. Unfortunately, the rich database of information that RA and SAN possess is largely unavailable, and therefore underutilized, by RA and its market partners.

Participation

Recommendation 18: *Establish technical advisory committees in each producing country where RA is actively developing a supply of RAC coffee.*

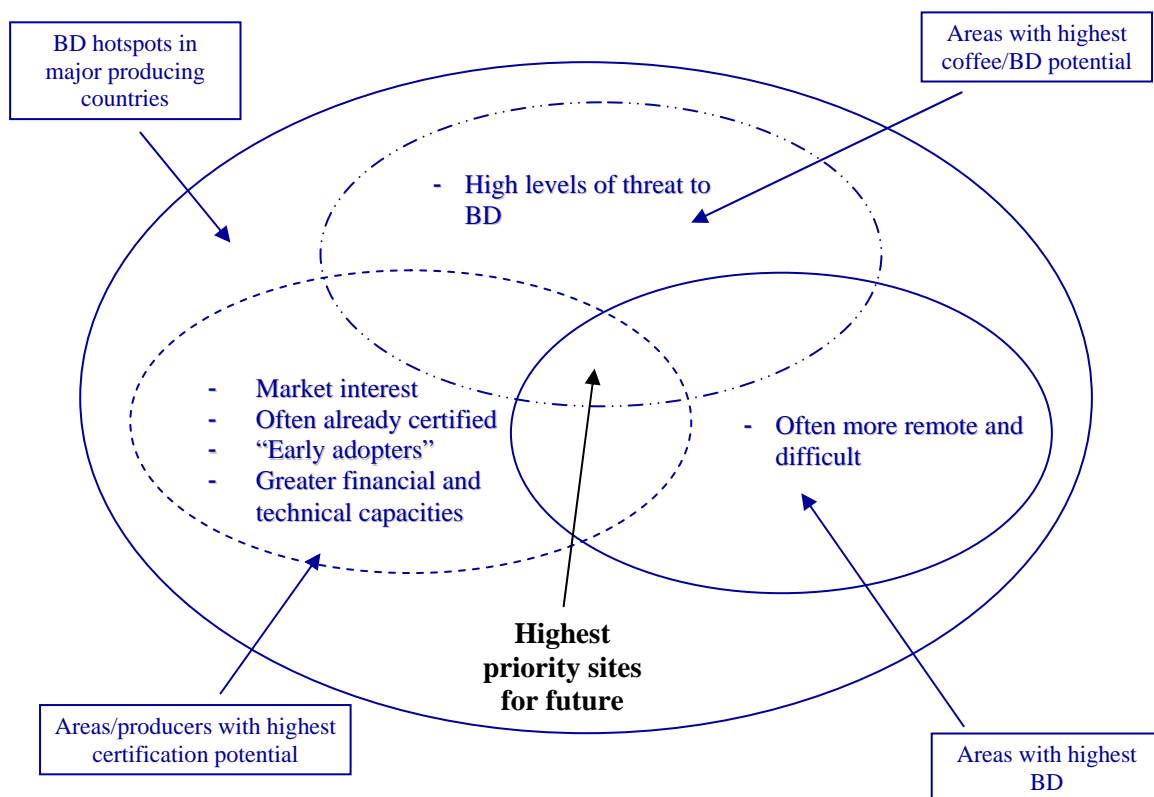
407. The evaluation found that key stakeholders in government, donor agencies, industry, and coffee sector organizations lack a mechanism for learning about the project, contributing to its support, identifying policy and regulatory issuers, or finding synergies with other initiatives. Subject to an analysis of practicality, the project should consider assembling a technical committee for periodic meetings to share project advances and key learning, as well as discuss specific technical and policy issues that have been encountered. While this group may not have any authority over the project's implementation, they could be a significant resource for helping the producing country work have greater impact and leverage RA's success to date beyond the initial focus areas.

Prioritization

Recommendation 19: Where possible, prioritize work on “win-win” regions and farmers.

408. In order to continue capitalizing on its positive progress to date towards the posited “tipping points” on the supply and demand sides of the coffee value chain, it is recommended that in the medium term the project should look for a possible “middle ground” between on the one hand focusing exclusively on bulking up certified area and production, in order to achieve maximum market impact, and on the other focusing exclusively on those sites with highest biodiversity potential which may prove difficult to work with. The project should carry out a new exercise of analysis to define its geographical priorities for the provision of attention to new farms: the priority should be those which combine potential for biodiversity gains with potential for success, as illustrated in Figure 13.

Figure 13. Priority category for new sites



409. “Biodiversity potential” in this regard should be understood to mean not only biodiversity value per se (for example species richness, numbers of threatened or endemic species or the global conservation importance of ecosystems or ecoregions), but rather the potential of coffee certification, if achieved, to deliver net biodiversity benefits. This should take into account the nature and magnitude of baseline threats at site- and landscape-levels, and the compatibility between the conservation requirements of the biota concerned and the conditions that coffee

certification is capable of generating. This analysis would compensate for the fact that the “annual strategic planning/adaptive management workshops for each coffee region to determine landscape level threats and identify ways to best address these threats and maximize biodiversity impacts” were not carried out, as proposed under Output 3.2.

410. The precise balance that is struck, when selecting priority sites and regions, between possibility of success and biodiversity potential, should also depend on how close the project is judged to be to the “tipping point”: once the tipping point is reached and supply- and demand-sides of the certified coffee value chain therefore became self-replicating, the project could afford to pay less attention to bulking up area and focus more on maximizing biodiversity benefits in as short a time as possible by working in sites with highest biodiversity potential, even if these pose challenges.

411. Any redefinition of geographical priorities that may arise from this process of analysis should not be carried out at the expense of the credibility of the project or the continuity of processes that have already been commenced: farms and regions that have already received support should continue to do so, so this prioritization should focus on new farms and areas.

412. It should be recognized that it might only be possible to sustain such a preferential focus on sites with high biodiversity potential priority sites during the remainder of the lifetime of the project, during which period the project could have a direct say regarding the regions where promotional and capacity development activities are focused. The more the project hands over responsibilities for such support to others (a key element of its institutional sustainability strategy) the less say it will have in this regard and the more the geographical focus will depend on the environmental or social focus of the organizations that take over these roles. An alternative approach might be to develop a system whereby sites with highest biodiversity potential receive greater price benefits from certification than the others – a type of “gold seal” certification – however this is unlikely to be feasible in the medium term as it would introduce an added element of complexity to the existing plethora of alternative seals with which consumers have to deal, at a time when priority needs to be placed on increasing recognition and understanding among consumers regarding the RA seal in its existing form.

Recommendation 20: Farmer types to be prioritized for attention should maintain a balance between large and small producers.

413. The current balance of the farms attended (directly or indirectly) through the project – which includes a significant proportion of smallholders – should be maintained. Continued attention to smallholders would allow continuation of the delivery of poverty reduction benefits, influence on smallholder landscapes which are often of relatively high biodiversity value, and avoidance of the risk of putting all of the project’s “eggs into the basket” of a small number of large cooperatives. Continued inclusion of large producers in the project’s portfolio will on the other hand allow current rates of growth in certified area and production to be maintained or increased; in addition, this may contribute to replication between producers, given the supposed effect (mentioned by some farmers) whereby larger farmers are viewed as models by their smaller neighbours.

Systems for compliance auditing

Recommendation 21: Support the development of a programme to minimize the risk of subjective differences by auditors in the interpretation of SAN criteria.

414. A number of elements of the SAN Standard are worded in such a way that there is a considerable risk of them being interpreted in different ways by different auditors. This has significant potential implications for the levels of biodiversity benefits that are generated through certification, and also for the credibility of the system. The project should advise and support

SAN in the realization of a sample-based survey to generate evidence on the levels of variation that have existed in practice between different auditors' interpretation of the norms, and, depending on the results of this study, should advise and support the development of a program aimed at reducing this risk – including, for example, the production of additional guidance materials, the provision of additional training and the development and institutionalization of a monitoring and adaptive management system that will allow this risk to be guarded against on a continuous basis in the long term.

Technical support and training

415. ***Recommendation 22: Develop and validate agricultural extension services approaches that are differentiated for producers with distinct educational levels, production systems and economic capacities.*** It is suggested that the Country Coordinators could play an important role in organizing participatory processes of needs assessment, design and validation of agricultural extension programs and materials with producer groups selected to cover a representative range of producer types. The project should examine its approach to providing training to specific target groups to make sure both the didactic approach, and content, is targeted to the demographics of the intended audience. For example, the content (e.g., best practices and measures for compliance with the SAN standards), approach (e.g., seminars, demonstrations, etc.) and materials or tools used (handbooks, formats, presentations, etc.) used training medium to large farmers and their staff (farm managers, technicians) should be specifically designed, tested and refined to address the changes necessary for these production units to achieve and maintain RA certification. Similarly, small-scale farmers, and the technicians that train them, may require an agricultural extension package that is tailored to the types of practices, techniques and systems that are required to achieve RA certification. The program already has ample experience with various types of farmers and production units, so a first step might be to reflect on, systematize and document, the existing approaches and identify gaps and improvements needed to tailor them to the major target audiences.

416. ***Recommendation 23: Include non-certified producers and defaulters in the provision by the project of follow-up support.***

417. Although producers who have received support from the project to date, but have either not gone on to obtain certification or have subsequently lapsed, are not currently counted as “successes” by the project, it is likely (but unproven) that many of these may have modified their environmental performance and might also easily become certified in the future. The project should define specific strategies for the provision of follow-up support to these producers, in order to avoid the gains made to date with them being unnecessarily lost. These strategies should be based on updated needs analyses that would

Recommendation 24: Continue to support horizontal and participatory processes of experimentation, learning and capacity development among farmers.

418. Producers interviewed during the course of the MTE commented favourably on the value of the horizontal interchanges that the project has supported to date, that have taken the form of visits by farmers to each others' farms. It is suggested that the project should continue to support such interchanges, as these have the potential to help farmers evaluate the feasibility of the management practices recommended by the project within the context of the complex social, productive, economic and biophysical conditions that characterize producers' farms and livelihoods. For the same reasons, it is also suggested that further consideration be given to promoting the ‘farmer field school’ model as a means for developing and validating management practices in an adaptive manner, building on experiences such as those of the Pichanaky cooperative in Peru.

Recommendation 25: Focus on playing an incremental role with regards to the provision of technical support.

419. The private sector is becoming increasingly involved in the provision of technical support to producers and cooperatives, in order to ensure that these have the capacities required to tailor production to the needs of end clients. This situation further reduces the need for project staff themselves to be directly involved in the provision of training either to producers themselves, the cooperatives to which they belong or to trainers: it is therefore suggested that the project should instead focus more in the future on providing orientation to the training programs of the private sector, in order to ensure that these adequately incorporate considerations of natural resource management, environmental protection and biodiversity conservation.

Policy

Recommendation 26: Develop an alternative to the policy working groups.

420. Although the working groups original envisioned in the ProDoc were not convened, there could be considerable value in finding an alternative approach to obtaining regular input from key stakeholders regarding the current and future policy and legislative environment. These could be the strategic working groups, or similar National Steering Committee, as described in the institutional relations section below. Alternatively, an ad hoc group of experts in local policy and legal frameworks might be convenient for a onetime event to examine the policy and legal considerations for the remainder of the project period.

Recommendation 27: Review and update the original policy analysis.

421. While the original policy analysis may have proven less useful than originally hoped, the project has gained considerable on-the-ground knowledge about the various actors and policies relevant to its work that could provide greater guidance to such analysis. Moreover, there could have been considerable changes in national and local policy frameworks since the project started. This analysis should be undertaken with an eye towards opportunities, not just threats, as this may prove useful in finding ways to connect with the priorities and interests of key stakeholders whose ownership of the project could be critical to its sustainability.

422. Where decentralization governmental authority is a key issue (e.g., Peru) the project's analysis should examine the policies and priorities of regional and municipal entities in areas where it is particularly active, or may focus in the future.

Project Management, Planning and Administration

Recommendation 28: Carry out a detailed planning of expenditure for the remainder of the project period.

423. It is recognized that the funds remaining to the project are limited and this will constrain what can be done in relation to the recommendations of the current evaluation. An in-depth exercise should be carried out to cost out the recommendations, under varying scenarios, and on the basis of this a detailed three-year budget should be developed.

Recommendation 29: Ensure adequate backup and oversight in Honduras and Guatemala

424. Once the proposed regional commercial coordinator is in place, Honduras in particular will require special attention, due to the problems that have been encountered to date in terms of the effectiveness of the SAN Partner and CC, especially on trade-related issues. This support should include visits by the Technical Manager LA (Michelle Deugd) to accompany the commercial coordinator and introduce him/her to key national stakeholders.

Recommendation 30: Maintain Country Strategies updated.

425. The Country Strategies were produced in 2008 and many of the projections of certified areas and production levels are out of date and require revising. High priority should also be given to reviewing, updating and expanding the sustainability strategies for each country: at present these only run to project end, and they should be projected for at least 5 years beyond that, and in addition they place excessive reliance on other sources of bilateral project support rather than truly sustainable sources of funding.

Recommendation 31: Introduce a system of analytical annual reporting.

426. A greater degree of structured analytic reflection should be encouraged within the project, which would ensure that its members form a holistic view of the project and how its different components fit together, and are guided as much as possible by lessons learnt. The process of obtaining and discussing the inputs required for the preparation of these reports would be valuable in itself as an opportunity for reflection and debate. Of particular importance would be the following:

- Annual reports by Country Coordinators, which would also allow ideas to be exchanged between countries
- Annual reports by the SVC team, which would promote conceptual and strategic integration between supply and demand side issues.
- Annual reports by the Project Manager, which would allow all project members to understand the strategic directions of the project. The report of the Project Manager should incorporate inputs from the CCs and from other members of the team not physically based in the project HQ in Costa Rica, such as the SVC team.

Recommendation 32: Confirm the justification for using GEF funds to cover NGO overhead costs. Despite repeated requests from the MTE team, neither the Guatemala CO, the RCU in Panama nor RA itself were able to provide documentation to justify the decision to use GEF funds to cover the overheads of the NGOs involved in the project. (RA and SAN Partners). It is surprising that this was not mentioned in the external audits of the project, and it is suggested that backup for this decision is sought in order to avoid possible problems in future external audits.

Recommendation 33: Develop a gender strategy.

427. The project should arrange for a short term consultancy by a gender specialist, resulting in the identification of key areas of the project where there are gender-related risks or opportunities, together with a corresponding mitigation plan, which should include recommendations of gender-related capacity development among the project's stakeholders (particularly trainers, cooperatives and producers). Ideally there would be one member of the project staff with specific responsibility for gender issues: this decision should, however be based on an analysis of whether any of the existing team members have specific training in gender issues, and, if not, whether sufficient funds remain to include an additional person in the team with this specific responsibility. If neither of these conditions can be met, then the project would have to rely on existing staff members, who would have to receive orientation on gender issues by the short-term gender consultant.

Institutional relations

428. Participation and institutional relations need greater emphasis to enhance the sustainability of the project's impacts. In order to maximize the probability of long term ownership and sustainability of the advances made by the project, it is essential to guarantee the existence of adequate participation mechanisms for key national stakeholders.

Recommendation 34: Take steps to promote coordination and consultation with key actors at national levels in the target countries.

429. There has been very little real participation in, and ownership of, the project by the Governments of the target countries. Communication, coordination and consultation should be promoted through an initial series of visits with key actors in Government (particularly ministries with responsibilities for agriculture, environment, commerce and finance), followed up by the formulation, if possible, of strategic working groups – equivalent to National Steering Committees. The Country Offices of UNDP should play a key role in addressing this situation: they are well positioned to do this given that they are typically widely connected at respected at high levels among national Governments and NGOs and therefore have greater “convening power” than would the SAN partners (this was demonstrated with the policy workshop that was carried out in Brasilia early on in the project). There is also the potential for these kind of initiatives to “open spaces” for other initiatives by UNDP.

Recommendation 35: Ensure that there is full commitment to and ownership of the project at high levels within the national SAN partners.

430. The SAN partners have the potential to play a vital role in maximizing the institutional sustainability of the advances achieved by the project, however this will depend on there being commitment at the highest levels, ideally also reflected in the institutions’ medium- and long-term strategic plans, as well as at the more technical level where the project has focused to date.

Recommendation 36: Develop and implement systems and processes for integrating the work of the proposed coordinator for Honduras and Guatemala into the activities and strategies of the national SAN partners.

431. The project is contemplating hiring a Coffee Coordinator for Central America that the posted job description describes and being “responsible for overseeing the implementation of Rainforest Alliance’s coffee strategy and projects in Guatemala, Honduras and Nicaragua”. Given the project’s experience to date with the local SAN partners and the previous country coordinators has been less than ideal, the project should make best efforts to engage the local SAN partners in the process of hiring, orienting and managing the new coordinator. This might start with providing the SAN directors, and relevant staff, with ample opportunity to interview, and provide feedback on, the top candidates for the position. The project might actively solicit the director’s input while defining, and revising, the position’s role and responsibilities, short- and long-term deliverables and work plan. For the first year, the project should agree on formalized communication processes, such as regular meetings, periodic conference calls and monthly or bi-monthly reports providing progress updates, highlighting pending issues and outlining upcoming activities. Moreover, the new coordinator should clearly understand that that he/she is expected to develop informal processes for involving and communicating with the local SAN partners, including office visits when in town, forwarding key information/documents, and setting up impromptu calls, meetings or lunches with the directors or staff to discuss and consult them on relevant issues and opportunities he/she is encountering related to his/her work in the country.

Recommendation 37: Visit the UNDP Country Offices in each of the target countries in order to define concrete plans for interaction during the remainder of the project period.

432. Particular attention should be paid to:

- Communicating the project’s aims, activities, achievements and lessons learnt in order to promote integration and harmonization with other projects under the responsibility of each Country Office

- Defining the potential role of the Country Offices in supporting the project during the rest of its period, in areas such as institutional relations and sustainability, and policy lobbying.

Recommendation 38: UNDP Guatemala should give follow-up to the letter requesting that part of the fee be distributed between the participating UNDP Country Offices (see paragraph 218).

433. If this does not produce results, UNDP Guatemala should cost out with UNDP Country Offices how much their participation would cost on a direct cost-recovery basis and on the basis of this the project should factor these costs into its budgetary planning exercises.

Recommendation 39: Strengthen links with related GEF projects in the region in order to realize potential for synergies and exchanges of lessons learnt.

434. The Colombia coffee project (GEF ID 3590) has now been up and running for 9 months. It is suggested that the BCC project team should establish contact with the manager of that project and that, if necessary, the respective RTAs in the Panama RCU office of UNDP should facilitate the establishment of this contact, as well as the Environment Officer in the UNDP Country Office in Colombia. As suggested in the ProDoc of the Colombia project, attention should be paid to developing coordination and collaboration in the following areas:

- a. Capacity-building and development of training materials for certification standards;
- b. Partnering with extension workers from the FNC who are already trained by the regional UNDP-GEF Coffee Project in certification standards;
- c. Use of methodology for monitoring of key species that take advantage of the connectivity generated through the implementation of sustainable production practices in the coffee landscapes; and
- d. Best practices for improving water quality in coffee landscapes.

435. Additionally, the Colombian coffee project could use lessons learned from the implementation of the RAC model in other regions of Colombia as part of the activities sought by Component 2 of this project in the departments of Quindío and Valle del Cauca, which are not covered by the BCC project.

