

**COST-SHARING AGREEMENT  
BETWEEN CADBURY HOLDINGS LIMITED (DONOR) AND  
THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)**

WHEREAS the Donor has informed UNDP of its willingness to contribute funds (hereinafter referred to as "the contribution") to UNDP on a cost-sharing basis towards implementation of the project Sustainable Cocoa Livelihoods in the Dominican Republic -Phase I- (hereinafter referred to as "the Project"), as described in Annex 1 provided in the annexed concept note.

WHEREAS UNDP is prepared to receive and administer the Contribution for the execution of the Project,

WHEREAS the Government of Dominican Republic has been duly informed of the Contribution of the Donor to the Project,

WHEREAS UNDP shall designate an Implementing Partner for the implementation of the Project (hereinafter referred to as the "Implementing Partner"),

NOW THEREFORE, UNDP and the Donor hereby agree as follows:

Article I. The Contribution

1. a) The Donor shall contribute to UNDP the amount (\$150,000) set out in the schedule of payments below (amount in US dollars). The contribution shall be deposited in the UNDP contributions (USD) Bank Account No.

**UNDP REPRESENTATIVE IN DOMINICAN REPUBLIC DOLLAR  
ACCOUNT**

Bank of America, 1401 Elm St., Dallas TX 75202

Account No. 375-156-0126

ABA : 026009593

SWIFT Address: BOFAUS3N

<u>Payment Date</u>		<u>Amount</u>
At the date of signature	50%	US\$75.000
March 20th 2013	50%	US\$75.000

The above scheduled payments take into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of Project delivery in accordance with Article XIII.

UNDP shall receive and administer the payment in accordance with the rules, regulations, policies and procedures of UNDP. UNDP shall ensure that the funds are used for the purpose that they were given and as described in the concept note.

The Donor shall transfer directly on commencement of this Agreement i.e. 20th December 2012, and thereafter, in March 2013, it's agreed and budgeted funds for the implementation of the project activities to the bank account nominated by UNDP within 30 days upon receipt of a valid invoice.



(The Donor will inform UNDP when the Contribution is paid via an e-mail message with remittance information to [registry.do@undp.org](mailto:registry.do@undp.org) and/or [fodom@pnud.org.do](mailto:fodom@pnud.org.do) providing the following information: donor's name, UNDP country office, Project no. and title, donor reference (if available). This information should also be included in the bank remittance advice when funds are remitted to UNDP.

UNDP will report to the Donor at the end of each year on all project expenditure including but not limited to any under spend. Any under spend shall be transferred to the budget of the next calendar year (the "Under Spend"). The next calendar year's payment will be subject to such a report being agreed by both parties. UNDP will issue a separate budget report for the Under Spend.

In the event of any over spend on the budget within a calendar year or portion of a calendar year, Article 2 clause 2 shall apply.

## Article II. Utilization of the Contribution

1. The execution of the responsibilities of UNDP and of the Implementing Partner pursuant to this Agreement and the Project document shall be dependent on receipt by UNDP of the Contribution in accordance with the schedule of payment as set out in Article I, paragraph 1, above. For the avoidance of doubt, the Donor also has management/implementation responsibilities as set out in the Project Document which is binding on both parties.

2. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the Donor on a timely basis a supplementary technical and financial report also showing the further financing and revised budget that will be necessary. The Donor shall use its reasonable endeavors to obtain the additional funds required but is not committing to additional funding.

3. If the payments referred to in Article I, paragraph 1, above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph 2 above is not forthcoming from the Donor or other sources, the assistance to be provided to the Project under this Agreement may be reduced, suspended or terminated by UNDP.

4. Any interest revenue attributable to the Contribution shall be credited to UNDP Account, retained by UNDP and shall be utilized in accordance with established UNDP procedures.

## Article III. Administration and reporting

1. Project management and expenditures shall be governed by the rules, regulations, policies and procedures of UNDP and, where applicable, the rules, regulations, policies and procedures of the Implementing Partner.

