

# **Cocoa Livelihoods Improvement Project (CLIP)**

**1 July 2011 to 30 June 2012**



## **CLIP Extension proposal**

**GRM International**

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## Acronyms

ALP	Agriculture Livelihoods Project
CBSI	Central Bank of Solomon Islands
AIU	Agriculture Information Unit, Ministry of Agriculture and Livestock
CEMA	Commodities Export Marketing Authority
CEPA	Cocoa Exporters and Producers Association
CLIP	Cocoa Livelihoods Improvement Project
CLIPMU	Cocoa Livelihoods Project Management Unit
DOE	Director of Extension, Ministry of Agriculture and Livestock
IPDM	Integrated Pest and Disease Management
MAL	Ministry of Agriculture and Livestock – Solomon Islands
MCILI	Ministry of Commerce, Industry, Labour and Immigration
MFA	Ministry of Foreign Affairs
M&E	Monitoring and Evaluation
NCSC	National Cocoa Steering Committee
NPM	National Project Manager
PMU	Project Management Unit
RDP	Rural Development Program
SAS	Smallholder Agriculture Study
SIG	Solomon Islands Government
SICHE	Solomon Islands College of Higher Education
US(T)	Undersecretary (Technical), Ministry of Agriculture and Livestock

## Introduction

### 1.1 Cocoa in Solomon Islands

For many years, Solomon Islands Governments have recognized that the cocoa industry is important to the national economy because of its contribution to foreign receipts, its potential to improve the current trade imbalance and most importantly, and as a source of reliable income for at least 30,000 self-employed rural house-holds. Furthermore, cocoa as an international commodity has the potential to contribute to a pool of sustainable agricultural commodities (along with coconut and palm oil) that could absorb declining foreign earnings of the logging industry where production is predicted to decline<sup>1</sup>.

To realize this potential, an appropriate, comprehensive and sound development strategy for the cocoa industry is required for the short, intermediate and longer term. The cocoa industry in Solomon Islands is mainly smallholder based (holdings of up to five hectares) although there are some medium sized plantations (greater than five but less than 50 hectares) and a few commercial plantations of more than 50 hectares.

Governments, donors and the industry have invested resources at various times into the industry since cocoa was introduced to Solomon Islands in the early sixties. However, after dramatic growth in the late seventies and eighties, production had stagnated at the 3,000-4,500 tonne level annually since mid-nineties until 2009. In 2010 cocoa export exceeded 5,000 tonnes (5,481 mt) for the first time earning at least SBD115.6 million in foreign earnings. The current SI Government has recognized the importance of the cocoa industry to the economy of the country and has indicated development initiatives in its Policy Statements within the agricultural sector.

The international market for copra is precarious and greater investment in coconut oil production has not yet been forthcoming<sup>2</sup>. Cocoa is one commodity that has the potential to fill the gap and make a substantial contribution to the Solomon Islands economy. Cocoa is suited to a wide geographic coverage of soils and has provided smallholders with relatively good returns on their inputs over the last few decades. There are realistic prospects for increased yields and improved quality and market potential that could significantly raise the level of these returns. In addition, the medium-term international market prospects for cocoa remain good, with particularly strong demand for good quality fermented cocoa from the Asia/Pacific region<sup>3</sup>. Demand in Asia for fermented cocoa (such as SI produces) is some 200,000 tonnes annually in excess of current supply. This relatively high demand is due to much of the production in Indonesia being of low quality unfermented beans. Thus Singapore, Indonesia and Malaysia import well fermented cocoa from Africa and the Pacific and blend with the inferior production from Indonesia.

Current levels of cocoa exports (about 4,500 tonnes per annum) are well below the realistic potential of the industry, estimated to be in the order of 10,000-15,000 tonnes<sup>4</sup>. However, the cocoa sector in Solomon Islands still has a long way to go to fulfil

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<sup>1</sup> Central Bank Solomon Islands

<sup>2</sup> Original CLIP Design Document, February 2009

<sup>3</sup> CLIP Asia Cocoa Study Tour Report, May 2011

<sup>4</sup> Original CLIP Cocoa Design Mission projection: Project Design Document CLIP February 2009

its potential. Old plantings have not been rehabilitated and new plantings have been limited by a lack of appropriate planting material. Cocoa farmers are still poorly informed about good cocoa management and processing practices, a situation compounded by the lack of information and training due to limited support currently from the Ministry of Agriculture and Livestock (MAL) for extension service delivery. Furthermore, current marketing arrangements provide little incentive to improve quality, or offer opportunities for adding value through emerging production-based marketing certification schemes. These are the dimensions of cocoa management, that need to be addressed for the overall development of the sector.

## 1.2 Support to Cocoa Sector

The European Union (EU) and to a lesser extent, other donors, have supported the industry through various schemes in the past. However, the biggest recent investment by any donor into the industry in the form of the AusAID funded Cocoa Livelihood Improvement Project (CLIP) from July 2009 under its Agriculture Livelihood Program (ALP).