436. A key priority for the Colombia project is to learn about the BCC project's outputs and outcomes. To this end, it is suggested that the BCC project should set up a website or clearing house mechanism that includes the project's lessons learned, outcomes, outputs and publications and should share its link with the manager of the Colombia project. The Colombia project will hold its first Steering Committee Meeting towards the end of 2010 and the issue of coordination between the regional and national coffee projects will be discussed.

Financial Sustainability

Recommendation 40: Continue to proactively manage the introduction of the participation fee to minimize the potential risks inherent to such a change in the certification system.

437. As discussed in paragraph 340-341, the participation fee may negatively impact coffee companies' plans for RAC coffee. Moreover, the new fee may reduce market partners' interest in, or perceived need for, making further investments in supply development work, as well as signing service contracts for communication support services. However, the fee was only introduced in October of 2010, so coffee companies have yet to focus on the fee as they will only be invoiced in January 2011.

438. In the short-term, the above risks can be minimized by continuing to actively consult with market partners about the fee and clearly communicating how the fees will meet their interests,

such as greater consumer awareness of RA certification. Equally important, the organization needs to be clear and explicit *about what is not covered by the fee*. For example, many market partners reported believing that the fee would result in an increased supply of RAC coffee from a wider range of coffee origins. Where the benefit to market partners might not be immediately apparent, such as funding of the SAN secretariat or standards setting, the organization will need to make convincing case for how such use of funds advance the market participants' business goals. As the final uses of these fees should still be open to discussion as including market partners' input into their plans for how the fees will be used could turn this risk into an opportunity as it will further differentiate RA certification from other certification systems. In the long-term, RA should consider periodically reporting on how the funds were used and providing meaningful measurements on the resulting impact in terms of concrete contributions to the market partners' business interests. This short, succinct report will allow RA to further differentiate itself from other certification schemes, which are generally perceived as being less than transparent about how such fees are used, and the value they provide. Failure to provide such reports would undermine the perception of RA as a "transparent and honest" organization.

5.2.2 Long-term recommendations

439. **Recommendation 1: Work on making the business case for RAC coffee.** Rainforest Alliance has been extremely successful at generating passion among companies for RA certification and the morale argument for RAC coffee as being the right thing to do. However, a major “choke point” in the process of companies deepening their commitment to RAC coffee is when the financial and business strategy argument must be made. RA should examine how it can help brand managers answer the question: “what does increasing the purchases of RA certified coffee mean for their P/L?”

440. RA should examine the benefits of developing “proof points” and case studies documenting how increasing RA certified coffee can positively impact the bottom line. This information will help RA’s internal advocates make the case to the key decision makers responsible for considering the financial implications of moving from offering select RA certified products to making a supply-chain wide commitment. The need of the business case becomes more critical as RA certified coffee seeks to go mainstream, where price sensitivity is greater than in the higher end specialty market.

441. **Recommendation 2: Review market partners’ suggestions on approaches for expanding awareness about the RA brand.** The conversations with market partners provided some suggestions on what they would like to see RA doing to raise awareness about its brand, which are as follows:

- *Establish a “marketing and consumer communications” technical working group.* The companies who are out in the market promoting RA certified coffees have extensive expertise and experience in developing and promoting brands. Moreover, these individuals have specific understanding of the unique challenges of integrating RA brand with consumer brands. This working group could provide valuable input and guidance into RA on both how it might promote the RA brand, but also on the additional types of information, data, case studies, stories, pictures, video, etc. that are useful to market partners promoting a RA certified coffee more generally. It would also provide a venue for further educating market partners about RA’s communications work and successes.
- *Develop a common set of impact indicators that can be utilized in consumer marketing.* That evaluation found that market partners could make good use of more concrete facts about how their products are contributing to the lives of farmers and the environment. However, providing this type of information requires knowing what market partners would like to say about their products and then developing and implementing methodologies for measuring them across origins. RA might consider pulling on the creativity and experience of its market partners to develop a wish list of “impact measurements” and then develop specific methodologies for measuring these benefits at Origin. While this will take some time, the pay-off of being able to provide consistent, defensible information about the impacts and benefits of RA certified coffee would be an extremely useful tool for RA’s market partners.

442. **Recommendation 3: Conduct ex post monitoring of the behaviour of markets for certified coffee after the end of the present project,** with the aim of determining retrospectively whether or not the project was successful in reaching the tipping point. This analysis should also be used to generate indications of how to formulate tipping point indicators for future projects.

443. **Recommendation 4: Ensure, before the startup of projects that use product certification as a tool for delivering biodiversity benefits, that clear agreements exist regarding the use of audit reports as a source of M&E data.** As a minimum, these agreements should ensure the following:

- The design of audit reports in such a way as to ensure that data necessary for monitoring and evaluation are collected in a standardized and useful manner
- The training of auditors to collect the required data
- The definition of responsibilities for covering the costs of auditors collecting M&E data
- Procedures for ensuring the confidentiality of potentially sensitive data contained in audit reports (including agreements with producers at the time of certification regarding the use of audit reports for M&E)
- Procedures for sharing analyses of the M&E data contained in audit reports between the project and SAN Secretariat, in order to help guide the formulation of certification standards.

444. **Recommendation 5: Factor in sufficient budgetary resources to future projects for the inclusion of adequate control groups with which to compare certified farms, and for repeated monitoring in order to compare trends in behaviour between certified and non-certified farms.** Without such control groups, investments in M&E will be largely fruitless as they will not generate conclusive findings regarding the net impacts of project activities.

445. **Recommendation 6: Support highly applied research.** This should focus on generating statistically valid correlations, capable of widespread generalization, between easily measurable variables (such as the extent of certified area or the levels of application of specific management practices), and underlying BD impact variables (such as species abundance, species richness or the conservation status of particular threatened species). This would have two practical applications:

- The development and validation of proxy indicators of biodiversity impact.
- The identification of BD-friendly management practices on which TA and certification standards should focus.

446. The use of project funds for such research should be highly selective, as it can be very expensive and have a major opportunity cost in terms of reduced availability of resources for carrying out whole-project impact monitoring, or for developing capacities at project- and program- level for adaptive management. It is in fact highly recommendable that **RA and/or GEF should dedicate adequate resources to such research at programmatic level**, i.e. outside of the context of specific projects, as this has major potential to maximize the impact of their investments.

447. **Recommendation 7: Develop and apply pragmatic proxy indicators.** In the absence of the kinds of conclusive evidence regarding the correlation between biodiversity and other variables, that could be generated by the type of formal yet applied research discussed above, it is recommended that proxy indicators be used so long as the assumptions on which these are based are made clear. The research studies carried out during the present project suggest that the area of natural vegetation on certified farms (or rather the difference from the without-project scenario), the density and diversity of “within crop” trees, and the location of such “crop” or “non-crop” vegetation in relation to areas of remnant habitat, may among the most suitable of such variables to be used proxy indicators of biodiversity, subject to the proviso that their importance for biodiversity is likely to vary depending on factors such as the nature of the ecosystem in question, the habitat requirements of the species in question and their location in relation to the migration routes of priority species.

448. **Recommendation 8: Include specialist human capacity and financial resources to develop and apply gender strategies in all projects.** This is likely to be particularly important with conservation projects which aim to generate environmental/biodiversity benefits through the

modification of smallholder' production and livelihood support practices, given that such modifications may result in changes in the intra-family distribution of power and resources.

449. **Recommendation 9: In future projects of this nature, with different crops, repeat the approach of concentrating initially on achieving broad market impact and then focus in more specifically on farmers, sites or areas that are of higher "value" in terms of potential for social and biodiversity benefits.** The approach applied in this project is well justified and is likely to be effective in the medium to long term, even if it does not maximize social and biodiversity benefits in the short term. The decision as to when the switch from a broad to narrow focus is warranted should be based where possible on sound indicators of when sufficient market impact has been generated (the tipping point) and the decision as to how to focus should then be based on sound information on social and biodiversity parameters, as relevant.

450. The reservations expressed in this report regarding the levels of progress with some aspects of the project are to a large extent a reflection of the fact that the project team, whose members are highly capable and committed, has been highly stretched. Future projects, of similar scale and complexity to this one, should factor in greater levels of staff resources, with associated administrative backup, and should also as far as possible allow team members to be dedicated exclusively to the project instead of being required to 'multi-task' across diverse projects. This is a consideration that is of particular relevance to organizations, such as Rainforest Alliance, which are undergoing processes of rapid institutional growth.

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452. **Recommendation 10: UNDP Headquarters should ensure the timely disbursement of agency fees to Country Offices.** As Implementing Agency, UNDP charges a 10% fee from the GEF resources dedicated to projects of this type, of which 30% is normally assigned to the Country Office(s) in the country(ies) in which the project is implemented. The Guatemala Country Office (the CO with main responsibility for the project) supported the project for 3 years without receiving any fee from UNDP HQ, but it cannot be assumed that Country Offices will always be in a position to do this, given the internal pressures which they face to justify each of their investments of effort in terms of fee payments and/or cost recovery. The same goes for the Country Offices in each of the target countries, which to date have not received any of the fee, despite a request to this effect from the Guatemala CO in 2009.

6. Lessons learnt

For large, complex projects such as this one it is necessary to dedicate adequate staff resources

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Projects of this nature should have dedicated M&E staff

454. The limited degree to which indicators have been measured to date or their results integrated into adaptive management is largely due to the fact that no one person in the project team was assigned specific responsibility for overseeing the M&E/adaptive management system, as had been proposed in the ProDoc. Future projects of similar magnitude and complexity should ensure that this responsibility is assigned to one person in the project team.

Project budgets should not be excessively “front-loaded”

455. Although budgets for this type of project should foresee donor contributions declining progressively between years (as they are substituted by more sustainable sources such as cost recovery from beneficiaries), the budgetary execution difficulties encountered at the beginning of this project suggest that the budgets of future projects of this type they should not be too ‘front-loaded’ as it may take time for budgetary execution capacities (in the form of financial management instruments and work plans) to be developed. The peak of budgetary allocation should normally occur at around year 2.

Sector-based projects should balance supply and demand side efforts

456. The achievements of this project to date appear to validate the approach proposed in the ProDoc, of balancing supply and demand-side work. Future sector-based initiatives, such as cocoa, should start with an emphasis on the market development from the beginning, while concurrently building the initial supply companies need to gain experience developing and marketing certified products. This supply-side strategy of “priming the pump” involves both targeting farmers whose production systems and operations are easily brought into compliance with the standards, while simultaneously building the local technical assistance and certification capacities for later growth. Although the social and environmental impacts during this first phase may be limited, this approach lays the foundation for subsequent, targeted high-impact efforts once the momentum in market demand is established.

Growth rates of certified area and producer numbers may tail off in the medium term

457. The experience to date with this project is that producers with greater levels of capacity or of commitment to environmental issues tend to be those that ‘self-select’ themselves first for certification, or are selected first by the cooperatives to which they belong or the exporter companies with which they work. The targets included in future projects, for numbers of producers and area certified, should therefore assume that high initial growth rates may progressively tail off once the initial ‘low-hanging fruit’ are replaced by farmers that require greater levels of investment of time and resources.

Short term biodiversity benefits may not be directly proportional to the amount of area certified

458. The indications to date from this project are that with many of the ‘low-hanging fruit’ farmers who become certified early on, certification may to a large extent involve simply the recognition of some of the good management practices that they are already carrying out and not necessarily imply a proportional net improvement in ‘environmental behaviour’ and corresponding reduction in threats to biodiversity. Caution should therefore be used in using certified area and producer numbers as proxy indicators of short term biodiversity benefits, and the M&E systems of similar projects in the future should include a time element, to determine the magnitude and nature of changes in farmers’ environmental behavior over time²⁰.

Arrangements should be negotiated early on to allow audit data to be used for M&E

459. In this project it was assumed that the data contained in audit reports would be available as an input into the project’s M&E system. Future projects that are focused on product certification should ensure that formal agreements are negotiated early on (ideally during the project design phase) in order to guarantee that this is the case.

Significant, but variable, levels of cost recovery are achievable

460. Levels of cost recovery, in terms of the whole or partial payment by participants of the costs of training events, were greater than expected, and this to some extent explains the under-execution of project budget under Outcome 3. It is also evident, however, that producers’ willingness and ability to pay for training is highly dependent on their economic status. It is therefore safe for future projects of this type to anticipate a progressive phasing out of donor resources as costs are increasingly covered by participants, however sufficient flexibility should be included in the budget to provide for possible variations in practice in participants’ willingness to pay, which should be monitored carefully throughout the course of the project.

Diverse capacities are required in producer countries

The thematic complexity of projects of this type implies that a wide range of capacities are required on the part of those responsible for their execution: in producer countries, it is necessary to be able to work effectively with, for example, producers, technical assistance providers, exporters and policy makers. This assumes the existence of capacities in agronomic, organizational, financial and marketing issues, as well as the ability and profile necessary to achieve influence on policy issues. The experience to date with this project suggests that few national NGOs may be able to bring together all of these capacities. Careful capacity assessment should therefore be carried out in order to identify project partners at national level, and depending on the results of this it may be necessary to ‘out-source’ some of the capacities.

Clear procedures, guidance and capacities for budgetary management need to be developed at project outset

461. The difficulties that were encountered in the course of the MTE in analyzing the budgetary execution of the project were to a large degree due to the fact that procedures for budgetary management were not adequately defined at the start of the project. In future projects, the Project Manager (and, as appropriate, UNDP) should check that procedures are defined and formalized at project start and that training is provided to all staff members on the planning and reporting of expenditures.

²⁰ It is likely however that the certification of large numbers of hectares and producers will generate biodiversity benefits in the long term irrespective of the magnitude of the short term benefits, as it will result in certification becoming mainstreamed as a market-based tool for conservation.

External support may be required to ensure inter-project and inter-institutional collaboration

462. The limited levels of communication and collaboration that has been achieved to date with other UNDP and GEF projects in the region, and with UNDP country offices, suggest that projects of this type may require additional support in this regard. The most obvious source of this support would be the UNDP Regional Offices (in this case, in Panama): the Regional Technical Advisors responsible for the different projects and countries in question should be proactive in identifying and promoting potential synergies.

Annex 1. Agenda of evaluation

Week starting	Matthew Quinlan (team leader)	Adrian Barrance (biodiversity specialist)
9 th August	Initial fact finding and scoping mission to BCC HQ, Costa Rica	
16 th August	Detailed planning of visits to target countries	
23 rd August	Mission to Peru	
30 th August	Mission to El Salvador	Mission to Brazil
6 th September	Analysis, write-up, document review	Document review, analysis and write up of notes and preliminary draft of report, preparation for feedback mission
13 th September	Prep for demand-side component, interviews	
20 th September	Mission to London (UK), interviews	Interview with Honduran SAN Partner, Tegucigalpa, Honduras
27 th September	Mission to Minneapolis, Minnesota (USA), interviews, drafting of preliminary report, preparation for feedback mission	Document review, analysis and write up of notes and preliminary draft of report, preparation for feedback mission
4 th October	Feedback mission and BD workshop, BCC HQ Costa Rica	
11 th October	Interviews, drafting of preliminary report	Meeting with IHCAFE, Tegucigalpa, Honduras
18 th October	Mission to Toronto, Ontario (Canada), interviews, drafting of preliminary report	Analysis and write up of first full draft of report, write-up of the first draft of the report, preparation for PSC presentation
25 th October	Preparation of first full draft of the report, interviews	
1 st November	Preparation for PSC presentation	
8 th November	Presentation of results to PSC, New York, NY (USA)	
15 th November	Fact checking, review and incorporation of comments on first draft and PSC meeting, drafting of final report	
22 nd November		
29 th November		
6 th December		

Annex 2. List of documents reviewed

Impact Monitoring Studies

- “Study of Dispersing Forest Birds and Migratory Birds in El Salvador’s Apaneca Biological Corridor” Oliver Komar PhD, Fundación Ecológica SalvaNATURA.
- “Diversity of aquatic macroinvertebrates and water quality in farms with and without Rainforest Alliance certification in coffee producing regions of Colombia” Luis Miguel Constantino, CENICAFÉ
- “Diversity of arthropod fauna, microbe activity and soil physical-chemical properties in farms with and without Rainforest Alliance certification in coffee agroecosystems” Luis Miguel Constantino, CENICAFÉ
- “Evaluation of forest cover in the Municipality of Aratoca (Santander)”. Andrés Guhl, Centro Interdisciplinario de Estudios sobre Desarrollo, Universidad de Los Andes, Colombia.
- “Study of the ecological value of shade coffee plantations for the conservation of nocturnal monkeys (*Aotus lemurinus*) and other arboreal mammals, in the municipality of San Vicente del Chucurí, Santander” Jorge Botero, CENICAFÉ
- “Social/environmental impacts of Rainforest Alliance certification in coffee farms in the south of Brazil” Roberto Hoffman Palmieri, University of Sao Paulo, Brazil
- “Does certification make a difference? Impact assessment study on FSC/SAN certification in Brazil”. IMAFLORA.
- “Identification of the economic and social advantages and disadvantages of the adoption of the norm for sustainable agriculture of the Rainforest Alliance in two coffee-producing regions of Colombia.” César A. Serna Galindo, CENICAFÉ.