2. UNDP headquarters and country office shall provide to the Donor all or parts of the following reports prepared in accordance with UNDP accounting and reporting procedures.

- (a) From the country office (or relevant unit at headquarters in the case of regional and global projects) an annual status report of Project progress for the duration of this Agreement, as well as the latest available approved budget.
- (b) From UNDP Bureau of Management/Office of Finance and Administration, an annual certified financial statement as of 31 December every year to be submitted no later than 30 June of the following year;

- (c) From the country office (or relevant unit at headquarters in the case of regional and global projects) within six months after the date of completion or termination of this Agreement, a final report summarizing Project activities and impact of activities as well as provisional financial data.
- (d) From UNDP Bureau of Management/Office of Finance and Administration, on completion of the Project, a certified financial statement to be submitted no later than 30 June of the year following the financial closing of the Project.

3. If special circumstances so warrant, UNDP may provide more frequent reporting at the expense of the Donor. The specific nature and frequency of this reporting shall be specified in an annex to this Agreement.

#### Article IV. Administrative and support services

1. In accordance with the decisions and directives of UNDP's Executive Board reflected in its Policy on Cost Recovery from Other Resources, the Contribution shall be subject to cost recovery for indirect costs incurred by UNDP headquarters and country office structures in providing General Management Support (GMS) services. To cover these GMS costs, the Contribution shall be charged a fee equal to 12%. Furthermore, as long as they are unequivocally linked to the Project, all direct costs of implementation, including the costs of Executing Entity or Implementing Partner, will be identified in the Project budget against a relevant budget line and borne by the Project accordingly.

2. The aggregate of the amounts budgeted for the Project, together with the estimated costs of reimbursement of related support services, shall not exceed the total resources available to the Project under this Agreement as well as funds which may be available to the Project for Project costs and for support costs under other sources of financing.

#### Article V. Evaluation

1. All UNDP Programmes and Projects are evaluated in accordance with UNDP Evaluation Policy. UNDP and the Government of Dominican Republic in consultation with other stakeholders will jointly agree on the purpose, use, timing, financing mechanisms and terms of reference for evaluating a Project including an evaluation of its Contribution to an outcome which is listed in the Evaluation Plan. UNDP shall commission the evaluation, and the evaluation exercise shall be carried out by external independent evaluators.

#### Article VI. Equipment

1. Ownership of equipment, supplies and other properties financed from the Contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.

#### Article VII. Auditing

2. The Contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules, policies and procedures of UNDP. Should the annual Audit Report of the Board of Auditors of UNDP to its governing body contain observations relevant to the Contribution, such information shall be made available to the Donor.

### Article VIII. Advertisement of the contribution

1. Neither Party shall use the other party's name, emblem or registered trademarks, or any abbreviation thereof, in connection with its business or otherwise without the express prior written approval of the other party in each case, except as otherwise allowed herein. UNDP may list the Donor with other donors in connection with this project.

2. The Donor acknowledges that it is familiar with UNDP's ideals and objectives and recognizes that its name and emblem may not be associated with any political or sectarian cause or otherwise used in a manner inconsistent with the status, reputation and neutrality of UNDP.

3. The Donor may make representations to internal audiences (meetings and discussions) as needed about the fact of the contribution to UNDP. Any other use of the UNDP name or emblem, and any other form of recognition or acknowledgement of the contribution of the Donor are subject to consultations between the Parties, and the prior written agreement of UNDP.

4. UNDP will report on the contribution to its Executive Board in accordance with its regular procedures regarding contributions from private donors. Other forms of recognition and acknowledgement of the contribution are subject to consultations between the Parties but the manner of such recognition and acknowledgement shall be determined at the sole discretion of UNDP.

### Article IX. Completion of the Agreement

1. UNDP shall notify the Donor when all activities relating to the project have been completed.

2. Notwithstanding the completion of the project, UNDP shall continue to hold unutilized payments until all commitments and liabilities incurred in the implementation of the project have been satisfied and project activities brought to an orderly conclusion.

3. If the unutilized payments prove insufficient to meet such commitments and liabilities, UNDP shall notify the Donor and consult with the Donor on the manner in which such commitments and liabilities may be satisfied.

4. In cases where the Project is completed in accordance with the project document any funds below 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be automatically reallocated by UNDP. Any funds above 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be reallocated by UNDP after consultation and agreement with the Donor.

### Article X. Termination of the Agreement

1. After consultations have taken place between the Donor, UNDP and the programme country Government, and provided that the payments already received are, together with other funds available to the Project, sufficient to meet all commitments and liabilities incurred in the implementation of the Project, this Agreement may be terminated by UNDP or by the Donor. This Agreement shall cease to be in force 30 (thirty) days after either of the Parties have given notice in writing to the other Party of its decision to terminate this Agreement.

2. Notwithstanding termination of all or part of this Agreement, UNDP shall continue to hold unutilized payments until all commitments and liabilities incurred in the execution/implementation of all or the part of the Project have been satisfied and Project activities brought to an orderly conclusion.

#### Article XI: Notice

Any notice or correspondence between UNDP and the Donor will be addressed as follows:

- (a) To the Donor: Cadbury Holdings Limited

Address: Cadbury House, Sanderson Road, Uxbridge, UB8 1CH, UK

- (b) Upon receipt of funds, UNDP shall send an electronic receipt to the Donor email address provided below as confirmation that the remitted funds have been received by UNDP

Donor email address: neil.lacroix@mdlz.com

Attention: Neil La Croix

- (c) To UNDP: Valerie Julliand, Resident Representative

Address: United Nations Development Programme  
Ave. Anacaona #9, Mirador Sur  
Santo Domingo, República Dominicana

#### Article XII. Miscellaneous Provisions

1. Neither Party shall be an agent, representative or joint partner of the other Party.

2. The Parties agree that it is important to take all necessary precautions to avoid corrupt practices. To this end, Kraft Foods acknowledges that UNDP has in place standards of conduct that govern the performance of its staff, including the prohibition of corrupt practices in connection with the award and administration of contracts, grants, or other benefits, as set forth in the Staff Regulations and Rules of the United Nations, the UNDP Financial Regulations and Rules, and the UNDP Procurement Manual.

#### Article XIII. Amendment of the Agreement

3. This Agreement may be amended by writing signed or countersigned by the Donor and UNDP. The letters exchanged to this effect shall become an integral part of this Agreement.

#### Article XIV. Settlement of Disputes

1. The parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of, or relating to this agreement or the breach, termination or invalidity thereof. Where the parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place



in accordance with UNCITRAL Conciliation Rules then obtaining, or according to such procedure as may be agreed between the parties.

2. Any dispute, controversy or claim between the Parties arising out of or relating to this agreement or the breach, termination or invalidity thereof, unless settled amicably under the preceding paragraph within sixty (60) days after receipt by one Party of the other Party's request for such amicable settlement, shall be referred by either party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining. The arbitral tribunal shall have no authority to award punitive damages. The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.

#### Article XIV. Privileges and Immunities

1. Nothing in this agreement shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including UNDP.

#### Article XV. Entry Into Force

1. This Agreement shall enter into force upon signature by the parties.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement in the English language in two copies.

For the United Nations Development Programme:

For the Donor:



Mrs. Valerie Julliard

Resident Coordinator United Nations/  
Resident Representative UNDP



Neil La Croix

Director of Sustainable Supply Chains  
KRAFT

20/12/2012  
Date

24.01.2013  
Date



**ANNEX 1:**

**Project Initiation Plan - Sustainable Cocoa Production in the Dominican Republic (Phase 1)**

**Country: Dominican Republic  
Initiation Plan**

**Project Title:** Sustainable Cocoa Production in the Dominican Republic (Phase 1)

**Expected CP Outcome (s):** By 2016, the state and civil society work together to contribute to sustainable environmental management.