Individual Country Strategies

- Sustainable Coffee Strategy for Colombia (2008-2013), Written by Fundación Natura-Colombia/Rainforest Alliance
- Sustainable Coffee Strategy for Brazil (2009-2013), Written by IMAFLORA/Rainforest Alliance
- Sustainable Coffee Strategy for El Salvador (2008-2013), Written by SalvaNATURA/Rainforest Alliance
- Sustainable Coffee Strategy for Guatemala (2008-2013), Written by RA-Guatemala
- Sustainable Coffee Strategy for Honduras (2009-2013), Written by ICADE/Rainforest Alliance
- Sustainable Coffee Strategy for Peru (2009-2013), Written by RA-Peru
- Updated Executive Summary of the Sustainable Coffee Strategy for Peru (2010-2013), Written by RA-Peru (August 2010)
- Updated Sustainable Coffee Strategy for Brazil (2010-2013), Written by IMAFLORA/Rainforest Alliance (July 2010)
- Updated Sustainable Coffee Strategy for Guatemala (2010-2013), Written by RA-Guatemala (July 2010)
- “Executive Summary of the strategy for the sustainable development technical assistance (2008-2013)”, Presentation by Guillermo Belloso Fabian, SalvaASIST Division, SalvaNATURA, 21 July 2010

Financial audit reports

- Report for 2007 Audit of the Biodiversity Conservation in Coffee Project, (Period Covered: 8 September to 31 December 2007), Dated: 12 June 2008

- Report for 2008 Audit of the Biodiversity Conservation in Coffee Project, (Period Covered: 31 December 2007 to 30 November 2008), Dated: 8 May 2009
- Report for 2009 Audit of the Biodiversity Conservation in Coffee Project, (Period Covered: 30 November 2008 to 31 December 2009), Dated: April 2010

Financial Reports

- Quarterly Expenditure Reports and Forecasts for BCC Project Overall (Q4 2006- Q3 2010), submitted by Rainforest Alliance
- Quarterly Expenditure Reports for BCC Project work in Brazil (Q4 2006 – Q2 2010), submitted by IMAFLORA
- Quarterly Expenditure Reports for BCC Project work in Colombia (Q4 2006 – Q2 2010), submitted by Fundación Natura
- Quarterly Expenditure Reports for BCC Project in El Salvador (Q4 2006 – Q2 2010), submitted by SalvaNATURA
- Quarterly Expenditure Report for BCC Project in Guatemala (Q1 2010), submitted by RA-Guatemala
- Quarterly Expenditure Reports for BCC Project in Honduras (Q4 2006 – Q1 2010), submitted by ICADE
- Quarterly Expenditure Reports for BCC Project in Peru (Q2-Q4 2008, Q1, Q2-Q4 2009, Q1-Q2 2010), submitted by RA-Peru

Project Documents

- UNDP/GEF Concept Paper “Mainstreaming of Biodiversity Conservation into Coffee Production and Sales through Private Sector Sourcing Partnerships”, United Nations Development Programme (Executing Agency), Rainforest Alliance and Sustainable Agriculture Network members (Project Implementers), October 2003
- UNDP/GEF Request for PDF-B Approval, “Mainstreaming Biodiversity Conservation into Coffee Production and Sales Through Private Sector Sourcing Partnerships”, GEF Agency: UNDP, (UNDP PIMS ID: 3083, GEF Project ID 2371), November 2004
- UNDP/GEF Project Executive Summary, “Biodiversity Conservation in Coffee: transforming productive practices in the coffee sector by increasing market demand for certified sustainable coffee”, September 2005
- UNDP/GEF Project Document, “Biodiversity Conservation in Coffee: transforming productive practices in the coffee sector by increasing market demand for certified sustainable coffee”, Rainforest Alliance/UNDP/GEF, (UNDP PIMS ID: 3083, GEF Project ID 2371), CEO Endorsement Date: July 13, 2006, GEF Agency Approval Date: July 13, 2006
- Supply-Side Inception Workshop Presentations (and associated materials), Rainforest Alliance - Sustainable Agriculture Division, October 24, 2006
- Demand-Side Inception Workshop Presentations (and associated materials), Rainforest Alliance - Sustainable Agriculture Division, November 7, 2006
- Inception Phase Report, Biodiversity Conservation in Coffee: transforming productive practices in the coffee sector by increasing market demand for certified sustainable coffee), Rainforest Alliance - Sustainable Agriculture Division, April 2007
- First-Year Implementation Report for Biodiversity Conservation in Coffee Project (September 2006-September 2007), Rainforest Alliance - Sustainable Agriculture Division, September 2007

Project Implementation Progress Reports

- 2008 Annual Performance Review (APR)/Project Implementation Report (PIR), Reporting Period: 1 July 2007 to 30 June 2008, Rainforest Alliance-Sustainable Agriculture Division, for GEF funds dispersed as of 30 June 2008
- 2009 Annual Performance Review (APR)/Project Implementation Report (PIR), Reporting Period: 1 July 2008 to 30 June 2009, Rainforest Alliance-Sustainable Agriculture Division, for GEF funds dispersed as of 30 June 2009
- 2010 Annual Performance Review (APR)/Project Implementation Report (PIR), Reporting Period: 1 July 2009 to 30 June 2010, Rainforest Alliance-Sustainable Agriculture Division, for GEF funds dispersed as of 30 June 2010
- 2006 Quarterly Performance Reports/Quarterly Operations Reports (QPR/QOR), (Q1, Q2, Q3 and Q4), Submitted by Rainforest Alliance
- 2007 Quarterly Performance Reports/Quarterly Operations Reports (QPR/QOR), (Q1, Q2, Q3 and Q4), Submitted by Rainforest Alliance
- 2008 Quarterly Performance Reports/Quarterly Operations Reports (QPR/QOR), (Q1, Q2, Q3 and Q4), Submitted by Rainforest Alliance
- 2009 Quarterly Performance Reports/Quarterly Operations Reports (QPR/QOR), (Q1, Q2, Q3 and Q4), Submitted by Rainforest Alliance

Annual Work Plans

- UNDP Annual Work Plan 2006, Award Id: 00044021, Award Title: PIMS 3083 BD FULL: Conservation in Coffee, Submitted by UNDP-Guatemala: 23 March 2007
- UNDP Annual Work Plan 2008, Award Id: 00044021, Award Title: PIMS 3083 BD FULL: Conservation in Coffee, Submitted by UNDP-Guatemala: 29 May 2008
- UNDP Annual Work Plan 2009, Award Id: 00044021, Award Title: PIMS 3083 BD FULL: Conservation in Coffee, Submitted by UNDP-Guatemala: 22 January 2008
- Biodiversity in Coffee Annual Work Plan 2007 Calendar Year, Rainforest Alliance-Sustainable Agriculture Division, Approved by UNDP: January 2007
- Biodiversity in Coffee Annual Work Plan 2008 Calendar Year, Rainforest Alliance-Sustainable Agriculture Division, Approved by UNDP: 23 January 2008
- Biodiversity in Coffee Annual Work Plan 2009 Calendar Year, Rainforest Alliance-Sustainable Agriculture Division, Approved by UNDP: January 2009
- Biodiversity in Coffee Annual Work Plan 2010 Calendar Year, Rainforest Alliance-Sustainable Agriculture Division, Approved by UNDP: January 2010

Project Steering Committee Meetings

- Project Steering Committee Meeting Minutes for meeting held on: 7 March 2007
- Project Steering Committee Meeting Minutes for PSC meeting held on: 19 September 2007
- Project Steering Committee Meeting Minutes for PSC meeting held on: 5 March 2008
- Project Steering Committee Meeting Minutes for PSC meeting held on: 24 September 2008
- Project Steering Committee Meeting Minutes for PSC meeting held on: 10 March 2009
- Project Steering Committee Meeting Minutes for PSC meeting held on: 23 September 2009

Quarterly Implementation Reports

- Biodiversity in Coffee Annual Work Plan 2007: Milestones and Deliverables for Q4 (October-December), Rainforest Alliance-Sustainable Agriculture Division
- Biodiversity in Coffee Annual Work Plan 2008: Milestones and Deliverables for Q1 (January-March), Rainforest Alliance-Sustainable Agriculture Division

- Biodiversity in Coffee Annual Work Plan 2008: Milestones and Deliverables for Q2 (April-June), Rainforest Alliance-Sustainable Agriculture Division
- Biodiversity in Coffee Annual Work Plan 2008: Milestones and Deliverables for Q3 (July-September), Rainforest Alliance-Sustainable Agriculture Division
- Biodiversity in Coffee Annual Work Plan 2008: Milestones and Deliverables for Q4 (October-December), Rainforest Alliance-Sustainable Agriculture Division
- Biodiversity in Coffee Annual Work Plan 2009: Milestones and Deliverables for Q1 (January-March), Rainforest Alliance-Sustainable Agriculture Division
- Biodiversity in Coffee Annual Work Plan 2009: Milestones and Deliverables for Q2 (April-June), Rainforest Alliance-Sustainable Agriculture Division
- Biodiversity in Coffee Annual Work Plan 2009: Milestones and Deliverables for Q3 (July-September), Rainforest Alliance-Sustainable Agriculture Division
- Biodiversity in Coffee Annual Work Plan 2009: Milestones and Deliverables for Q4 (October-December), Rainforest Alliance-Sustainable Agriculture Division
- Biodiversity in Coffee Annual Work Plan 2010: Milestones and Deliverables for Q1 (January-March), Rainforest Alliance-Sustainable Agriculture Division
- Biodiversity in Coffee Annual Work Plan 2010: Milestones and Deliverables for Q2 (April-June), Rainforest Alliance-Sustainable Agriculture Division

Project Coordination Meetings

- Proceedings of the Biodiversity Conservation in Coffee Project Coordination Meeting, April 2008, Panama
- Proceedings of the Biodiversity Conservation in Coffee Project Coordination Meeting, August 2008, Costa Rica
- Proceedings of the Biodiversity Conservation in Coffee Project Coordination Meeting, May 2009, Colombia
- Proceedings of the Biodiversity Conservation in Coffee Project Coordination Meeting, September 2009, Costa Rica
- Proceedings of the Biodiversity Conservation in Coffee Project Coordination Meeting, May 2010, Brazil

Mid-Term Evaluation Presentations by BCC Coordination Team

- Bach, Oliver “Standards & Policy Manager, Sustainable Agriculture Secretariat, “Sustainable Agriculture Network Standard Setting work during the GEF-BCC project”, August 2010
- Corrales Leiton, Ana Lucia “Hacia la Revolución Verde del Siglo XXI”, Servicios de Auditoria de Agricultura Sostenible (SAAS), División de Agricultura Sostenible, Rainforest Alliance, August 2010
- Deugd, Michelle “BCC Planning and Follow-Up Strategy Component 3 and 4: Generating Supply”, August 2010 (Updated November 2010)
- Garson, Ana “Structural evolution and accreditation system”, SAN Secretariat, Date: August 11, 2010
- Pedersen, Leif “BCC Project Manager, “Biodiversity in Coffee: Mid-term evaluation: Costa Rica meeting general BCC Project Overview” August 2010
- Vargas Rubi, Sandy “Catalogo: Materiales y Herramientas: Proyecto Conservación de La Biodiversidad”, August 2010
- Verdesia, Diego, “Overview of Sustainable Farm Certification (SFC)”, August 2010

SAN Documents

- SAN Requirements for Chain of Custody Approval (September 2008)
- Current list of International Standards Committee (as of August 2010)

- SAN Standards and Policy transition Rules (August 2009)
- SAN Announcement of Modified Standards and Policy (April 2009)
- SAN Farm Certification Policy (April 2009)
- SAN Prohibited Pesticides List (April 2009)
- SAN Sustainable Agriculture Standards (April 2009)

Country Specific Documents

- Medina, Gerardo, “Regions Proposed for the Rainforest Alliance/GEF Project in Peru”, Findings of the Prioritization of Areas, Background Document for “Mainstreaming Biodiversity Conservation into Coffee Production and Sales Through Private Sector Sourcing Partnerships” project, Rainforest Alliance-Peru, July 2005
- Gomero Osorio, Luis and Cesar Ipenza, “Políticas públicas que favorecen la agricultura sostenible, particularmente el café”, Rainforest Alliance-Peru, August 2007
- Schuller Petzold, Susana, “La Caficultura Peruana y la Norma de la Red de Agricultura Sostenible”, Rainforest Alliance – Peru, December 2008
- “Final Report on SalvaNATURA IDB Project”, UC Berkley IDB Team Project, June 2009, Presentation of business plan for SalvaNATURA and its certification and technical assistance divisions: SalvaCERT and SalvaASIST.
- Sustainable Agriculture Network, “Guía de Interpretación -Indicadores para la Producción Sostenible de Café en Perú”, Final Draft, Submitted for Approval: September 2009
- “Legislación peruana aplicable a los principios de la Agricultura Sostenible”, Rainforest Alliance-Peru, February 2010
- Altamirano Guerrero, José Oriel, “Ornithological Register for March and April 2010 of Coffee Plantations in the Departments of Cajamarca, San Martin, Pasco, Junin and Cusco, Peru”, Rainforest Alliance-Peru, May 2010
- Lizárraga, Alfonso “Revisión de la Norma para Agricultura Sostenible”, First Report, Rainforest Alliance-Peru, July 2010
- “Farms certified, or in the processing becoming certified, in Peru as of August 2010”, Rainforest Alliance-Peru, August 2010

Communications

- Media Coverage from 2006-2010 (e.g., Newspaper Clippings, Magazine Articles, etc.), September 2006-November 2010
- Marketing Materials from 2006-2010 (e.g., Print Ads, Video Clips, Pre-Approved Text, Farmer Profiles), September 2006-November 2010
- Communications Materials from 2006-2010 (Annual Reports, Press Releases.), September 2006-November 2010
- Farm to Market newsletters (Fall 2007, Winter 2007, Spring 2007, Summer 2007, Fall 2008, Winter 2008, Summer 2008, Fall 2009, Winter 2009, Spring 2009, Winter 2010)
- “Communications-Marketing final report on BCC Outcome 2 achievements” Rainforest Alliance, Communications Division, September 2009
- “Report to Kraft: Rainforest Alliance Awareness Building Activities January-June 2010” , Rainforest Alliance, Communications Division, July 2010
- “Seal Your Cup Overview”, Presentation on Social Media Marketing Program for RA Certified Coffee, Rainforest Alliance, Communications Division, October 2010

Other

- Capacity building materials (training guides, farmer promotional materials, self-evaluation guides, technical manuals, etc.)

Annex 3. List of people interviewed

Demand-Side

1. Artur Kuczera, Kraft UK
2. Tasmina Hoque , Corporate Affairs, Kraft UK
3. Stephanie Goyette , Product Manager - Starbucks & Nabob, Kraft Canada Inc.
4. Fritz Kugler, Head of Coffee, Zavida Coffee Company
5. David Pritchard, Owner, Birds and Beans
6. Pat Russell, Marketing Manager, National Implementation, The Second Cup Ltd
7. Gennaro Pelliccia, Production Technical Manager, Costa Coffee Company
8. Giorgio Fioavanti, Production Director, Costa Coffee Company
9. Barry Kither, AFH/FS Sales & Marketing Director, Lavazza Coffee (UK) LTD
10. Chad Trewick, Head of Coffee Operations, Caribou Coffee Company
11. Michele Viq, Sr. Director of Product Development, Caribou Coffee Company
12. Brett Struwe, Production and Warehouse Operations, Caribou Coffee Company
13. Paul Turek, VP of Operations, Caribou Coffee Company
14. Jake Miller, Marketing, Caribou Coffee Company
15. Valarie Crowley, Marketing/Design and Artwork, Caribou Coffee Company

Perú

16. Gerardo Medina, Country Coordinator for Peru, Rainforest Alliance
17. Eli Arcadio Huancaruna Perales, Executive Director, Perales Huancaruna, S.A.C. (PERUSA)
18. Ricardo Huancaruna Perales, Director Gerente, Perales Huancaruna, S.A.C. (PERUSA)
19. Walter Garibay Siancas, Exportaciones, Perales Huancaruna, S.A.C. (PERUSA)
20. Gonzalo Buse, General Manager, Cafetalera Amazónica S.A.C.
21. James Leslie, Oficial de Programa, UNDP-Perú
22. Eduardo Montauban Urriaga, Gerente General, Cámara Peruana del Café y Cacao
23. Lorenzo Castillo Castillo, Gerente, Junta Nacional del Café
24. Roger Gonzales, Cooperativa La Florida
25. César Romero, Gerente CAC Perené
26. William Mendoza, Departamento Técnico, Cooperativa Perené
27. Ing. Martin García, Gerente, Cooperativa Ubiriki
28. [Ing.](#) Alex Gómez, Jefe del Departamento Técnico, Cooperativa Ubiriki
29. Board of Directors, Cooperativa San Carlos
30. Ing. Felix Marin, Jefe del Departamento Técnico, Cooperativa COOPCHEBI
31. Wilmer Vargas López, Gerente, Cooperativa COOPCHEBI
32. Selenia Contreras, Owner, Finca Santa Rosa
33. Ing. Carlos Miguel Costilla Mora, Auditor, SAAS

El Salvador

34. Guillermo E. Belloso, Country Coordinator for El Salvador/Coordinador del Programa SalvaASIST, SalvaNATURA
35. Mauricio Muyshondt, General Manager, Ibero El Salvador/Tropical Farm Management
36. Ing. Alberto Orlando Rodríguez, Gerente Agropyme, Banco Hipotecario
37. Ana Elena Escalante, Directora Ejecutiva, Consejo Salvadoreño del Café
38. Mateo Salomon, Oficial de Programa, UNDP-El Salvador
39. Oliver Komar, Director Técnico, SalvaNATURA
40. Prospero Trejo, Gerente, La Sociedad de Cafetaleros de Ciudad Barrios de R.L.
41. Reinaldo de Jesus Sorto, Presidente, La Sociedad de Cafetaleros de Ciudad Barrios de R.L.

42. German Javier, Gerente, Asociación Cooperativa de Producción Agropecuaria “Las Lajas” de R.L.
43. Noel Monterrosa, Encargado de Producción Agrícola, Asociación Cooperativa de Producción Agropecuaria “Las Lajas” de R.L.

Brazil

44. Eduardo Trevisan, Country Coordinator for Brazil, IMAFLORA
45. Aloysio Gomes Carneiro and Gloria Colares, owners of Fazenda Itaoca coffee estate
46. Gustavo Guimaraes, agronomist, Daterra coffee estate
47. Márcio Elisio, environmental management specialist, Daterra coffee estate
48. Leopoldo Santana, director, Daterra coffee estate
49. Cesar Candiano, consultant supporting coffee cooperatives in Brazil
50. Oscar Lima and Carlos Roberto Piccin, agronomists, AC Agrocomercial Ltda
51. Marina Piatto, certification coordinator, IMAFLORA
52. Luís Fernando Guedes Pinto, executive director, IMAFLORA

Honduras

53. Miguel Alvarez, Country Coordinator for Honduras, ICADE
54. Mario Ordóñez, Technical Director, IHCAFE.
55. Juan Ferrando, Programme Officer, UNDP

Sustainable Agriculture Network

56. Ana Garzon, SAN Coordinator
57. Oliver Bach, Standards and Policy Manager, SAN

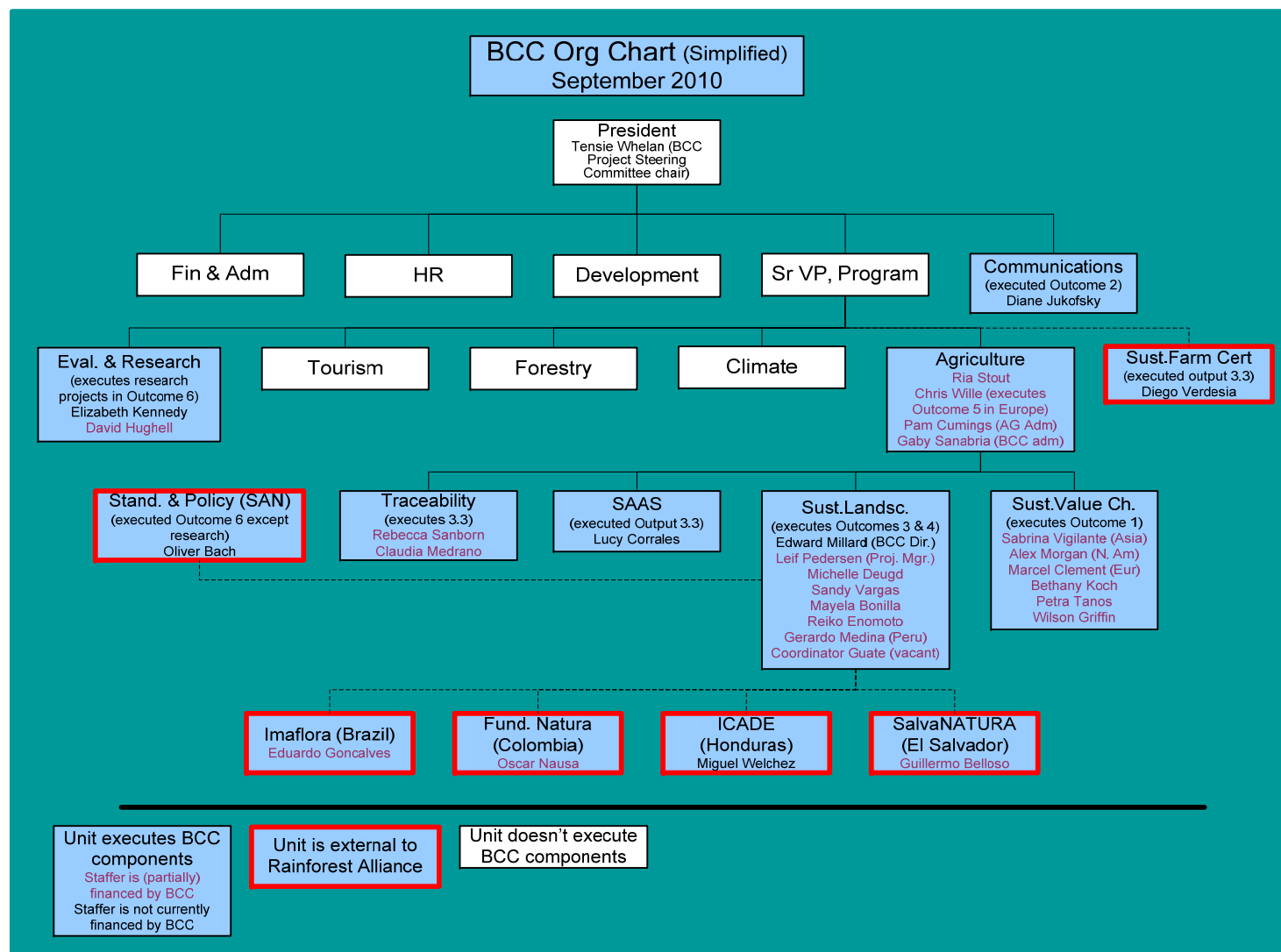
Rainforest Alliance

58. Tansie Whelan, President.
59. Sabrina Vigilante, Director, Markets (Americas & Australasia)
60. Christopher M. Wille, Chief of Sustainable Agriculture, Rainforest Alliance
61. Leif K. Pedersen, Senior Manager, Sustainable Coffee, Rainforest Alliance
62. Gabriela Sanabria, Projects Administrator, Rainforest Alliance
63. Michelle Deugd, Technical Manager, Latin America, Rainforest Alliance
64. Reiko Enomoto, Technical Capacity Manager, Rainforest Alliance
65. Sandy Vargas Rubí, Technical Services Specialist, Latin America, Rainforest Alliance
66. Rebecca Sanborn, Traceability Manager, Rainforest Alliance
67. Marcel Clement, Europe Marketing Manager, Rainforest Alliance
68. Bethany Koch, Client Relations Manager, Rainforest Alliance
69. Alex Morgan, Business Development Manager, US, Rainforest Alliance
70. Edward Milliard, Director of Sustainable Value Chains, Rainforest Alliance
71. Diane Jukofsky, VP of Communications, Rainforest Alliance
72. David Hughell, Research and Geospatial Analyst, Rainforest Alliance
73. Roland Higgins, EU Policy Specialist, Rainforest Alliance