**Initiation Plan Start Date:** January 2013

**Initiation Plan End Date:** June 2014

**Implementing Partner:** UNDP

**Brief Description**

This document describes the first phase of the Project: *Sustainable Cocoa Production in Dominican Republic (Phase 1)*. This is potentially a 5year initiative that will facilitate an inter-institutional and multi-stakeholder dialogue that will serve to coordinate actions to improve cocoa livelihoods through improving economic opportunities within cocoa supply chain in the Dominican Republic. This program seeks to demonstrate the economic benefits of environmentally sustainable cocoa farming.

The first phase of the project will be to assess current cocoa production practices and their environmental impact, to identify institutional barriers and policy gaps and identify sustainable financing options. Complementary, the initiative will establish and coordinate a platform with multi-sectorial stakeholders who will facilitate the dialogue to develop and implement a strategy for sustainable cocoa farming, with emphasis on maximizing the economic benefits of environmental management practices. Phase two will be developed following the implementation and review of impacts assessment of phase one, establishing a long term national

Programme Period:	2012 - 2016	Total resources required	<u>US\$150,000</u>
CPAP Programme Component:	<u>Desarrollo</u>	Total allocated resources:	<u>US\$150,000</u>
<u>sostenible y gestión de riesgos</u>		Regular	_____
Atlas Award ID:	00071316	Other:	_____
Atlas project ID:	00084864	• Cadbury Holdings Ltd	<u>UD\$150,000</u>
PAC Meeting Date	20 December 2012	Unfunded budget:	_____
		In-kind Contributions	_____
		GMS (12%)	US\$16,071

Agreed by UNDP:

Date:

**Valerie Julliard**

UN Resident coordinator and UNDP Resident Representative

### Purpose

The Dominican Republic is considered to have a medium human development. However, forty-two percent of its population of 9.6 million lives below the poverty line and 16 percent live in extreme poverty. The country's major agricultural exports are sugar, coffee, tobacco, and cocoa.

Around 40,000 small-scale cocoa farmers produce between 32,000 and 48,000 tons of cocoa a year, mainly for export, with a value of \$33m to \$67m. The income of small-scale cocoa producers is unstable and unpredictable as it is tied to the volatile price of cocoa on the New York and London stock markets: in 2000, the New York price fell to a 27-year low of \$714 a ton; it recovered to a 28-year high of \$3,275 in summer 2008, then plummeted below \$2,000 in the autumn as a result of the global financial crisis.

Local cocoa plots are mostly established by converting natural forest lands, and they are increasingly intensified by removal of their natural shade tree cover. This is attributed to higher investment costs in replanting. In addition, tree growth is slow, requiring labor, inputs and patience, hence a higher production cost. The "differential forest rent" applied to cocoa is defined as the difference in production cost and investment costs between a ton of cocoa produced in a farm established just after a forest was cleared and a ton of cocoa produced by replanting on fallow land or after felling of the first plantation. The latter represents a higher differential forest rent to farmers, thus encouraging moving plantations to new areas (shifting agriculture), instead of replanting in already existing ones or in fallow lands. Average cocoa plantings remain productive for only a couple of decades, so expansion into new forests is the norm. If this model remains, cocoa cultivation can be expected to cause the deforestation of millions of hectares of tropical forests over the next 25 years. Simply maintaining current production levels could well mean the clearing or selective cutting of more than 6 million hectares of tropical forests as the cocoa frontier expands on one side and leaves degraded areas behind on the other.

### Kraft Cocoa Partnership

UNDP and Kraft Foods have established a partnership which started in 2007 through Cadbury, with the aim to secure economic, social and environmental sustainability of cocoa farmers and their communities in several countries all over the world, such as Ghana, India and Indonesia. This programme functions as a cross sectorial collaboration between Kraft Foods, nonprofit organizations and UNDP.

This partnership has identified the opportunity to expand its activities to Dominican Republic, and there has been an agreement to develop an initial project outline. The goal is to design a potentially five years initiative that will facilitate an inter-institutional and multi – stakeholder dialogue which will serve to coordinate actions to improve cocoa livelihoods of cocoa producers within cocoa supply.

As a result of initial missions and identification of the niche of the CP, an initial project outline was proposed for a potentially 5 year intervention in DR funded through the CP with the following initial outline.

**General Objective:** Develop thriving sustainable cocoa livelihoods in DR.

**Specific Objectives:**

1. Extension Systems support sustainable agroforestry production
2. Increased Production per hectare of sustainable cocoa
3. Economic Incentives established for sustainable cocoa production
4. Improved Environmental Policy enhances sustainable cocoa production

**Component 1: Enabling Environment for Sustainable Cocoa:**

- 1.1 Develop a National Inter-institutional Sustainable Cocoa Strategy. (Including Ministries of Agriculture, Environment, Trade, Education, Infrastructure and National land title registry service, etc).
- 1.2 Environmental Policy Reform Supportive of Sustainable Agriculture and Agroforestry
- 1.3 Develop local government action plans to improve services at a community level in cocoa producing areas.



1.3 Community action plans to improve services in cocoa producing areas.

**Component 2: Capacity Building**

2.1 Training for Trainers and extensionists:

a) After planting care and follow up pruning. b) Selection of shade tree species c) Cocoa Market Fundamentals and supply chains d) Financial Literacy and management skills

2.2 Develop a programme on economic and environmental cocoa benefit awareness for rural schools, including consideration of cocoa based products in school feeding programmes.

2.3 Communication campaign about sustainable cocoa farming and benefits.

2.4 Increased involvement of women in the sustainable cocoa supply chain

**Component 3: Economic Incentives for Sustainable Cocoa**

3.1 Set up a Task Force for sustainable financing, including PES, for agroforestry systems in DR (emphasis Cocoa producing landscapes):

This will be a multisectoral group designing the mechanisms for sust. financing for:

Water conservation -Carbon sequestration- Provision of Soil stability- Biodiversity- Soil Carbon

3.2 Link to Financial institutions to promote sustainable cocoa friendly credit schemes.

3.3 Develop alternative economic activities that are complementary to sustainable Cocoa production.

Exploration of –among others-: Alternative crops; companion crops & other economic activities (service sector, etc).

In addition to this, the cocoa partnership has already commissioned a major baseline study on productivity and socio-economic issues. The proposed intervention will build on from this process and scale up the national discussion on how best to stimulate sustainable practices in cocoa production in DR.

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**Expected Outputs of Phase I**

The proposed initial 18 month intervention will facilitate an inter-institutional and multi-stakeholder dialogue that will serve to identify key actions and develop a coordination strategy to achieve sustainable cocoa livelihoods at a national level in DR. Sustainable cocoa livelihoods means reducing poverty of producers, improving economic and development opportunities in the areas in DR where cocoa is produced, while improving environmental performance of production and productivity. This serves the interests of all the stakeholders that make up the international cocoa supply chain by taking collaborative action to ensure quality, quantity and socially and environmentally responsible sourcing of cocoa from DR.

This national discussion will be informed by the comprehensive previous baseline study commissioned by the cocoa partnership, as well as specific studies on the three areas to be targeted by the partnership: i) environmental impacts of cocoa production ii) policy issues and institutional barriers for boosting sustainable practices in cocoa production, iii) economic incentives currently in place for cocoa production, in particular, the existing opportunities for the development of national PES system and/or other sustainable financing mechanisms supportive of agro-forestry projects

**General Outcome:**

Develop a National Programme for sustainable cocoa livelihoods 2014-2021

**Components:**

1. **Knowledge of environmental, institutional and financial issues affecting cocoa sustainable production in Dominican Republic:**

Initial activities will include the identification of relevant information required to define and orient the scope of the actions that will be included in the Cocoa Livelihoods Programme. A baseline review of existing barriers to achieve sustainable cocoa livelihoods will be identified, including the assessment of environmental impacts of cocoa supply chains in DR and the identification of institutional and policy

barriers limiting sustainable production. A specific emphasis will be made to support on-going initiatives that may generate economic incentives for sustainable agroforestry production, such as the national discussion on creating legislation for the establishment of a system of Payment for Ecosystem Services (PES) in DR and other options for sustainable financing. The baseline will stimulate national level discussions on specific topics that need to be addressed through inter-institutional and multi-stakeholder dialogue. The focus will be on the existing barriers for cocoa farmers to achieve sustainable livelihoods. The component will include the following activities:

- 1.1 Baseline review on environmental impacts of cocoa supply chains in DR: This will be complementary to a preliminary assessment conducted by CP on DR cocoa producers. It will be based on consultations with key institutions and serve to bring support for the second phase of the project by institutional partners.
- 1.2 Baseline identification of institutional and policy barriers limiting sustainable production: The project team will convene institutions and cocoa supply stakeholders to identify policy challenges that are necessary to address in order to achieve sustainable cocoa. Following a consultation process with key stakeholders and a detailed analysis of existing institutional and policy issues, gaps and barriers that limit sustainable production will be identified. The information produced will be validated in the context of the Cocoa Platform.
- 1.3 Identification of sustainable financing options: a central aspect of this Phase I is the identification of different options for sustainable financing that may generate economic incentives for sustainable agroforestry production. PES schemes will be studied specifically; however, the assessment won't be limited to this financial mechanism. A task force established in the context of the cocoa Platform will undertake extensive consultation on the feasibility and stages to operationalize these financing opportunities for the cocoa sector.

## **2. Establishment of a National Platform for inter-institutional and multi-stakeholder coordination to boost sustainable cocoa livelihoods:**

The project team will convene institutions and cocoa supply stakeholders to address previously identified policy challenges that are necessary to address in order to achieve sustainable cocoa livelihoods. Relevant institutions with a mandate over environmental protection, agriculture, rural development, small scale finance and local governance within cocoa productive landscapes will be involved. This will trigger national level discussion and lead to selection of alternatives to eliminate identified barriers. The project team, led by the project coordinator and supported by a methodological facilitator and a S. Financing expert, will guide the engagement by these governmental entities with producer organizations, cooperatives, chambers of commerce and other private sector stakeholders, as well as with non-governmental organizations working to improve environmental and social performance of commodity supply chains in DR.

The project will ensure that the policy dialogue that takes place in the national platform is articulated with other initiatives currently taking place in DR to achieve sustainable livelihoods of rural producers. The main initiative for engagement will be USAID's Rural Economic Diversification Project in DR, as this will provide technical support and capacity building to farmers in cocoa productive landscapes.

The convening of stakeholders will generate motivation for a collaborative definition of a strategy for boosting sustainable cocoa livelihoods. The policy debates and discussions engaged within the platform will lead to a national agreement over the outcomes, outputs, targets, and actions necessary to achieve sustainable cocoa livelihoods.

The component will also include the following activities:

- 2.1 Facilitation of plenary sessions and task forces of National Platform of Sustainable Cocoa Livelihoods: The platform will consist of regular bi-monthly plenary meetings with multiple stakeholders discussing general issues, and at least two task forces analyzing and proposing actions for removal of barriers limiting sustainable livelihoods of cocoa producers. One of these tasks

forces will centre on sustainable financing options. The other task forces will be defined by the participants of the platform during the first two months of engagement.

2.2 National Strategy Formulation: This strategy will address, at a national level, the social, environmental and productivity problems of cocoa production in DR, in particular those that limit sustainable livelihoods of the farmers who engage in this activity. The strategy will combine actions by both public and private sectors alike, and determine the kind and form of involvement national and international stakeholders should have in order to achieve sustainable cocoa livelihoods. The strategy will have a substantial emphasis on the feasibility and stages to implement a national PES scheme for the cocoa sector.

2.3 Development of monitoring system for sustainable cocoa livelihoods: The policy debates and discussions engaged during the platform will lead to a national agreement between public and private cocoa supply chain stakeholders to form part of a strategy stating outcomes, outputs, targets, and actions to achieve sustainable cocoa livelihoods. This will establish the metrics necessary for long term impact assessment of policy changes that will allow monitoring once a long term programme is established.