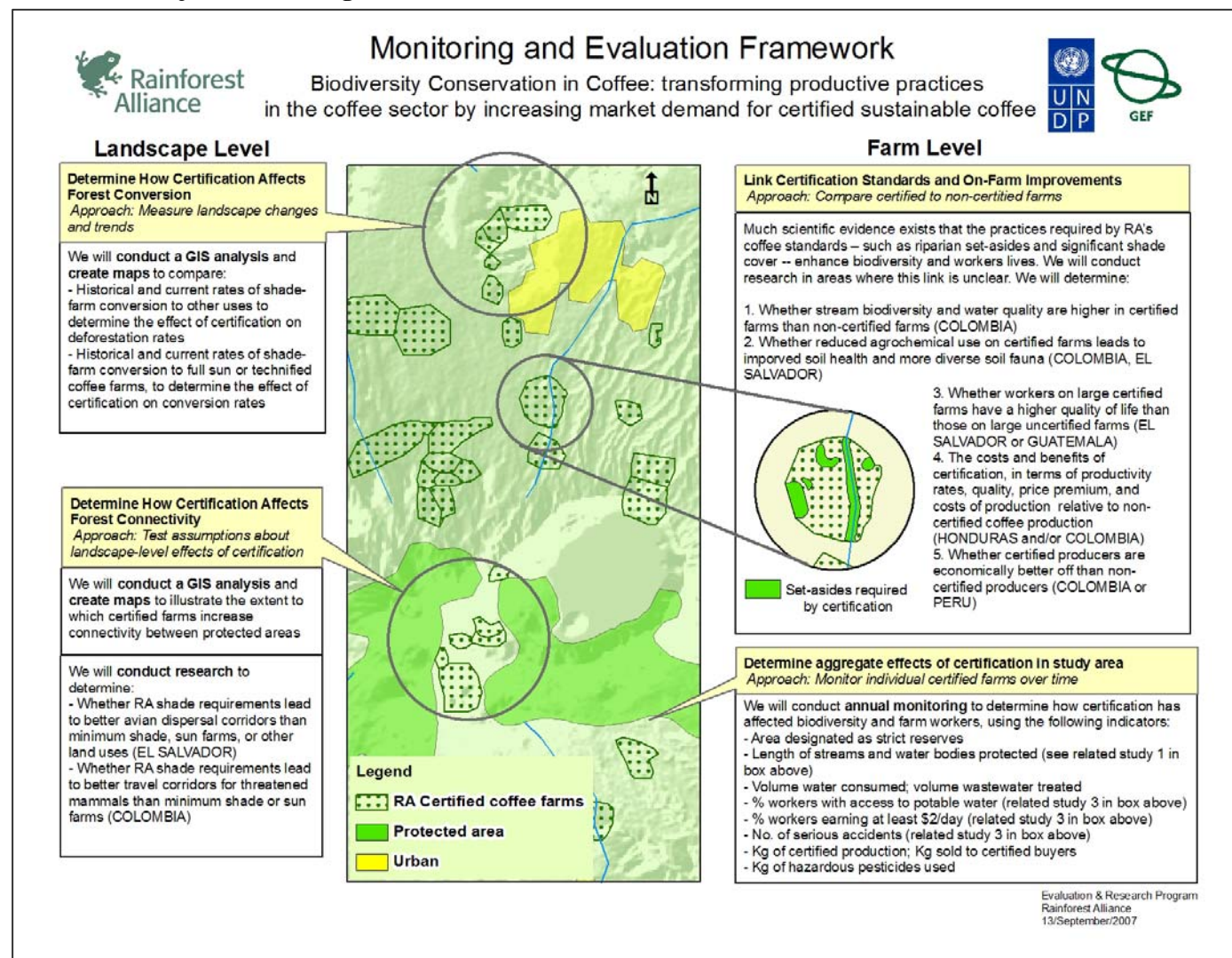
Other

74. Annemieke Wijn, BCC Project Steering Committee
75. Andrew Bovarnick, UNDP/GEF

Annex 4. Organizational structure of the project



Annex 5. Project Monitoring and Evaluation Framework



Annex 6. Indicators and assumptions proposed in the Logical Framework

Logical framework level	Indicator	Assumptions
Objective Demand and sales of biodiversity-friendly coffee increases from niche to mainstream product allowing a significant growth in farms adopting biodiversity-friendly, sustainable productive practices and showing on-farm BD benefits.	Indicator O1. Growth in habitat area under sustainable management on certified farms	O1: Market fluctuations will not severely limit the interest of farmers in getting and staying certified O2: Consumers and companies will maintain interest in sustainability issues
	Indicator O2. Increased populations of keystone species on certified farms show BD conservation benefits	
Outcome 1 Demand for biodiversity-friendly coffee on international coffee markets has increased	Indicator 1.1 Volume of certified coffee sold	1.1 Companies find increased reason to promote responsible sourcing policies .
	Indicator 1.2 Number of roasters of varying sizes buying certified coffee	
	Indicator 1.3 Number of outlets selling biodiversity-friendly, RAC coffee.	
Outcome 2 Consumer interest to purchase certified coffee increased	Indicator 2.1 Consumers in key markets increasingly recognize the seal.	2.1 Consumers increasingly find certified products a credible way for them to support sustainability and conservation of BD. 2.2 Corporations that conduct consumer surveys on sustainability will share information with the project.
Outcome 3 National capacities to certify all sizes of coffee farms in biologically rich production landscapes has increased	Indicator 3.1 Number of auditors	3.1 Local agricultural technical assistance providers are willing to receive training in certification standards and provide technical assistance to producers
	Indicator 3.2 RAC has obtained ISO 65 accreditation	
	Indicator 3.3 Increase in satisfaction levels with RAC among farmers who are audited for the first time	
	Indicator 3.4 Increased volume of certified coffee produced by smallholders.	
Outcome 4 Economic sustainability of certified coffee farms has increased	Indicator 4.1 Certified farmers earn better prices than comparable non-certified farmers	4.1 Certified farms will be willing to share price [information] with project partners. 4.2 Coffee industry is willing to continue to reward certified sustainable coffee
	Indicator 4.2 Certified farmers feel certification has helped improve their ability to survive a future coffee crisis	

Logical framework level	Indicator	Assumptions
Outcome 5 Increased capacity to engage policy makers in coffee-producing and consuming countries in promoting sustainable coffee practices and to monitor and respond to policy initiatives/threats to sustainable coffee. .	Indicator 5.1 Number of policy initiatives/threats addressed in major coffee producing and coffee consuming countries; extent of success in addressing these (high, medium, low).	5.1 Policy makers will be willing to engage with the project partners in the various countries/ markets
	Indicator 5.2 Policy working groups formed with relevant public, private and research organizations in each of the 6 project countries (over time the priority policy issues that have been identified and the extent to which they've been addressed).	
Outcome 6 Increased learning and adaptive management	Indicator 6.1 Systematic information is available to document the impact of certification on biodiversity and social-economic conditions.	No assumptions were stated
	Indicator 6.2 Learning enables improved strategic planning and program design and implementation.	

Annex 7. Indicators proposed in Project Objective Monitoring Plan 2006-2013

Threat reduction objective	Indicator	Location
Overall	Overall coffee production area	All countries
	Certified coffee production area	
	Natural forest fragments on certified farms	
	Area in healthy agro forests	El Salvador and Colombia
	Certified farm area adjacent to water bodies	All countries
	Kilometers of rivers and streams	El Salvador and Colombia
	Indicator Species	
	Bird Species	
Specific Objective 1: Minimize conversion of agroforests to more intensive (high disturbance) land uses: Degradation	Land conversion rate from traditional coffee farms	El Salvador and Colombia
	Coffee Sales at a premium	All countries
	Certified coffee profit margins and national average coffee profit margins	
Specific Objective 2: Increase connectivity of forest fragments through improved regeneration of forests and expansion of certified agroforests	Shape, size and proximity of forest fragments to neighbouring fragments	Corridor, 30 farm sample minimum
	Protection enforcement rates	All certified farms
Specific Objective 3: Reduce extraction of flora and fauna (including subsistence and sport hunting)	Key species	El Salvador and Colombia
	Wages	All countries
Specific Objective 4: Reduce forest fires	Area burned (Ha)	30 randomly selected certified farms
	Alternative waste solutions	
Specific Objective 5.a. Reduce direct contamination of freshwater habitats	Volume of waste in streams	30 randomly selected certified farms at entry and exit points
	Organic discharge	
5.b. Reduce indirect contamination of freshwater habitats	Oxygen content of water	30 randomly selected certified farms at entry and exit points
	Acidity (pH) of water	
	Coliforms in water samples	
	Agrochemicals in water samples	
	Agrochemical use on certified farms versus non certified farms	
5.c. Reduce erosion and sedimentation of freshwater habitats	Sediments index	Not stated
	Herbicide Use	Not stated

Annex 8. Progress in strengthening the Standards & Policy Unit of the Sustainable Agriculture Network Secretariat (reported by SAN Secretariat)

Development of a solid and transparent standards government structure

Since December 2006, the RA-SAN standard development system is compliant with the ISEAL Alliance code. Consequently, there is a clear governance structure, where:

- The SAN board of directors takes strategic decisions about where to work in which regions or with which new crops.
- The International Standards Committee (ISC) is now the leading technical expert advisory team of the SAN. Three successful meetings have been conducted already with 12 members (4 SAN members and 8 external members).

One generic standard with interpretation for specific countries and specific crops

- The SAN has now only one generic standard suitable for more than 100 crops, including coffee, cocoa, tea, fruits, vegetables, flowers and ornamental plants.
- This one and only standard is the product of the fusion of the formerly seven binding standard and additional criteria documents. It is regulated by a now publicly available Farm Certification Policy and interpreted through Local Interpretation Guidelines (Local Indicators) for specific crops in specific countries. Progress
 - Brazil and Honduras: Documents were published in September and April 2009 respectively.
 - Colombia, El Salvador and Peru: Currently the final drafts are reviewed and the final documents will be published during the first quarter of 2010.
 - Guatemala: Two workshops have been conducted. A work plan will be developed with FIIT to assure publication during 2010.
- In order to support the local indicator development process amongst other initiatives, a Standards & Policy Technical Coordinator was hired, who started her work formally in September 2009.

Clear rules for pesticide prohibition on certified farms

- Since July 2008, an official SAN prohibited pesticide list is publicly available on RA's Agriculture Standard Webpage and has been sent via inspection bodies to all certified farms and groups.
- The current version comprises clear references and an annotated list of 101 prohibited substances.
- The list has pushed farms to seek for less toxic alternatives of some insecticides, as well as to the adaptation of more biological or manual integrated pest control measures.
- The robustness of SAN's concept of prohibited pesticides is illustrated by the fact that Utz Certified copy-pasted much content of SAN's list.

Annex 9. Critical criteria in the Sustainable Agriculture Standard of relevance to biodiversity conservation

- 2.1 All existing natural ecosystems, both aquatic and terrestrial, must be identified, protected and restored through a conservation program. The program must include the restoration of natural ecosystems or the reforestation of areas within the farm that are unsuitable for agriculture.
- 2.2 From the date of application for certification onwards, the farm must not destroy any natural ecosystem. Additionally, from November 1, 2005 onwards no high value ecosystems must have been destroyed by or due to purposeful farm management activities. If any natural ecosystems have been destroyed by or due to purposeful farm management activities between November 1, 1999 and November 1, 2005, the farm must implement the following analysis and mitigations:
- a. Conduct an analysis of the ecosystem destruction to document the scope and ecological impact of the destruction.
 - b. Develop a mitigation plan with advice from a competent professional that is consistent with applicable legislation and that compensates for the negative impact.
 - c. Implement the activities of this mitigation plan, including for example the set aside of a significant percentage of the farm area for conservation purposes.
- 3.3 Hunting, capturing, extracting and trafficking wild animals must be prohibited on the farm. Cultural or ethnic groups are allowed to hunt or collect fauna in a controlled manner and in areas designated for those purposes under the following conditions:
- a. The activities do not involve species in danger of or threatened with extinction.
 - b. There are established laws that recognize the rights of these groups to hunt or collect wildlife.
 - c. Hunting and collection activities do not have negative impacts on the ecological processes or functions important for agricultural and local ecosystem sustainability.
 - d. The long-term viability of the species' populations is not affected.
 - e. These activities are not for commercial purposes.
- 4.5 The farm must not discharge or deposit industrial or domestic wastewater into natural water bodies without demonstrating that the discharged water complies with the respective legal requirements, and that the wastewater's physical and biochemical characteristics do not degrade the receiving water body. If legal requirements do not exist, the discharged wastewater must comply with the following minimum parameters:

Water Quality Parameter	Value
Biochemical Oxygen Demand (DBO ₅ , 20)	Less than 50 mg/L
Total suspended solids	
pH	Between 6.0 – 9.0
Grease and oils	Less than 30 mg/L
Fecal coliforms	Absent

The mixing of wastewater with uncontaminated water for discharge into the environment is prohibited.

- 4.7 The farm must not deposit into natural water bodies any organic or inorganic solids, such as domestic or industrial waste, rejected products, construction debris or rubble, soil and stones from excavations, rubbish from cleaning land, or other materials.

8.4 The following chemical or biological substances cannot be used on certified farms:

- a. Biological or organic substances that are not legally registered in the country for commercial use.
- b. Agrochemicals that are not registered officially in the country.
- c. Agrochemicals that are mentioned in the List of Banned and Severely Restricted Pesticides in the U.S. by its Environmental Protection Agency (EPA) or pesticides banned or severely restricted in the European Union.
- d. Substances that have been banned globally under the Stockholm Convention on Persistent Organic Pollutants (POPs).
- e. Substances listed in Annex III of the Rotterdam Convention on Prior Informed Consent (PIC), in relation to national bans or severe restrictions for documented health or environmental reasons in at least two regions of the World.
- f. All Pesticide Action Network Dirty Dozen substances.

List of Prohibited Pesticides – Sustainable Agriculture Network is binding for the inserts 8.4.c, 8.4.d, 8.4.e and 8.4.f of this criterion.

9.5 New production areas must only be located on land with the climatic, soil and topographic conditions suitable for intensity level of the agricultural production planned. The establishment of new production areas must be based on land use capacity studies that demonstrate long-term production capacity. The cutting of natural forest cover or burning to prepare new production areas is not permitted.

Annex 10. Summary of the state of knowledge regarding the biodiversity benefits of certified coffee

- **Ecologically-sustainable coffee plantations can provide¹:**
 - A complex ecosystem supporting diverse species;
 - Habitat for restricted-range species of global conservation importance;
 - Habitat for migratory species;
 - Habitat for globally threatened species;
 - Contribution to the ecological functionality of landscapes and their biological corridors;
 - Indirect benefits such as reduced pollution, increased soil and water conservation, climate regulation, and improved attitudes towards biodiversity. *Source:*
- **In the Apaneca corridor of El Salvador²:**
 - Migrant birds showed a significant preference for natural forest and certified coffee plantations: fewer migrants occupied technified coffee sites and open farmland sites.
 - Capture probabilities for migrant birds did not differ significantly among the habitat treatments (natural forest, forest fragments, certified coffee, technified coffee and open areas)
 - Migrant birds showed significantly higher levels of site fidelity in certified coffee compared to technified coffee.
 - Forest specialist bird species were virtually restricted to natural forest and forest fragment habitats, yet a small number were detected in other habitats, apparently dispersing through the landscape.
 - Certified coffee sites presented an intermediate number of dispersing forest birds and were not significantly different either from technified coffee sites or from forested sites.
- **In the Departments of Cundimarca and Santander in Colombia³:**
 - Certified farms were significantly superior to non-certified farms ($t < 0.05$) in relation to the quality of the physical context of ecosystems, evaluated according to SVAP and CIPAV protocols.
 - Certified farms were significantly superior to non-certified farms in terms of water quality, based on macroinvertebrate communities evaluated according to BMWP, EPT and ELPT indices.
 - Certified farms were significantly superior to non-certified farms in terms of Biological Oxygen Demand in both Departments, but only in Cundimarca were levels of dissolved oxygen significantly higher.
- **In the Departments of Cundimarca and Santander in Colombia⁴:**
 - Certified farms were not significantly different from non-certified farms in terms of arthropod fauna, microbe activity and soil physical-chemical properties.
- **In the municipality of San Vicente de Chucurí, Department of Santander, Colombia⁵.**

¹ Source: literature review presented in Annex XI of the ProDoc: “The Role of Sustainable Coffee Plantations in Preserving Globally-important Biodiversity” Oliver Komar PhD

² “Study of Dispersing Forest Birds and Migratory Birds in El Salvador’s Apaneca Biological Corridor” Oliver Komar PhD.

³ “Diversity of aquatic macroinvertebrates and water quality in farms with and without Rainforest Alliance certification in coffee producing regions of Colombia” Luis Miguel Constantino, CENICAFÉ

⁴ “Diversity of arthropod fauna, microbe activity and soil physical-chemical properties in farms with and without Rainforest Alliance certification in coffee agroecosystems” Luis Miguel Constantino, CENICAFÉ

- Two monitored groups of nocturnal monkeys regularly used coffee shade trees for rest and as a food source, but they preferred to live in the natural forest.
- The floristic composition of the coffee shade is the most important factor determining their habitat value for nocturnal monkeys
- The presence of natural forest is very important as a determinant of monkey populations.
- **In southern Brazil⁶:**
 - In southern Minas Gerais, the amount of Atlantic Forest in protection areas in certified forests was approximately twice that in non-certified farms, and the amount of Atlantic Forest outside of protection areas in certified forests was approximately triple that in non-certified farms, but no statistical difference was found between certified and non-certified farms, due to large inter-farm variance associated with small sample size.
 - In southern Minas Gerais and the Cerrado region, certified farms were superior to non-certified farms in terms of the use of PPAs for agriculture, reforestation with native species, worker knowledge regarding pesticides and wastewater management.