### 3. Resource mobilization for National Strategy for Sustainable Cocoa Livelihoods

Once the national strategy has been defined, the project team will engage national and international stakeholders involved with the cocoa supply chain from the public and private sectors alike, in order to identify potential commitments these could make to comply with the national strategy that was designed. All these commitments will be articulated into a long term national programme that will become consolidated through phase 2 of the project. The component will also include the following activities:

3.1. Resource mobilization for National Strategy for Sustainable Cocoa Livelihoods: The project will engage national and international public and private sector partners to help leverage resources and finance to implement the national strategy. The projected second phase of the project will consolidate the national programme for sustainable cocoa livelihoods by institutionalizing committed resources and finance.

3.2. Drafting of a National Programme Document: This will be main tool for resource mobilization from the institutional and private sectors and core document of the programme to be consolidated during the second phase of the project.

#### Expected Outputs:

1. Baseline review on environmental impacts of cocoa production on rural livelihoods and institutional barriers to sustainable production.
2. Baseline identification of institutional and policy barriers limiting sustainable production
3. Assessment of sustainable financing options
4. Monitoring system for Sustainable Cocoa Livelihoods
5. National Platform for Sustainable Cocoa Livelihoods.
6. National Strategy for Sustainable Cocoa Livelihoods
7. Final CP DR Programme Document

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#### Management Arrangements

This initial 18 month intervention will conclude with the design of a National Strategy for Sustainable Cocoa Livelihoods and a Sustainable Cocoa Livelihoods Programme that will guide the disbursements of the Cocoa Partnership for the next 5 years in DR as well as that of the public and private sectors that participate in the national platform.

The general guidelines and policy decision-making of this project will be carried out by a Steering Committee with representation of UNDP and Kraft representing the cocoa partnership. This committee will

ensure compliance with the general agreement of the parties and monitor the progress of activities through two meetings at the start of the project.

UNDP Green Commodities Facility team will provide Senior International Advisory. UNDP LAC's regional technical advisor will provide guidance and assure quality control of substance and reports during Phase I and will be available for consultation and technical oversight throughout the project.

A National Project Coordinator (PC) The professional will have proven experience working with the main institutions with a mandate on improving environmental and social performance of commodity supply chains in DR. The professional will have strong agricultural or agricultural economics, social science background, with environment work experience and strong management skills.

The PC will be hired to manage on a day-to-day basis initial stage activities during the described phase of the project. He/She will receive the support and guidance of UNDP Country Office and UNDP Green Commodities Facility, including the project partners' inputs on the programme document, and support the supervision of the consultancies. He will be responsible for daily management, coordination of administrative and technical processes of facilitation, convening and organization of events. Technical oversight will be provided by UNDP's Green Commodities Facility. Technical and administrative support will be provided by UNDP Country Office.

The project budget will be used to hire a Project Coordinator and local consultancies for methodological facilitation, baseline review & monitoring systems and administrative assistants. The entire team will support systematization of information collected through platform meetings and task forces. This will serve as the basis for scoping papers, baseline and development of the monitoring system for sustainable cocoa livelihoods.

The National Project Coordinator will also be responsible for conducting consultations with experts, desk studies and interviews to develop the following inputs:

- a) Policy review and identification of regulations that may acts as perverse environmental incentives or that may limit sustainable cocoa production.
- b) Stakeholder Analysis of institutions, departments and agencies involved in agroforestry production and environmental management of agricultural landscapes to determine how they could be best involved in productivity and sustainability of cocoa farming. This will provide a summary of all on-going related environmentally based projects that are tree crop, and lessons learnt from past and on-going projects that relate to environmental issues involving tree crops.
- c) Identification of priorities for the implementation of sustainable financing schemes in DR.
- d) Facilitate a national workshop to devise strategy
- e) Draft Proposal of indicators and progress monitoring system for the Programme
- f) Provide regular reporting to CP and UNDP of activities through monthly Telecoms and, workshop reports
- g) Develop Final CP DR Programme document accepted by CP.
- h) Supervise and facilitate the hiring arrangements and supervision of consultancies.