⁵ “Study of the ecological value of shade coffee plantations for the conservation of nocturnal monkeys (*Aotus lemurinus*) and other arboreal mammals, in the municipality of San Vicente del Chucurí, Santander”
Jorge Botero, CENICAFÉ

⁶“Social/environmental impacts of Rainforest Alliance certification in coffee farms in the south of Brazil”
Roberto Hoffman Palmieri, University of Sao Paulo, Brazil

Annex 11. Summary of the state of knowledge regarding the socioeconomic implications of RAC certification

- **In Nicaragua¹ (10 certified and 10 non-certified farms – no analysis carried out of statistical validity of results):**
 - The certified farms performed better than the non-certified farms, in terms of contracts, worker remuneration, prohibitions of child labor, forced and bonded labour, occupational safety and health, freedom of association and collective bargaining rights, housing and community relations.
 - The certified farms fail to cover the majority of their workforce with contracts and social security inscription and do not comply with standards to protect adolescent workers
 - The certified farms did not perform better than non-certified farms in terms of working hours, discrimination and decent treatment.
- **In the Departments of Cundimarca and Santander in Colombia²:**
 - Certified farms are significantly better than non-certified farms in terms of treatment of waste waters, final disposal of solid wastes, storage of products and the avoidance of burning.
 - Certified farms have comparative advantages over non-certified farms in social aspects such as health and occupational safety (due to the use of protective equipment), greater training and less underage work, as well as technological benefits such as improved productivity and post-harvest care.
- **In southern Brazil³ (no statistical significance due to small sample size):**
 - Worker knowledge regarding environmental and occupational safety issues was greater on certified farms than on certified farms in the Cerrado region, but in southern Minas Gerais there was no difference for most issues.
 - Certified farms performed better than non-certified farms in terms of 7 out of 13 factors related to working conditions, and for the other factors there was no difference
 - In the Cerrado, certified farms performed better than non-certified farms in terms of most issues related to pesticide handling and application but in southern Minas Gerais there was no difference for most issues.
 - Certified farms performed better in terms of access to health care, but there was no difference with non-certified farms in terms of meals.

¹ “Measuring Social Impacts of RA/SAN Certification on Coffee Workers”. Social Accountability International, 24 March 2009.

² “Study of the Economic and Social Advantages and Disadvantages of the Adoption of the Sustainable Agriculture Norm of Rainforest Alliance in two Coffee-Producing Regions of Colombia”. César A. Serna Giraldo, CENICAFÉ.

³ “Social/environmental impacts of Rainforest Alliance certification in coffee farms in the south of Brazil” Roberto Hoffman Palmieri, University of Sao Paulo, Brazil

Annex 12. Financial management and execution

Budget design

1. At the time that the ProDoc was written, the GEF did not require Total Budgets and Work Plans (TBWP) to be accompanied by detailed explanatory budget notes. The absence of such notes makes it difficult to comment in detail on the adequacy of the logic behind the original distribution of funds between budgetary codes. Two observations should be made, however:

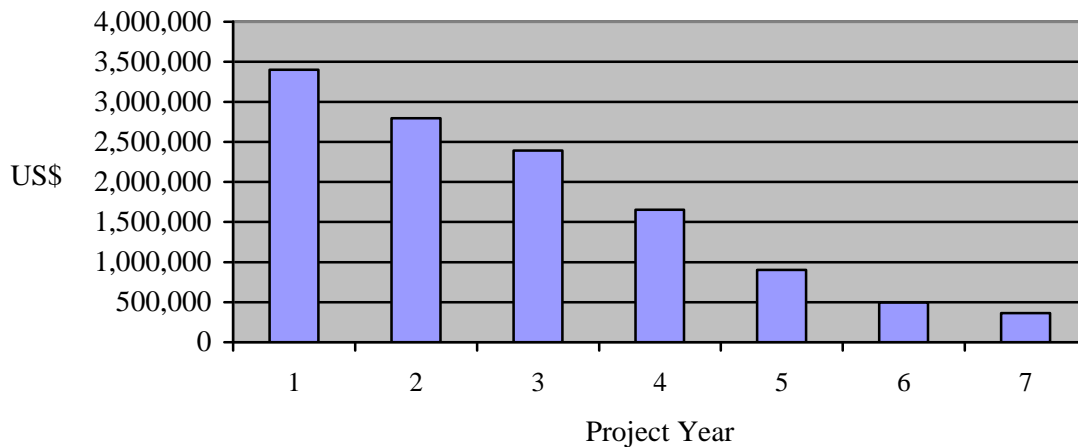
- At 65.4% of the total funding, the total allocation of funds to consultants (Atlas categories 71200 and 71300) is far higher than what GEF normally allows today (typically a maximum of 50%).
- The budget made very little allowance for equipment (0.9% for category 72200): GEF typically allows up to 10% of the total project budget to be allocated to equipment.

Table 11.1 Breakdown of the TBWP in the ProDoc, by budgetary category

Atlas category		Total budgeted (\$)	% of total
71200	International Consultants	2,785,450	23.2
71300	Local Consultants	5,069,382	42.2
71600	Travel	1,054,900	8.8
72100	Contractual services - companies	704,000	5.9
72200	Equipment and furniture	112,200	0.9
72500	Supplies	85,239	0.7
73100	Rental and Maintenance - Premises	337,700	2.8
74100	Professional services	290,400	2.4
74200	Audio Visual and Printing Production Costs	1,232,000	10.3
74500	Miscellaneous exp.	328,729	2.7
Total		12,000,000	100.0

2. In order to further financial sustainability, the GEF budget allocation provided for in the TBWP declined progressively between years (see Figure 11.1).

Figure 11.1 Budget distribution between years, in the ProDoc¹



3. Project management costs were distributed pro rata between all of the 6 outcomes instead of, as is the more normal practice, being placed in a separate component. It is not clear why this decision was taken: its implication in practical terms is that it makes it difficult to track the proportion of project funds that are dedicated to project management.

Budgetary management

4. The current project administrator (who came on board in the second year of the project) reported that the project's administrative systems had suffered some "teething troubles" during its first year, including the following:

- Inadequate attention was paid to the correct classification of expenditures per budget code.
- Unidentified receipts tended to be classified by default as Project Management, resulting in a major overestimate of project management costs.
- Inadequate communication between Rainforest Alliance and UNDP regarding the harmonization of their respective accounting systems.

5. National project partners also reported that they were not clear about the basis on which the first year's APO was prepared, and considered that this may have been due to the pressure that project HQ was under to prepare the APO, in order to obtain the initial disbursement of funds from UNDP.

6. The report of the 2007 external audit of the project (summarized in Table 11.2, with a summary of findings on progress, from the 2008-9 report) confirmed some of these concerns: it concluded that "the Structure of the Internal Control System is reasonable, as it allows all budgetary aspects to be identified. However, some situations exist which warrant mention... these situations are of medium [risk severity]... and easily solved. [These are] significant deficiencies in the design or operation of the Internal Control Structure which... could adversely affect the capacity to register, process, summarize and report financial data..." The first audit report detected a number of deficiencies, listed in Table 11.2. The 2008-9 report found that a number of these persisted, although progress had been made with some of them.

¹ The TBWP budget was organized by calendar year, starting mid-2006. In **Error! Reference source not found.** the budget for Project Year 1 is taken as the budget for 2006 plus 50% of the budget of 2007, that or Year 2 as 50% of 2007 plus 50% of 2008, and so on.

7. The definitions of project management costs have now been rationalized, although administrator reported that Rainforest Alliance had decided that it was not necessary to carry out a respective reclassification of the project management costs calculated erroneously in year 1. Project management costs are now taken to include the salary and travel expenses of the project coordinator and the project administrator, and a proportion of the costs of the Rainforest Alliance Vice-President of Agriculture.

8. There are two points which remain to be resolved satisfactorily, however:

- In the 2009 audit report, Rainforest Alliance Inc. committed to requesting a budgetary review with the aim of resolving the issue of overspend on a number of budget lines. It is not yet clear whether such a review has been carried out and the corresponding approval has been received for certain budget lines to be overspent
- The project administrator reports that Rainforest Alliance charges a 10% overhead on all project expenditures, as do some of the SAN partners. The audit reports make no reference to this, and documentation has not yet been forthcoming from either the project team or UNDP to justify this practice.

9. It was also reported by the project administrator that there had been some overspend in Outcome 2, and that this had been resolved by reclassification of some of this expenditure into Outcome 1 (Outcome 2 is now exactly 100% spent, see Table 11.3). It is not clear to what extent this reclassification was justified on the basis of the actual nature of the expenditure, or whether it was merely an exercise of convenience.

10. All of the funds executed through national partners have been budgeted under one Atlas code, 72110 (Agricultural management contracts). It is unfortunate that spending at national level was not broken down into separate Atlas codes as this makes it impossible to calculate whole-project totals of spending on items such as consultancies and equipment. In general, this situation reflects a lack of adequate guidance from UNDP to project executors on how to classify expenditure between budgetary codes in a consistent manner, rather than necessarily a failing of the project itself.

11. In general, it appeared from the inspection carried out during the MTE that the project's financial management system is well designed and managed. Despite this, some of the Country Coordinators continue to face cash-flow problems, which periodically affect their ability to function operationally and mean that they have to spread their expenditure out across the year more than operational considerations would necessarily require. The main bottleneck is in the procedures for replenishment of the funds to which they have access. These can be replenished under two circumstances: on a quarterly basis on submission of their quarterly financial reports, or once they have spent 70% of the funds advanced to them. The problem is that there is normally a delay of around 30 days between the submission by them of requests for replenishment of their advance and the funds becoming available to them, as the requests have to be processed by the RA offices in Costa Rica and then in New York.

Table 11.2 Findings of 2007 external audit report

Finding	Category	Recommendation	Rainforest Alliance response	Finding of 2009 audit report
1. Current bank account				
The project funds are managed in a current bank account that is not exclusively used for the UNDP funds	Medium	Establishment of an exclusive current account for the management of the UNDP funds and of the project.	The project's funds are managed in a current account in the name of the project. Income is deposited in this account and debits are transferred to the operational account of Rainforest Alliance Inc. This was agreed with UNDP in order to achieve an agile, effective and adequate administrative, operational and financial performance.	Corrected
2. Timely remittance of funds to co-executing agencies				
The times of remittance and liquidation of funds could be improved in relation to the needs of the co-executors	Medium	The agility should be improved.	<p>This delay has occurred for the following reasons:</p> <ol style="list-style-type: none"> 1) Delayed presentation of Financial Reports by partners countries 2) UNDP delayed the transfer of resources for the fourth trimester of 2007 due to the absence of a reply to a letter sent by Rainforest Alliance Inc., asking for modification in the budget for 2007. The limiting factor for this event was the delivery of the Liquidation Report with its respective observations, which coincided with the request for budgetary revision that was made in April 2007, and it was delivered at the end of November. <p>In the coordination meeting with partners countries in April 2008, it was agreed that financial reports and a quarterly expenditure report would be presented on time, in order to allow the transfer of the financial resources required for the development of project activities.</p>	Continues, with some progress.
3. Documentary backup				
Documentary backup and proof of expenditure is not held by Rainforest	Medium	Each time that advances are liquidated by co-executing agencies,	The co-executing agencies are partners of Rainforest Alliance Inc.: they are organisms with which there has been a long history of collaboration, and are serious and formal. They are in addition partners of the Sustainable	Continues, but was not an obstacle for the audit

Alliance Inc.		these should send the proofs of expenditures of project funds.	Agriculture Network and these partners have similar objectives and goals to Rainforest Alliance, therefore it has been agreed not to request full backup documentation, except in the case of external audits. This situation was resolved by the external auditors requesting the documentation from each of the partners.	
4. Project accounting				
The present audit established the project's accounting system	Medium	The project should have an accounting system in order to have at all times the required information and prepare the required financial reports. All the information exists, but in a dispersed manner.	As we were delayed in the presentation of the audit report to UNDP, we asked the auditors to prepare financial statements in order to speed up the response. Rainforest Alliance Inc. has the capacity to prepare the project's financial reports and will do so in 2008.	Continues
5. Budgetary overspend				
There has been overspend under Outcome 2 in the budget line for Local Consultants, for US\$258,007 (316% over the amount budgeted) and under Outcome 5, in the line for Supplies, of \$3,390, equivalent to 15%.	Medium	Article VIII, section 2 [of the Project Agreement] establishes that the NGO is authorized to overspend by no more than 20% on any budget line of the project. We suggest checking these overspends, as these should be approved by UNDP.	These items under review due to erroneous classification of budgetary accounts. This impact will be evident in the report for 2008. At present the register of expenditure is under review. The people responsible for the execution of Outcome 2 have been asked to adjust the expenditure. In the case of Outcome 5, the over-expenditure was due to erroneous classification of marketing software, which was charged to this line in 2007.	Continues, and has even increased.

Budgetary execution

12. The lack of detailed budget notes in the ProDoc TBWP also presents difficulties when reviewing the adequacy of budgetary execution.

By year

13. During calendar years 1 and 2 of the project, there was significant under-execution of budget, in relation to the levels proposed in the TBWP (see Figure 11.2). This appears to have been due to in part to BCC administrative procedures and stakeholders, such as the SAN partners at in the target countries, being unprepared at such an early stage in the project to undertake the level of activity required to achieve the level of execution foreseen, and in part due to the significant delay that occurred with the approval of the ProDoc, which mean that the team had a very reduced period in which to execute the budget for the first year. Lower than expected execution during subsequent years was due to an active decision by the project, on the basis of recommendations of the PSC, to slow down spending in order to ensure adequate flexibility in terms of budget availability.

14. The initial teething problems reported above were apparently overcome during the second year of the project, with the result that execution in years 3 and 4 was beyond what was foreseen in the TBWP. Cumulative execution at the time of the MTE is 86% of that foreseen (Figure 11.3).

15. In April 2010 the Project Administrator submitted a revised version of the budget to UNDP for approval. This involved a reassignment of budget between years, to compensate for the under-execution to date and also between budget codes (see Table 11.4).

Figure 11.2 Budget by calendar year: planned in ProDoc, executed to date and proposed in budget modification submitted to UNDP

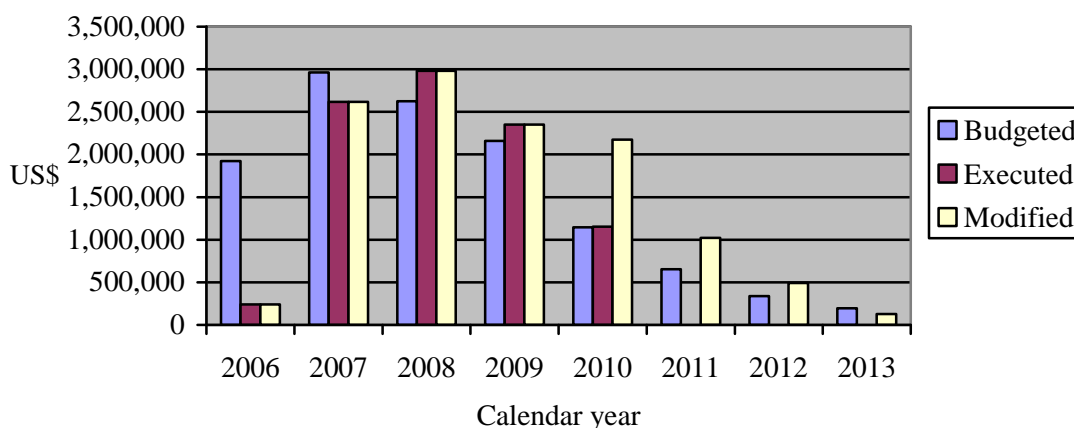
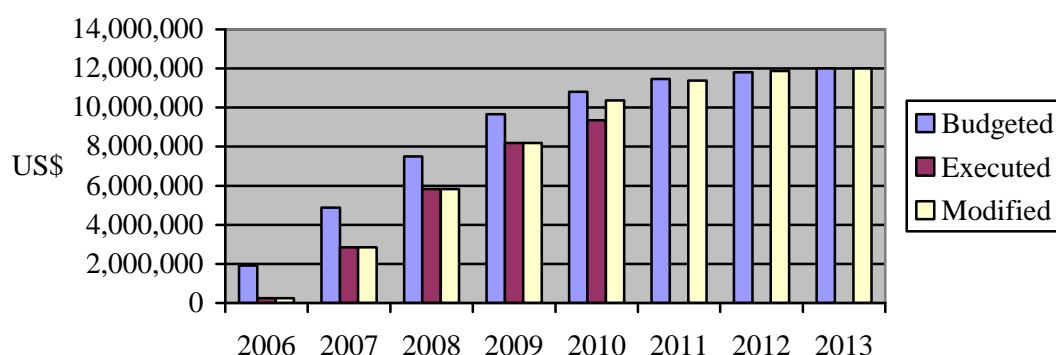


Figure 11.3 Cumulative budget by calendar year: planned in ProDoc, executed to date and proposed in budget modification submitted to UNDP



16. The GEF budget remaining for the project is \$2,657,402, or an average of approximately \$885,800 per year for the approximately 3 years that remain.

By outcome

17. The levels of budgetary execution to date vary significantly between outcomes (see Figure 11.4 and Table 11.3). The budget for outcome 2 has been completely spent, despite the fact that the TBWP assigned \$90,750 to the last three remaining years of the project. Execution of the budget for Outcome 6 is also ahead of what was foreseen in the TBWP, although 16.3% of the budget foreseen for this outcome still remains unspent. There is still significant budgetary flexibility with the other four outcomes: outcomes 1, 4 and 5 in particular are significantly under-executed in comparison to the programme foreseen in the TBWP.

18. During 2009 the lower than forecast spending in component 3 was caused by an increased efficiency of the project's Technical Assistance work, due to a higher than expected response to requests that participants share the costs of workshops. During a BCC meeting it was consciously decided to spread the remaining funds over the rest of the years as it was thought to be more effective than force the spending of the budgeted money during the year itself. This turned out to be positive for the execution of 2010.