A Consultant for Baseline Review (CBR): The CBR will be responsible for developing the following document outputs:

- a) Baseline review on productivity, National Survey, policy & Forestry Review
- b) Conduct survey of cocoa production practices and social-economic profile of Cocoa producers in DR.
- c) Stakeholders Analysis of cocoa industry in DR
- d) Scoping Paper on cocoa supply chains and related productive clusters in DR
- e) Identify gaps in research related to productivity of sustainable cocoa production in DR

- f) Forestry review for shade programme: Literature review, expert consultation and field visits to select ideal forestry species to be used for shade in cocoa plantations in DR.
- g) Support the facilitation and registry of results of a workshop to devise strategy for development of sustainable financing schemes for agro-forestry activities
- h) Provide draft chapters for the National Strategy and National Programme being developed.
- i) Review technical documentation and provide feedback and summaries to project team and project partners.
- j) Contribute with the drafting of a proposal of indicators and progress monitoring system for CP Programme
- k) Support with the drafting of the Final CP DR Programme document accepted by CP.

A Consultant for Facilitation and Methodology: The professional will have proven experience working as a facilitator of multi-stakeholder processes, with strong academic and technical background or experience in providing methodological support to multi-disciplinary teams. The consultant will support the project by:

- a) Facilitating plenary sessions and task group meetings convened by the Platform.
- b) Provide methodological guidance to task forces and relevant stakeholders.
- c) Systematize information collected during plenary sessions and task group meetings convened by the Platform.
- d) Provide draft chapters for the National Strategy and National Programme being developed.
- e) Review technical documentation and provide feedback and summaries to project team and project partners.

A Consultant Expert on Sustainable Financing schemes for agro-forestry systems. The professional will have international experience in the design and implementation of sustainable financing schemes, in particular to payment for ecosystem services provided through best practice in agro-forestry practice in tropical countries. He will explore and identify all the possible options that fit the DR context such as PES, microcredit, guarantee funds, etc. The consultant will support the project through:

- a) Leading the task force on sustainable financing schemes of the platform.
- b) Systematize information about sustainable financing related initiatives and schemes in DR.
- c) Identifying institutional barriers to the establishment of a sustainable financing scheme that may benefit sustainable cocoa livelihoods in DR.
- d) Participation and advisory on multi-stakeholder meetings.
- e) Contribute with the definition of the national strategy for sustainable cocoa livelihoods component related to sustainable financing schemes.

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### Monitoring

The formulation process will be monitored by UNDP DR on a quarterly basis. In case any substantial issue is identified, required measures will be taken in order to guarantee the achievement of results proposed. A progress report will be prepared at the end of the initiation plan.

### ANNUAL WORK PLAN

The outputs and corresponding activities listed below will lead to the development of the CP- DR Programme. All output activities listed below support the cocoa partnership's three broad areas for strengthening environmental strategies for cocoa farming and developing thriving cocoa communities through the creation of enabling environments for sustainable cocoa production; building national institutional capacities to support sustainable cocoa production as an engine for rural development; and establishment of economic incentives for agroforestry in DR.

Year: Oct 2012- Mar 2014		Month												Unit Cost							
Output	Task	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	Input	Unit Cost
1. Knowledge of environmental, financial and institutional issues affecting cocoa sustainable production in DR	1.1 Baseline review on environmental impacts of cocoa production limiting sustainable production		x	x	x	x														Consultancy 2: Baseline review	8,000
	1.2 Baseline identification of institutional and policy barriers limiting sustainable production		x	x	x	x														Local Consultancy 4: Sust. Fin. Support	9,000
	1.3. Assessment of sustainable financing options						x		x	x	x									Stationary, computer equipment, journal fees.	7,000
2. Establishment of national platform for inter-institutional and multi-stakeholder coordination for boosting sustainable cocoa livelihoods	2.1. Facilitation of plenary sessions and task forces of National Platform of Sustainable Cocoa Livelihoods		x	x	x			x		x		x								Local Consultancy 1: Methodological Facilitation	6,000
	2.2. National Strategy Formulation						x		x	x										Workshop venue and hospitality for events	9,500