Figure 11.4 Budgetary execution by outcome

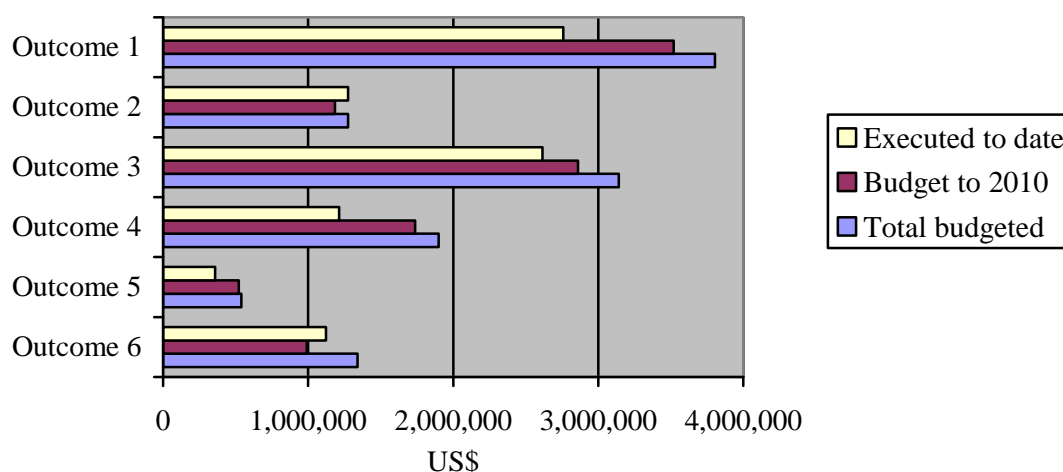


Table 11.3 Budgetary execution by outcome

Outcome	Cumulative budget to 2013, as per ProDoc (\$)	Cumulative budget to end 2010, as per ProDoc (\$)	Cumulative budget executed to date (\$)	% execution of amount budgeted to end 2010	Remaining budget (\$)	% execution of total budget to 2013
1	3,804,925	3,519,342	2,758,510	78.4	1,046,415	72.5
2	1,274,086	1,183,336	1,274,086	107.7	0	100.0
3	3,141,352	2,859,716	2,615,780	91.5	525,572	83.3
4	1,898,735	1,737,832	1,214,088	69.9	684,647	63.9
5	539,622	522,260	358,012	68.6	181,610	66.3
6	1,341,280	991,179	1,122,122	113.2	219,158	83.7
Total	12,000,000	10,813,665	9,342,597	86.4	2,657,403	77.9

By code

19. There has been significant variation in the cumulative levels of expenditure to date by Atlas code, from that foreseen in the Total Budget and Work Plan in the ProDoc. The only exception is Atlas Code 71200 (International Consultants), which is within 2% of that foreseen. Four new categories have been introduced (71400, 72400, 72800 and 73300) which were not provided for in the original budget. The project administrator reported that this decision was supported by UNDP, which gave the project liberty to move funds between Atlas codes but not between outcomes.

20. It is assumed that the variation between budgeted and executed amounts in lines 71300, 71400 and 72100 is due to revised interpretations of how to classify certain costs: most budget under “Local consultants” (71300) were presumably reclassified as Contractual services – individuals (71400) and much of the remainder as “Contractual services – companies” (72100). Under this assumption, the executed amount (the total of codes 71400 and 72100) is actually close to (around 5% more than) the amount originally budgeted (code 71300). The fact that all

budget executed through local partners have been classified as 72100 masks some of the breakdown between the true natures of the items for which budget has been used.

21. Spending on equipment (the sum of categories 72200, 72400 and 72800) has been \$146,088 to date, or 1.5% of total expenditure. This is well within the 10% figure which is the rule of thumb limit that GEF typically imposes on equipment.

22. There are several aspects of the budgetary modification carried out in 2010 that are worthy of note:

- The 2010 budget modification involves a significant increase (\$1,508,625) in the amount of resources dedicated to International Consultants, and a major decrease (\$2,822,622) in the budget for Local Consultants.
- There has been no spending to date on “71300 Local Consultants”: it is assumed that the spending intended under this budget line was instead classified as “71400 Contractual Services – Individuals”. A total of \$2,320,795 has been spent to date on 71400, whereas the modified budget only makes provision for \$2,246,760 for 71300 and \$0 for 71400, meaning that there is an overspend of \$74,035 on the total of these two budget lines (Local Consultants/Contractual Services – Individuals).
- The overspends (relative to the original budget in the ProDoc) on “71600 Travel”, “72100 Contractual Services – Companies”, “72400 Audiovisual Equipment” and “73300 Equipment Maintenance” have all been corrected.
- There are still budgetary overspends on lines “72500 Supplies” and “74500 Miscellaneous Expenses”.

Table 11.4 Budgetary execution by Atlas code

Atlas code	Description	Original budget in ProDoc					2010 budget modification		
		Budget to 2010	Spent to 2010	Difference	Budget to 2013	Remaining budget	Budget to 2013	Difference	Remaining budget
71200	International Consultants	2,707,211	2,759,699	52,489	2,785,450	25,751	4,294,075	1,508,625	1,534,376
71300	Local Consultants	4,210,242	0	-4,210,242	5,069,382	5,069,382	2,246,760	-2,822,622	2,246,760
71400	<i>Contractual services - individuals</i>	0	2,320,795	2,320,795	0	-2,320,795		0	-2,320,795
71600	Travel	831,050	1,101,018	269,968	1,054,900	-46,118	1,288,651	233,751	187,633
72100	Contractual services - companies	671,000	2,106,723	1,435,723	704,000	-1,402,723	2,597,607	1,893,607	490,884
72200	Equipment and furniture	101,200	39,688	-61,512	112,200	72,512	86,283	-25,917	46,595
72400	<i>Audiovisual equipment</i>	0	108,352	108,352	0	-108,352	324,896	324,896	216,544
72500	Supplies	76,714	118,918	42,204	85,239	-33,679	95,651	10,412	-23,267
72800	<i>Information technology equipment</i>	0	-1,953	-1,953	0	1,953		0	1,953
73100	Rental and Maintenance - Premises	271,700	73,557	-198,143	337,700	264,143	86,444	-251,256	12,887
73300	<i>Equipment maintenance</i>	0	197,962	197,962	0	-197,962	215,522	215,522	17,560
74100	Professional services	149,600	34,286	-115,314	290,400	256,114	221,517	-68,883	187,231
74200	Audio Visual and Printing Production Costs	931,150	349,997	-581,153	1,232,000	882,003	443,752	-788,248	93,755
74500	Miscellaneous exp.	290,818	133,555	-157,263	328,729	195,174	94,706	-234,023	-38,849
Prepaid Project Expenses							4,136	4,136	4,136
Total GEF		10,240,684	9,342,597	-898,087	12,000,000	2,657,403	12,000,000	0	2,657,403

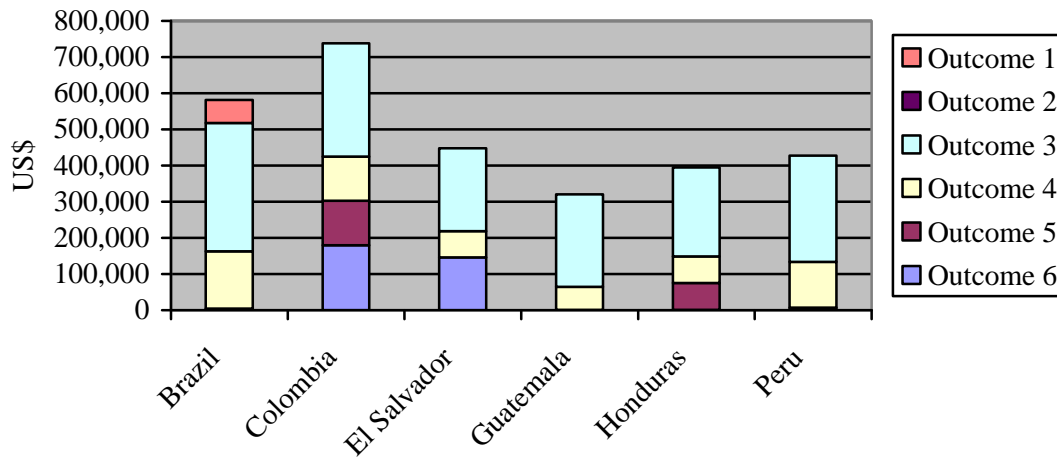
By country

23. As may be seen in Table 11.5 and Figure 11.5, the country which has received most project funds to date has been Colombia, followed in descending order by Brazil, El Salvador, Peru, Honduras and Guatemala. If, however, the expenditure on Outcome 6 is removed (this was spent on research studies in Colombia and El Salvador), the sequence changes to Brazil, Colombia, Peru, Honduras, Guatemala and El Salvador. In terms of only the “supply side” components 3 and 4, the sequence is almost the same: Brazil, Colombia, Peru, Guatemala, Honduras and El Salvador).

Table 11.5 Budgetary expenditure by outcome and target country

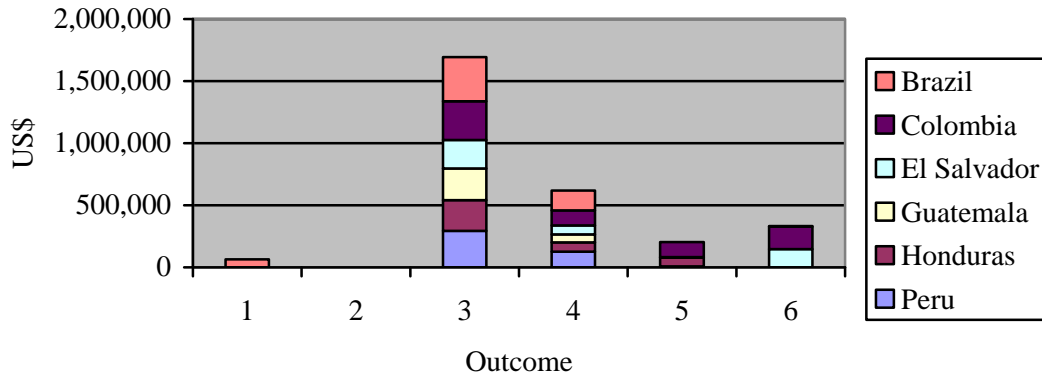
	Brazil	Colombia	El Salvador	Guatemala	Honduras	Peru	Totals
Outcome 1	63,647						63,647
Outcome 2							0
Outcome 3	354,553	313,098	229,730	255,709	245,749	294,494	1,693,333
Outcome 4	158,824	122,661	72,100	64,245	73,862	126,209	617,902
Outcome 5		122,661		594	73,862	7,151	204,268
Outcome 6	4,229	179,821	146,194		1,132		331,377
	581,253	738,242	448,024	320,548	394,605	427,854	2,910,527

Figure 11.5 Budgetary expenditure by target country and outcome



24. In all countries components 3 and 4 accounted for the bulk of the expenditure, especially 3. Funds from Outcome 1 were only spent in Brazil, significant amounts were only spent on Outcome 5 in Colombia and Honduras and significant amounts were only spent on Outcome 6 in Colombia and El Salvador.

Figure 11.6 Budgetary expenditure by outcome and target country



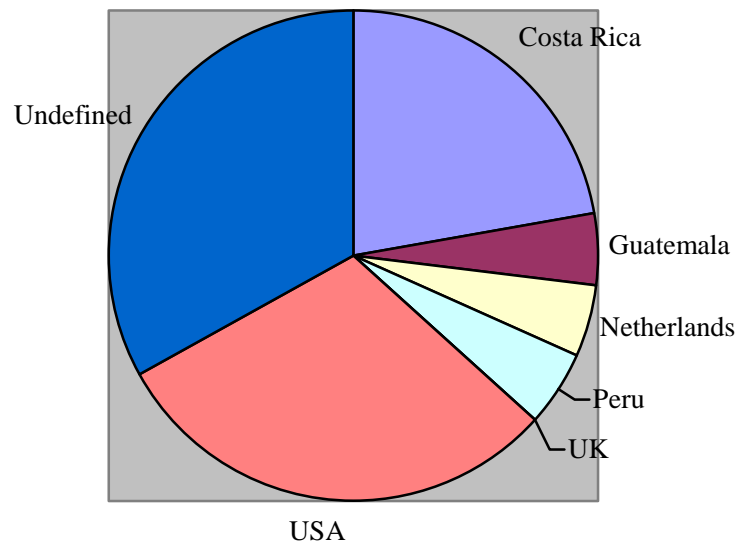
Salary payments

25. GEF funds have been used to finance wholly or partially the salaries of the 48 people, not including the personnel of SAN partners in Brazil, Colombia, El Salvador, Guatemala or Honduras (all such funds are reported under a single budget line without separating out salary costs). The complete list of positions that have been funded, by outcome and year, is presented in Appendix X. The breakdown by outcome and country is shown in Table 11.6.

Table 11.6 Breakdown of spending on salaries to date, by outcome and country (excluding expenditure executed by SAN partners in target countries)

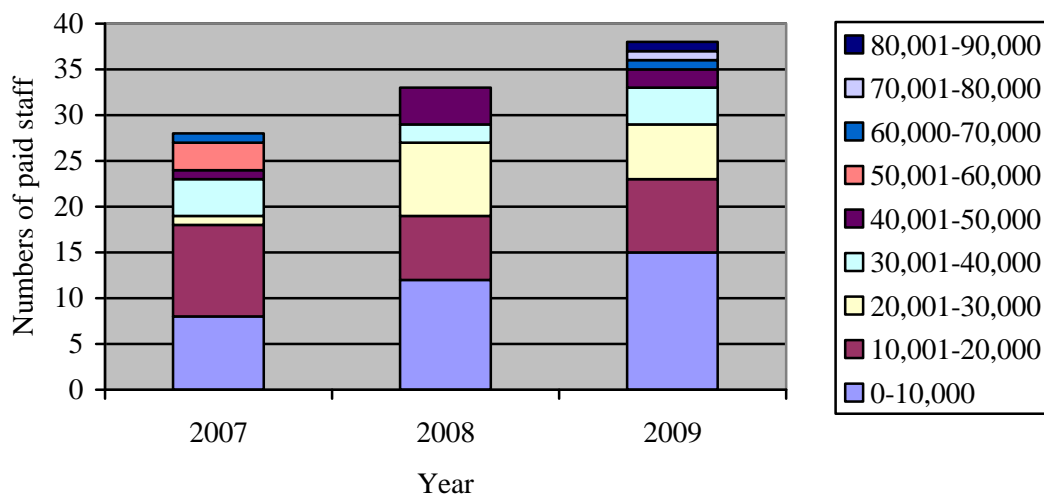
Country	Outcome					Total
	1	2	3 and 4	6	Project Management	
Costa Rica	140	1,715	189,560	94,733	477,549	763,687
Guatemala	13,215	190	139,081		10,466	162,952
Netherlands	164,565					164,565
Peru			166,418			166,418
UK	4,330					4,330
USA	734,044	98,994		147,116	55,380	1,035,534
Undefined	420,306	48,095	192,763	98,569	375,798	1,135,531
Total	1,336,600	148,994	687,822	340,418	919,913	3,433,027

Figure 11.7 Breakdown of salary expenditures between countries to date (2006-2010)



26. Figure 11.8 shows that although the total number of people paid using GEF funds in any given year is large and has grown yearly, a large proportion of this total consists of people assigned for short periods (as deduced by their low funding assignments), and it is among these categories that most of the growth in numbers has occurred. The large total numbers of people on the payroll do not therefore mean that the project is overstaffed.

Figure 11.8 Numbers of staff by year and annual payment level from GEF funds, to date (US\$/year)

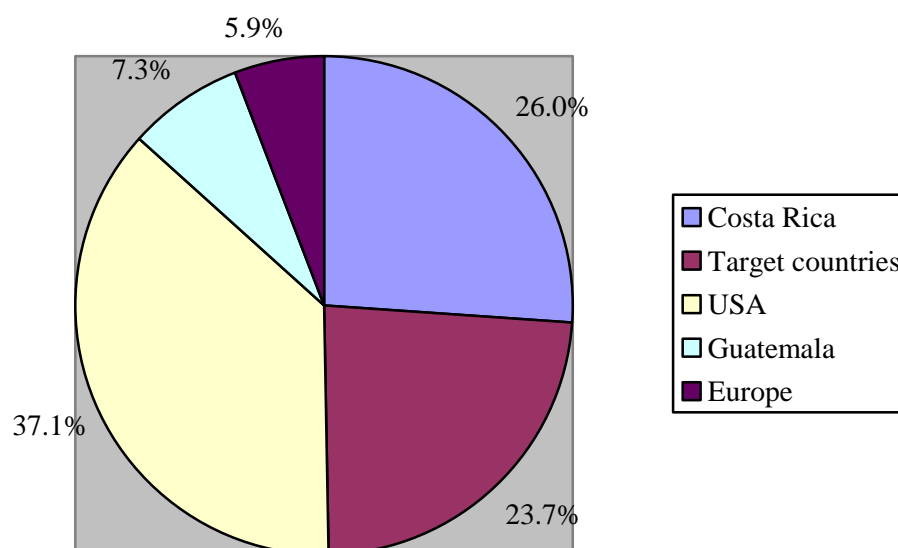


27. Table 11.9 provides information of 27 of the posts that are currently funded, together with an approximate breakdown of GEF spending on salaries by post and by country. This spending is distributed in the following geographical areas:

- The project headquarters in San José, Costa Rica;
- The six target countries
- Various RA offices in the USA
- The main regional office of RA for Latin America, in Guatemala.

28. The approximate breakdown of GEF-paid staff time by region at present (2010) is shown in Figure 11.9.

Figure 11.9 Approximate distribution of GEF-paid staff time by region, in 2010



29. The apparent imbalance between the amount of staff time supported in the US and in the target countries should be viewed in context. In the target countries, only 50% of the time of the Country Coordinators is currently paid through GEF funds: however a significant proportion of the rest of their time is also dedicated to the project, supported by co-financing. The relatively low level of GEF-funded time on the part of the Country Coordinators is therefore more a reflection of the project's sustainability strategy, which provides for GEF funds progressively to be replaced by other sources of funding, than a low level of activity.

30. The balance between levels of staff activity in the target countries and elsewhere is also a reflection of a fundamental aspect of project design, which is a balance between supply-side and demand-side activity: staff in the target countries are principally involved on the supply side, whereas 6 of the 10 US-based positions to which GEF funds contribute (82% of the GEF-funded staff time in the US) are directly related to demand-side work.

31. The Project Administrator, based in Costa Rica, is the only staff member whose salary is 100% paid by GEF funds. The salaries of all of the other staff shown in Table 11.9 are complemented by other funding sources, in reflection of the fact that they are not exclusively dedicated to the GEF BCC project. The Project Coordinator (whose post within RA is Senior Manager, Sustainable Coffee), for example, in addition dedicates a proportion of his time to activities such as design and fundraising for other proposed RA projects, while the Technical Manager (Latin America) is also involved in managing a number of other smaller RA projects. In the case of the Country Coordinators, there is in addition a deliberate policy of gradually replacing GEF funding of their salaries with funding from other sources (such as other bilateral

projects or cost recovery from technical support and auditing activities), as provided for in the sustainability strategies of the respective Country Strategies.

32. Given the large number of individuals to whose salaries GEF funds contribute, it was not possible to arrive at a reliable appreciation of the extent to which the percentage of the salary of each that is paid by GEF corresponds with the true percentage of their time that is dedicated to the BCC project.

Project Management Costs

33. Table 11.7 shows the amounts that have been recorded to date as Project Management expenditure in the project's accounting systems. These are broken down by Outcome given that the project distributes them between outcomes, rather than concentrating them into an outcome/component of their own.

Table 11.7 Project Management expenditure reported to mid June 2010 by project accounting system, with percentage of total costs by year and outcome

Year	Outcome						TOTALS	%
	1	2	3	4	5	6		
2006	27,834	13,673	9,752	6,590	2,977	6,751	67,577	28.3
2007	134,506	68,052	87,070	35,867	1,203	19,343	346,040	13.2
2008	77,726	53,103	64,226	9,488	1,458	6,836	212,837	7.1
2009	221,454	4,251	13,600	5,132	20	1,130	245,588	10.4
2010	12,439	833	37,666	58,429	(86)	(3,737)	105,544	9.1
Totals	473,958	139,912	212,314	115,506	5,572	30,324	977,586	10.5
%	17.2	11.0	8.1	9.5	1.6	2.7	10.5	

34. For a number of reasons, there has been a tendency to date to overestimate the expenditures on Project Management:

1. Especially in the earlier stages of the project, there was a high frequency of human errors in the classification of expenditures (for example workshops, conferences, meetings, tours and consultancies were classified as Project Management), such as , as well as a practice of using Project Management as a “dumping ground” for unidentified expenditures.
2. A significant proportion of the costs of project staff were classified as Project Management whereas in reality it would have been more appropriate to cost them as outcome-related expenditures: this is attributed in part to the fact that the payment structure is bound by the information systems of Rainforest Alliance in New York.

35. There still appears to be a lack of clarity in the project regarding what should be classified as Project Management: the fact that office costs in the target countries and the costs of external financial audits had been classified as Project Management costs was considered to be a mistake, although in reality these are the types of costs that in most projects are classified in this way.

36. During the initial feedback workshop in October 2010, the evaluation team and the BCC coordination team generated a revised estimated of project management expenditures to date, which suggests that these stand at around 5.5% of total expenditures to date, well within the normal maximum of 10% that GEF imposes on new projects.

Table 11.8 Corrected estimates of project management costs

	Amount (\$)
a. Total project management expenditures to date, reported in project accounting system	977,586
b. Total project management staff expenditures to date, reported in project accounting system	919,193
c. Non-staff project management expenditures to date, reported in project accounting system (a-b)¹	58,393
d. Corrected project management staff expenditures to date²	456,090
e. Total project management expenditures to date (c+d)	514,483
f. Project management expenditures to date as % of total expenditure to date	5.5%

¹ This may be an overestimate: the Project Administrator has corrected historical expenditure classifications as much as possible, but some of these costs may still be erroneously classified as project management

² Excludes time of project staff dedicated to technical assistance, as well as \$375,798 of salary costs which the RA accounting system does not allow to be identified, part of which may possibly correspond to project management

Table 11.9 Estimated assignation of GEF-paid staff time by team member over the life of the project (% of time)

Name	Job Title	2006	2007	2008	2009	2010	Overall
Rainforest Alliance office, San José, Costa Rica							
Pedersen, Leif K.	Senior Manager, Sustainable Coffee (Project Manager)	100	100	100	75	75	91
Maria Gabriela Cordero	Program Associate				15	15	15
Deugd, Michelle	Technical Manager, Latin America			75	50	43	59
Sanabria, Gabriela	Projects Administrator			100	100	100	100
Reiko Enomoto	Technical Capacity Manager				25	24	25
Vargas Rubí, Sandy	Technical Services Specialist, Latin America		100	100	50	50	79
Mayela Bonilla	Coffee Sustainable Associate				50	50	50
Country Coordinators							
VACANT	Central America Coordinator, Guatemala and Honduras				75	75	75
Medina, Gerardo	Country Coordinator, Peru	100	100	100	50	50	81
Belloso, Guillermo	Country Coordinator, El Salvador	100	100	100	75	50	88
	Country Coordinator, Honduras	100	100	100	75	0	93
Trevisan, Eduardo	Country Coordinator, Brazil	100	100	100	75	50	88
Naussa, Oscar	Country Coordinator, Colombia	100	100	100	75	50	88
US-based Rainforest Alliance staff							
Wille, Christopher M.	Chief of Sustainable Agriculture	20	20	20	10	10	16
Cummings, Pam	Program Administrator				25	25	25
Vigilante, Sabrina	Director, Markets (Americas & Australasia)		50	50	80	80	63
Tanos, Petra	Marketing Associate			50	50	50	50
Griffit, Wilson	Marketing Assistant			50	50	75	55
Koch, Bethany	Client Relations Manager		100	80	50	50	73
Morgan, Alex	Business Development Manager, US		100	75	85	83	87
VACANT	Business Development Associate		50	50	80	80	63

VACANT	Relationship Coordinator Rainforest Certified SVC					40	40
David Hughell	Research and Geospatial Analyst		10	10	15	15	12
Rainforest Alliance office in Guatemala							
Ria Stout	Managing Director					15	15
Rebecca Sanborn	Traceability Manager			75	75	35	67
Claudia Medrano	Technical Support Associate			100	100	50	90
Rainforest Alliance staff in Europe							
Clement, Marcel	Europe Marketing Manager		100	80	85	81	87

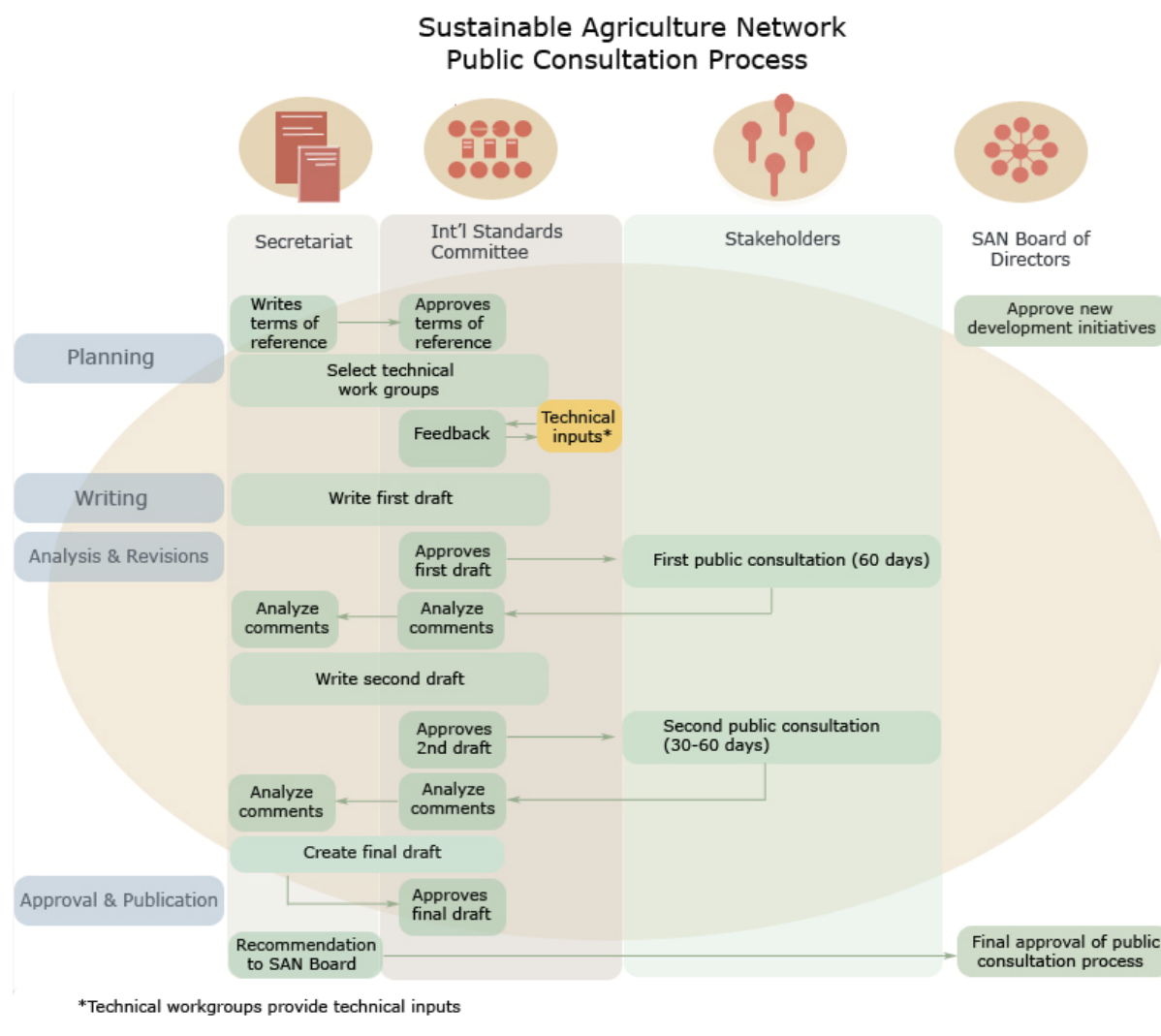
Annex 13. Co-financing foreseen at project design

Source	Outcome 1	Outcome 2	Outcome 3	Outcome 4	Outcome 5	Outcome 6	Total committed	Total to date ³³
USAID	1,000,000	400,000	800,000	200,000			2,400,000	
Rainforest Alliance		350,000	2,800,000		250,000	225,000	3,625,000	
Kraft Foods	4,999,369	5,220,373		29,331,808	3,500,000		43,051,550	
Caribou Coffee	1,145,585	2,012,310	1,281,246	3,022,285			7,461,426	
Ueshima Coffee Company Ltd.	127,400	350,000		2,930,307			3,407,707	
Boyd Coffee Company	122,130	81,420	23,718				227,268	
Luigi Lavazza S.p.A.	407,100	407,100					814,200	
Drie Mollen Holding B.V.	610,651	610,651		892,717			2,114,019	
Diedrichs Coffee Inc./Gloria Jean's Coffees		610,651		375,692			986,343	
DR Wakefield and Company	8,142	99,601	5,166,362	6,632,334	8,142		11,914,581	
Matthiew Algie & Company Ltd	830,485			474,359			1,304,844	
Royal Cup Coffee	376,390			407,100			783,490	
Matthiew Algie & Company Ltd.				13,306,306			13,306,306	
IMAFLOA (Brazil)			970,000				970,000	
Fundacion Natura (Colombia)			1,026,020				1,026,020	
SalvaNATURA (El Salvador)			722,000				722,000	
FIIT (Guatemala)			820,000				820,000	
ICADE (Honduras)			895,000				895,000	
Government of Brazil				600,000			600,000	
Federación Nacional de Cafeteros de Colombia				11,000,000			11,000,000	
ANACAFE of Guatemala				2,000,000			2,000,000	
Guatemala - Association of Private Reserves of Guatemala				55,827			55,827	
Government of Honduras				182,000			182,000	

³³ Figures on actual cofinancing to date have been requested in writing by the BCC team from their sources, but are not yet forthcoming. They will be provided by BCC Team to GEF in the first quarter of 2011.

Government of Peru				129,000			129,000	
ISEAL					280,000		280,000	
Sub-total co-financing	9,627,252	10,142,106	14,504,346	71,539,735	4,038,142	225,000	110,076,581	

Annex 14. SAN Public Consultation Process



Annex 15. Summary of Medium-Term Recommendations

Recommendation	Process/Next steps	Responsibilities	Resource implications
1. Review and modify logframe indicators	- Meeting of BCC Coordination and component coordinators and RA E&R staff in BCC HQ, followed by formal request to UNDP and GEF	- BCC Coordination	- Travel of RA E&R staff
2. Review and modify wording of selected outcomes and outputs in the logframe	- Meeting of BCC Coordination and component coordinators and RA E&R staff in BCC HQ, followed by formal request to UNDP and GEF	- BCC Coordination	- Travel of RA E&R staff
3. Identify one person in the project with lead responsibility for monitoring and evaluation	- Review of existing capacities, work plans and responsibilities and definition of opportunities for readjustment	- BCC Coordination	
4. Develop a revised M&E and adaptive management strategy for the project and the program.	- Workshop in BCC HQ, with BCC Coordination, component coordinators and RA E&R staff	- BCC Coordination/ M&E manager (once defined), and/or consultant	- Travel of RA E&R staff - Possibly consultant costs
5. Negotiate clear and harmonized rules to allow access by non-SAAS actors to audit reports	- Workshop/meeting in BCC HQ, BCC Coordination, SAAS, SANSec and RA E&R staff, to review audit reports and their management and negotiate rules	- BCC Coordination/ M&E manager (once defined) and/or consultant	- Travel of RA E&R staff - Possibly consultant costs
6. Review the feasibility of using audit reports as tools for M&E.			
7. Review the feasibility of using existing technical assistance providers for the collection of data needed for M&E	- E&R division of RA to generate methodological proposals for BCC team - BCC team to interview selected TA providers to determine interest - BCC and E&R division to organize pilot experience	- E&R division of RA - BCC Coordination	- Costs of TA provider carrying out pilot experience
8. Review the content of the proposed cost benefit study	- Desk review to check to what extent the study is generating M&E data recommended by MTE	- Michelle Deugd	- None
9. Standardize procedures for monitoring capacity development impacts	- Discussion between BCC team and E&R division of RA - Communication and discussion of proposals with CCs	- Michelle Deugd	- None

Recommendation	Process/Next steps	Responsibilities	Resource implications
10. Design mechanism for improved monitoring of social and gender impacts	<ul style="list-style-type: none"> - Discussion between BCC team and E&R division of RA - Communication and discussion of proposals with CCs 	- Michelle Deugd	- None
11. Develop a standardized, systematic approach to forecasting supply and demand	<ul style="list-style-type: none"> - SVC and CC define system for collecting production data, calculating exportable coffee and reporting in a standardized format - SVC team define a system for consulting market partners about long and short term demand, define forecasting assumptions and develop standardized format for reporting this information by country, origin and product type. 	- CC and SVC	- Staff time
12. Streamline communications by establishing key contacts for specific countries and/or regions	<ul style="list-style-type: none"> - Establish key contact within SVC for each region - Develop system and process for maintaining key contacts up to date on market information about assigned regions 	- -Alex Morgan	- Trips by Key contacts to assigned region
13. Provide more training in marketing and trade to local partners and country coordinators	<ul style="list-style-type: none"> - Development of training program and materials - Realization of training events 	- Michelle Deugd	<ul style="list-style-type: none"> - Travel of Michelle Deugd to target countries to provide orientation - Generation of training materials
14. Specifically strengthen work with market actors in Honduras and Guatemala	- Appointment of market specialist for Honduras and Guatemala	- Michelle Deugd	<ul style="list-style-type: none"> - Travel of Michelle Deugd to target countries to accompany market specialist - Salary and travel costs of market specialist
15. The finance expert should be	- Discussion with RA HQ to ensure that the	- Leif Pedersen	- Travel of Michelle

Recommendation	Process/Next steps	Responsibilities	Resource implications
dedicated to working on the financial services (Outcome 4)	finance expert covers BCC target countries and issues		Deugd to target countries to accompany finance expert
16. Demonstrate the viability of financing on-farm investments to meet SAN standards	<ul style="list-style-type: none"> - Develop protocols and guidance for analysis and systematization of financial viability of on-farm investments - Ask CCs to identify, analyse and systematize case studies of financial viability 	- Michelle Deugd, with support from finance expert when available	<ul style="list-style-type: none"> - Travel of Michelle Deugd to target countries to provide orientation - Travel of CCs to pilot/study sites
17. Provide more and clear demonstrations of the impacts and benefits of RA certification	- Define common set of indicators in collaboration with market partners	- SVC and BCC team	- Included in costs of establishing uniform project indicators
18. Establish technical advisory committees in each producing country where RA is actively developing a supply of RAC coffee	- Meet with UNDP COs to discuss composition and procedures for establishment of advisory committees	- Michelle Deugd, in conjunction with CCs	- None
19. Where possible, prioritize work on “win-win” regions and farmers	- Discuss with E&R division of RA the feasibility of mapping areas with high biodiversity potential	- BCC Coordination	- None (assumed that costs will be covered by E&R division)
20. Farmer types to be prioritized for attention should maintain a balance between large and small producers	- Continued monitoring of participant characteristics and CC focus (based on Country Strategies)	- Michelle Deugd, in conjunction with CCs	- None
21. Support the development of a program to minimize the risk of subjective differences by auditors in the interpretation of SAN criteria	- Meeting with SAN Secretariat to develop an action plan (including sample-based survey of audit reports, training program and instruments)	- BCC Coordination	- None (assumed that costs will be covered by SAN Secretariat)
22. Develop and validate agricultural extension services approaches that are differentiated for producers with distinct educational levels, production systems and economic	- Meetings between CCs, service providers and producers to validate existing training approaches and materials	- Michelle Deugd, in conjunction with CCs	- Meetings between CCs, service providers and producers, and

Recommendation	Process/Next steps	Responsibilities	Resource implications
capacities.			
23. Include non-certified producers and defaulters in the provision by the project of follow-up support	- Definition and characterization by CCs of target non-certified and defaulting farmers, and development of feasibility studies and strategies for support	- Michelle Deugd, in conjunction with CCs	- Meetings between CCs and service providers
24. Continue to support horizontal and participatory processes of experimentation, learning and capacity development among farmers	- Systematization and interchange of experiences between CCs - Development of strategies and action plans for future support	- Michelle Deugd, in conjunction with CCs	- None
25. Focus on playing an incremental role with regards to the provision of technical support	- Review status of TA provision by private sector, discuss with private sector how to complement this and incorporate this into Country Strategies	- Michelle Deugd, in conjunction with CCs	- None
26. Develop an alternative to the policy working groups	- Discuss options with CCs and UNDP COs	- Michelle Deugd, in conjunction with CCs	- None
27. Review and update the original policy analysis	- Discuss options (consultancies, workshops or working groups) with CCs and UNDP COs	- Michelle Deugd, in conjunction with CCs	- None
28. Carry out a detailed planning of expenditure for the remainder of the project period	- Desk costing of pending tasks and recommendations of MTE - Internal project workshop to prioritize, plan and cost pending activities	- BCC Coordination	- Travel costs of CCs
29. Ensure adequate backup and oversight in Honduras and Guatemala	- Visits by Michelle Deugd to accompany markets specialist, once appointed	- Michelle Deugd	- Travel costs of Michelle Deugd
30. Update Country Strategies	- Workshops in each project country to discuss and update Country Strategies in company with CCs and main project stakeholders	- Michelle Deugd	- Travel costs of Michelle Deugd - Workshop costs
31. Introduce a system of analytical annual reporting	- Propose and discuss with CCs and SVC team formats and content of annual reports	- Leif Pedersen	- None
32. Confirm the justification for using GEF funds to cover NGO	- Consult with UNDP HQ	- Leif Pedersen	- None

Recommendation	Process/Next steps	Responsibilities	Resource implications
overhead costs			
33. Develop a gender strategy	- Discuss with UNDP Country Offices opportunities for them contributing (and possibly funding) expertise	- Michelle Deugd	- Possible consultancy costs
34. Promote coordination and consultation with key actors at national levels in the target countries	- Meet with UNDP Country Offices to discuss strategies for promoting coordination and consultation with national actors	- Michelle Deugd	- None
35. Ensure that there is full commitment to and ownership of the project at high levels within the national SAN partners	- Meet with directors of SAN partners	- BCC Coordination	- Travel costs of BCC Coordination
36. Integrate the work of the coordinator for Central America into the activities and strategies of the national SAN partners.	- Meet with directors of SAN partners	- BCC Coordination	- Travel costs of BCC Coordination
37. Define concrete plans for interaction with UNDP Country Offices during rest of project period	- Visit UNDP Country Offices in all target countries	- BCC Coordination	- Travel costs of BCC Coordination
38. Follow-up on the letter sent by UNDP Guatemala requesting part of the fee be distributed among the participating UNDP Country Offices	- Email to Yannick Glemaric	- Ana Orozo/Andrew Bovarnick	- None
39. Strengthen links with related GEF projects in the region in order to realize potential for synergies and exchanges of lessons learnt	- Email and follow up visits to project managers to define priorities and mechanisms for coordination - Establishment of website or email group on project outcomes, outputs and lessons learnt	- Leif Pedersen and Michelle Deugd, with support from COs and CCs	- Travel costs of BCC Coordination
40. Continue managing the introduction of the participation fee to minimize the potential risks.	- Develop a clear description of the fees, their uses and tangible benefits to market partners. - Develop formal agreements with divisions and partners (e.g., SAN) about use of funds and	- BCC Coordination and SVC	- Staff time

Recommendation	Process/Next steps	Responsibilities	Resource implications
	reporting of impacts/benefits - Develop an annual reporting system for documenting, synthesizing and publishing the financial and performance data about the funds and their uses. (Emphasis on benefits to partners)		

Annex 16. GEF Management Effectiveness Tracking Tool

I. Project General Information

1. Project name: “Biodiversity Conservation in Coffee: transforming productive practices in the coffee sector by increasing market demand for certified sustainable coffee”

2. Country (ies):

Brazil, Colombia, El Salvador, Guatemala, Honduras, and Perú

National Project: _____ Regional Project: x Global Project: _____

3. NAME OF REVIEWERS COMPLETING TRACKING TOOL AND COMPLETION DATES:

	Name	Title	Agency
Work Program Inclusion	Andrew Bovarnick	Regional Technical Adviser	UNDP
Project Mid-term	Matthew Quinlan and Adrian Barrance	MTE Team Leader and Biodiversity Specialist	UNDP
Final Evaluation/project completion			

4. Funding information

GEF support: USD 12,640,092

Co-financing: USD 81,613,497

Total Funding: USD 94,253,589

5. Project duration: **Planned** 7 years **Actual** 7 years

6. a. GEF Agency: ☒ UNDP ☐ UNEP ☐ World Bank ☐ ADB ☐ AfDB
☐ IADB ☐ EBRD ☐ FAO ☐ IFAD ☐ UNIDO

6. b. Lead Project Executing Agency (ies): Rainforest Alliance

7. GEF Operational Program:

☐ drylands (OP 1)

- ☐ coastal, marine, freshwater (OP 2)
- ☒ forests (OP 3)
- ☒ mountains (OP 4)
- ☐ agro-biodiversity (OP 13)
- ☐ integrated ecosystem management (OP 12)
- ☐ sustainable land management (OP 15)

Other Operational Program not listed above: _____

8. Project Summary (one paragraph):

Coffee is the second-largest traded commodity in the world after oil and employs 25 million people in the developing world. Coffee landscapes are very important for the world's biodiversity. This project will result in conservation of biologically rich coffee areas through an increase in market demand for coffee produced under BD-friendly, sustainable production practices. The project will work in Brazil, Colombia, El Salvador, Guatemala, Honduras and Peru and thereby deliver impacts in the Brazilian Atlantic Forest, Brazilian Cerrado, Mesoamerica, and in the Tropical Andes biomes. By increasing market demand for certified coffee from all origins, the project will also produce impact in other countries where certified sustainable coffee is produced. Providing market incentives through certification, the project will achieve transformation of the coffee sector, and ensure that it becomes a valuable complement to conservation efforts in protected areas. Results will include the direct conservation of 1,500,000 ha of coffee, up from currently 93,000, with positive biodiversity impacts across coffee landscapes, representing approximately 10-15 million ha. The project will foster an increase in the volume of sustainable coffee sold from 30,000 to 500,000 t, with at least 100,000 of these coming from smallholders. The number of coffee companies supporting biodiversity conservation by selling sustainable coffee will increase to approximately 580. The project will work closely with governments in producer and consumer countries to make them partners in creating market-based solutions to conservation and development problems in coffee.

9. Project Development Objective:

Increased conservation of globally important biodiversity in coffee landscapes by transformation of the coffee market in support of sustainable productive practices on coffee farms

10. Project Purpose/Immediate Objective:

Demand and sales of biodiversity-friendly coffee increases from niche to mainstream product allowing a significant growth in farms adopting biodiversity-friendly, sustainable productive practices and showing on-farm BD benefits

11. Expected Outcomes (GEF-related):

Outcome One: Demand for biodiversity-friendly coffee created on international coffee markets has increased

Outcome Two: Consumer interest to purchase certified coffee has increased

Outcome Three: National capacities to certify all sizes of coffee farms certified in biologically rich production landscapes has increased

Outcome Four: Economic sustainability of certified coffee farms has increased

Outcome Five: Increased capacity to engage policy makers in coffee-producing and consuming countries in promoting sustainable coffee practices and to monitor and respond to policy initiatives/threats to sustainable coffee.

Outcome Six: Increased learning and adaptive management

12. Production sectors and/or ecosystem services directly targeted by project:

12. a. Please identify the main production sectors involved in the project. Please put “P” for sectors that are primarily and directly targeted by the project, and “S” for those that are secondary or incidentally affected by the project.

Agriculture P
 Fisheries
 Forestry S
 Tourism
 Mining
 Oil
 Transportation
 Other (please specify)

12. b. For projects that are targeting the conservation or sustainable use of ecosystems goods and services, please specify the goods or services that are being targeted, for example, water, genetic resources, recreational, etc

1. Water
2.
3.
4.

II. Project Landscape/Seascape Coverage

13. a. What is the extent (in hectares) of the landscape or seascape where the project will directly or indirectly contribute to biodiversity conservation or sustainable use of its components? An example is provided in the table below.

Targets and Timeframe	Foreseen at project start	Achievement at Mid-term Evaluation of Project	Achievement at Final Evaluation of Project
Project Coverage			
Landscape/seascape¹ area directly² covered by the project (ha)	1,500,000 ha	398,393 ha (the area of certified farms)	

¹ For projects working in seascapes (large marine ecosystems, fisheries etc.) please provide coverage figures and include explanatory text as necessary if reporting in hectares is not applicable or feasible.

² Direct coverage refers to the area that is targeted by the project’s site intervention. For example, a project may be mainstreaming biodiversity into floodplain management in a pilot area of 1,000 hectares that is part of a much larger floodplain of 10,000 hectares.

Landscape/seascape area indirectly³ covered by the project (ha)	10-15,000,000	3,000,000-3,700,000 ha (see note)	
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Explanation for indirect coverage numbers, provided at project start:

The biodiversity value of certified farms in a coffee landscape is likely to reach well beyond the certified farms themselves, depending on the certification activity and the threats against biodiversity in the surrounding area, because species typical for much larger ecosystems can survive on sustainable coffee farms in conjunction with remaining tracts of intact habitat, even if the larger ecosystem is degraded. On average, the area which will benefit from coffee certification could be as large as 7-10 times the size of the certified farms themselves, between 10-15 million ha by the end of the project

Explanation for indirect coverage numbers, provided at project mid-term:

The project has generated only very site specific indications of the possible landscape wide impacts of certified coffee farms, which do not allow the indirect coverage area of the project to be calculated with any more precision than the very rough estimate that was provided at project start. The figure provided at mid-term should therefore only be regarded as a very rough estimate.

13. b. Are there Protected Areas within the landscape/seascape covered by the project? If so, names these PAs, their IUCN or national PA category, and their extent in hectares.

	Name of Protected Areas	IUCN and/or national category of PA	Extent in hectares of PA
--	--------------------------------	--	---------------------------------

³ Using the example in footnote 5 above, the same project may, for example, “indirectly” cover or influence the remaining 9,000 hectares of the floodplain through promoting learning exchanges and training at the project site as part of an awareness raising and capacity building strategy for the rest of the floodplain. Please explain the basis for extrapolation of indirect coverage when completing this part of the table.

1. Brazil	<ul style="list-style-type: none"> • Serra ad Canasta Park • Serra da Mantiqueara Protección Área • Revés Dúas Bocas Biológica Reserve • Parque Nacional do Capara • Parque Estadual da Pedra Azul no Espirito Santo • Parque Nacional Itatiaia** • Serra da Mantiqueira** • Lorena** • Passa Quatro** • Mananciais do Rio Paraíba do Sul** • Serra do Papagaio** • Mananciais de Campos do Jordão** • Campos do Jordão** • Campos do Jordão** • Fernão Dias** • Sapucaí Mirim** • São Francisco Xavier** • Rio Pombo** • Cachoeira da Fumaça e Jacuba** • Serrinha do Alambari** • Campos do Jordão** • RPPN Alto Gamarra** • RPPN Ave Lavrinha** • RPPN Mitra do Bispo** 	IUCN II Protection Area N.A. IUCN II N.A. National Park APA National Forest National Forest APA State Park State Park State Park State APA State APA APA State APA Municipal Natural Park Municipal Natural Park Municipal APA Municipal APA RPPN RPPN RPPN	71,525 422,873 2,900 31,800 1,240 30,000 434,108 249 350 292 22,917 503 8,341 28,800 180,073 39,800 11,559 6.7 363 5,760 28,800 35 49 35
2. Colombia	<ul style="list-style-type: none"> • Parque Nacional Natural: Serranía de los Yariques • Santuario de Flora y Fauna de Guanenta Alto Rio Fonce • Santuario de Flora y Fauna de Iguaque • Parque Nacional Sumapaz • Parque Nacional Cueva de los Guacharos 	Natural National Park IUCN II IUCN II	78,837 10,429 6,750
3. El Salvador	<ul style="list-style-type: none"> • El Imposible National Park • Los Volcanes National Park • “Complejo” Las Lajas • “Complejo” Joya de Ceren 	IUCN II Protective Zone Not Known Protective Zone	3,820 350 516 823
4. Guatemala	<ul style="list-style-type: none"> • Sierra de los Cuchumatanes Special Protection Area • Atitlan Multiple Use Area • Volcán Fuego, “Zona de veda definida” • Santo Tomas y Zunil“ Zona de veda definida” 	Special Protection Area Multiple Use Area Zona de veda definida IUCN VI	97,619 89 4,526 4,325

5. Honduras	<ul style="list-style-type: none"> • Montecillos Biological Reserve • Montaña Santa Bárbara National Park • Cerro Azul de Meambar National Park • Cusuco National Park 	Biological Reserve National Park IUCN II IUCN II	13,120 12,130 15,500 18,400
6. Perú	<ul style="list-style-type: none"> • Alto Mayo Protected Forest • Cordillera de Colan Reserve Zone • Tabaconas-Namballe National Sanctuary • Santiago Comaina Reserve Zone • Cordillera Azul National Park • Rio Abiseo National Park 	IUCN VI National Sanctuary IUCN III Reserve Zone National Park IUCN II	182,000 64,114 29,500 1,642,567 1,353,191 274,520

- The MTE found that the Visis Caba Biosphere Reserve in Guatemala (45,000ha) and Lacandon “Zona de veda definida” (2,972ha) are no longer included in the project landscape
- **The MTE found that these protected areas, not mentioned in the original ProDoc, are included in the project landscape.

III. Management Practices Applied

14.a. Within the scope and objectives of the project, please identify in the table below the management practices employed by project beneficiaries that integrate biodiversity considerations and the area of coverage of these management practices? Note: this could range from farmers applying organic agricultural practices, forest management agencies managing forests per Forest Stewardship Council (FSC) guidelines or other forest certification schemes, artisanal fisherfolk practicing sustainable fisheries management, or industries satisfying other similar agreed international standards, etc. An example is provided in the table below.

Targets and Timeframe	Area of coverage foreseen at start of project	Achievement at Mid-term Evaluation of Project	Achievement at Final Evaluation of Project
Specific management practices that integrate BD			
1. Biodiversity-friendly coffee production (agroforestry) according to standards defined by the Rainforest Alliance certification system	1,500,000 ha by year 7	180,974 ha*	
2. Application of principles of sustainable agriculture in non-coffee areas of farm (e.g. avoidance of deforestation, of use of restricted chemicals and of water contamination, and protection of forest corridors)		217,419 ha**	

* Approximate area of shade coffee in 398,393 ha of certified farms

** Approximate area of sustainably managed non-coffee land uses in 398,393 ha of certified farms

14. b. Is the project promoting the conservation and sustainable use of wild species or landraces?

___ Yes ☒ No

If yes, please list the wild species (WS) or landraces (L):

Species (<i>Genus sp.</i> , and common name)	Wild Species (please check if this is a wild species)	Landrace (please check if this is a landrace)
1.		
2.		
3.		
4...		

14. c. For the species identified above, ***or other target species of the project not included in the list above (E.g., domesticated species)***, please list the species, check the boxes as appropriate regarding the application of a certification system, and identify the certification system being used in the project, if any. An example is provided in the table below.

Certification				
Species				

14. d. Is carbon sequestration an objective of the project?

☐ Yes

☒ No

If yes, the estimated amount of carbon sequestered is: _____

IV. Market Transformation and Mainstreaming Biodiversity

15. a. ***For those projects that have identified market transformation as a project objective, please describe the project's ability to integrate biodiversity considerations into the mainstream economy by measuring the market changes to which the project contributed.***

The sectors and subsectors and measures of impact in the table below are illustrative examples, only. Please complete per the objectives and specifics of the project.

Name of the market that the project seeks to affect (sector and sub-sector)	Unit of measure of market impact	Market condition at the start of the project	Market condition at midterm evaluation of project	Market condition at final evaluation of the project
Sustainable agriculture (Certified Sustainable	500,000 t of Certified Sustainable Coffee sold	30,000 t sold	100,000 t sold (Rainforest Alliance	

Coffee)			Certified coffee)	
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15. b. Please also note which (if any) market changes were directly caused by the project.

Increased commitment to Rainforest Alliance Certified Coffee among market actors, as a result of successful promotion of its corporate and environmental benefits by the project, the increase of supply side capacities and the strengthening of links between producers and potential buyers of RAC coffee.

V. Improved Livelihoods

16. For those projects that have identified improving the livelihoods of a beneficiary population based on sustainable use /harvesting as a project objective, please list the targets identified in the logframe and record progress at the mid-term and final evaluation. An example is provided in the table below

Improved Livelihood Measure	Number of targeted beneficiaries (if known)	Please identify local or indigenous communities project is working with	Improvement Foreseen at project start	Achievement at Mid-term Evaluation of Project	Achievement at Final Evaluation of Project
1. Economic sustainability for farmers	At least 50,000 farmers		At least 50% of farmers achieve market benefits through certification (such as price premium or better terms of trade)	Not reliably monitored to date. The following price differentials were mentioned during the MTE: \$0.08-0.085 and \$0.15 (El Salvador), \$0.20, \$0.03-0.04, \$0.20-0.30 and \$0.30-0.50 (Peru), and \$0.08 (Brazil)	

2. Farm worker income	At least 100,000 permanent farm workers and at least 500,000 seasonal workers		All farm workers on certified farms earn minimum wage	All farm workers on certified farms earn minimum wage	
3. Farm worker access to health care	At least 100,000 permanent farm workers and at least 500,000 seasonal workers		All farm workers on certified farms have access to regular health care	All farm workers on certified farms have access to regular health care	

*It is assumed that this is the case, otherwise farms would not qualify for certification

VI. Project Replication Strategy

17. a . Does the project specify budget, activities, and outputs for implementing the replication strategy? Yes x No

17. b. Is the replication strategy promoting incentive measures & instruments (e.g. trust funds, payments for environmental services, certification) within and beyond project boundaries?

Yes x No

If yes, please list the incentive measures or instruments being promoted:

“Rainforest Alliance Certified” gives a series of incentives for sustainable production (see project document for details)

17. c. For all projects, please complete box below. Two examples are provided.

Replication Quantification Measure (Examples: hectares of certified products, number of resource users participating in payment for environmental services programs, businesses established, etc.)	Replication Target Foreseen at project start	Achievement at Mid-term Evaluation of Project*	Achievement at Final Evaluation of Project
1. Number of farmers applying sustainable coffee management practices	At least 50,000 farmers	Approximately 12,500 farmers	
2. Hectares of biodiversity-friendly coffee production under certified management that incorporates biodiversity considerations	1,000,000 ha	Approximately 250,000ha	

*Achievement of both of these variables is assumed to be at 25% of the target, given that achievement in certified area stands at 25% of the target

VII. Enabling Environment

For those projects that have identified addressing policy, legislation, regulations, and their implementation as project objectives, please complete the following series of questions: 18a, 18b, 18c.

An example for a project that focused on the agriculture sector is provided in 18 a, b, and c.

18. a. Please complete this table at **work program inclusion for each sector** that is a primary or a secondary focus of the project. Please answer YES or NO to each statement under the sectors that are a focus of the project.

Sector	Agriculture	Fisheries	Forestry	Tourism	Other (please specify)	Other (please specify)
Statement: Please answer YES or NO for each sector that is a focus of the project.						
Biodiversity considerations are mentioned in sector policy	Yes		Yes			
Biodiversity considerations are mentioned in sector policy through specific legislation	No		Yes			
Regulations are in place to implement the legislation	No		No			
The regulations are under implementation	No		No			
The implementation of regulations is enforced	No		No			
Enforcement of regulations is monitored	No		No			

18. b . Please complete this table at **the project mid-term for each sector** that is a primary or a secondary focus of the project.
Please answer YES or NO to each statement under the sectors that are a focus of the project.

Sector	Agriculture	Fisheries	Forestry	Tourism	Other (please specify)	Other (please specify)
Statement: Please answer YES or NO for each sector that is a focus of the project.						
Biodiversity considerations are mentioned in sector policy	Yes		Yes			
Biodiversity considerations are mentioned in sector policy through specific legislation	No		No			
Regulations are in place to implement the legislation	No		No			
The regulations are under implementation	No		No			
The implementation of regulations is enforced	No		No			
Enforcement of regulations is monitored	No		No			

18. c. Please complete this table at **project closure for each sector** that is a primary or a secondary focus of the project.
Please answer YES or NO to each statement under the sectors that are a focus of the project.

Sector	Agriculture	Fisheries	Forestry	Tourism	Other (please specify)	Other (please specify)
Statement: Please answer YES or NO for each sector that is a focus of the project.						
Biodiversity considerations are mentioned in sector policy						
Biodiversity considerations are mentioned in sector policy through specific legislation						
Regulations are in place to implement the legislation						
The regulations are under implementation						
The implementation of regulations is enforced						
Enforcement of regulations is monitored						

All projects please complete this question at the project mid-term evaluation and at the final evaluation, if relevant:

18. d. Within the scope and objectives of the project, has the private sector undertaken voluntary measures to incorporate biodiversity considerations in production? If yes, please provide brief explanation and specifically mention the sectors involved.

An *example* of this could be a mining company minimizing the impacts on biodiversity by using low-impact exploration techniques and by developing plans for restoration of biodiversity after exploration as part of the site management plan.

Coffee producers are modifying their farm management practices (for example through the avoidance of deforestation, the avoidance of the use of restricted agricultural chemicals and the appropriate management and treatment of waste waters.

VIII. Mainstreaming biodiversity into the GEF Implementing Agencies' Programs

19. At each time juncture of the project (work program inclusion, mid-term evaluation, and final evaluation), please check the box that depicts the status of mainstreaming biodiversity through the implementation of this project with on-going GEF Implementing Agencies' development assistance, sector, lending, or other technical assistance programs.

Time Frame	Work Program Inclusion	Mid-Term Evaluation	Final Evaluation
Status of Mainstreaming			
The project is not linked to IA development assistance, sector, lending programs, or other technical assistance programs.			
The project is indirectly linked to IAs development assistance, sector, lending programs or other technical assistance programs.	x	x	
The project has direct links to IAs development assistance, sector, lending programs or other technical assistance programs.			
The project is demonstrating strong and sustained complementarity with on-going planned programs.			

IX. Other Impacts

20. Please briefly summarize other impacts that the project has had on mainstreaming biodiversity that have not been recorded above.

^a “GEF will build on project experience with the development of certification systems for biodiversity-friendly coffee and marine aquarium fish and support: a) improvement of existing certification standards and development of new standards to achieve global environmental objectives; b) increasing country capacity to scale up and increase the sustainability of certification systems c) establishment of sustainable training systems for farmers and certifiers; d) development of traceability systems and strengthening of supply chain management linking end products and services to their source; e) strengthening market outreach to enhance private sector and consumer awareness of certified products hence increase demand for higher environmental and social standards; and f) facilitating access to finance for producers, cooperatives and companies working either with or towards certified products and services.”