CLIP began in July 2009 and was originally designed by the ALP as a two-stage project with four to five years duration. While the Agriculture Livelihoods Program was discontinued in October 2010, AusAID support for CLIP has continued for an eight month period until 30 June 2011, mostly due to political commitments and to the strong participation of cocoa farmers and support from provincial governments.

CLIP supports the Solomon Islands-Australia Partnership for Development priority outcome to, “improve economic livelihoods by creating long term economic opportunities and livelihood security for Solomon Islanders, particularly those living in rural areas.... (by) support(ing) productive and sustainable utilisation of agricultural land, forests and marine resources, and the improved operation of markets.”<sup>5</sup> In the period from 2009 for mid 2011, CLIP has been successful because it has offered a complete package of assistance that addresses all of the constraints faced by the industry.

The original CLIP Design of February 2009 was proposed as a “major long term initiative to revive the Solomon Islands cocoa industry”, based on the findings and recommendation from the Smallholder Agriculture Study (SAS), the considerations of the reduction of coconut and timber export earnings, the need to achieve widespread distribution of increased benefits and the need to cover a wide gap in the Rural Development Project (RDP). It proposed a “comprehensive package of support along the cocoa value chain” with activities centred on improving extension services through training of extension staff, introducing innovative technology such as IPDM, improving planting material, rehabilitation of old cocoa blocks, upgrading processing facilities, introducing mini-driers, facilitating cocoa exports and improving the marketing system.<sup>6</sup>

CLIP was to be hosted by CEMA with extension activities implemented through MAL with officers located in key regions. A project steering committee was to be established

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<sup>5</sup> Solomon Islands Australia Partnership Agreement, January 2009

<sup>6</sup> CLIP Project Design Document, February 2009, page iii

comprising key stakeholders including AusAID, CSP, CEMA, MAL, RDP, growers, buyer and exporter representatives.

The original aim of CLIP was to, *“substantially raise rural income through increasing cocoa production and improving quality with two specific targets:*

*(1) ‘Increase cocoa exports to 10,000 tonnes in 5 years and 15,000 tonnes in 10 years’; and*

*(2) ‘Reduce the differential between Solomon Islands and PNG Free On Board prices by 25% in 5 years and 75% in 10 years’*

The original design specified the goal of CLIP as to, *‘substantially raise rural incomes through increased production and improving quality.* A more efficient marketing system is now the industry-wide goal for the cocoa industry with a target of reaching 10,000 tonnes in five years (2010-2014).

The Extension Phase of CLIP from July 2011 will consolidate key aspects from the previous work (under the revised objectives detailed below and in the Work Plan) so that expected outcomes can be achieved. Greater effort will be invested through outreach, training and mentoring so that farmer adoption rates for new concepts, technologies, practices and skills are increased. The Extension Phase emphasizes closer collaboration with and encouragement of the private sector to take a leadership role in the development of the industry. The M&E framework will provide quantitative and qualitative monitoring and evaluation of CLIP implementation as well as provide verifiable indicators for the stated project outcomes.

CLIP will continue to adopt a range of different approaches (both facilitative and more direct support), that make up the comprehensive package which is adapted from the original CLIP Design. While there is some remaining distribution of previously purchased items such as tools that will take place in the early part of the Extension, the support through the subsidization of equipment purchase will not be continued into the Extension Phase. Cocoa industry (exporters) may also facilitate supplying these needed tools to their client farmers but only if they are more profitable with their business well above current level and exporter numbers increase (on diversification of options for farmers to use an increased number of exporters)<sup>7</sup>, something that CLIP is currently addressing and whose result is not expected during the current or the next phase of the project.

Farmer use of services on a user-pay basis including pruning services or IPDM practices from CLIP trained individuals or teams should follow after the farmers earn regular profits from their cocoa farms. This is expected to emerge after the CLIP project ends in June 2012. Thus, one of the key tasks for CLIP during the Extension Phase is to consolidate its efforts for current clients (over 4,000) to adopt better practices, while spreading training and best-practice communication further where practicable, so that they provide the critical mass that will demonstratively convince others of the profitability of their cocoa enterprises because they have applied practices or technologies that CLIP had promoted.

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<sup>7</sup> ALP Draft Independent Completion Report, May 2011

**The Integrated Pest and Disease Management (IPDM)** training will continue. CLIP notes the ALP Draft ICR expressed concern regarding the risks relating to an approach that depends on cascade of information from 'lead farmers' and the risk that they may not pass on learning. However, it is important to note that the CLIP approach is not restricted to lead farmers but also to the MAL extension officers (as trainers), lead farmers of IPDM farming groups as well as the other CLIP assisted farmers. Thus spreading the IPDM practices is not restricted to the IPDM 'discipleship' approach. In fact more non-IPDM farming groups have received training on IPDM practices than the IPDM lead farmers. It is felt that his two pronged approach will ensure that farmers who want to adopt IPDM practices will not depend too much on the IPDM lead farmers. This approach also has the advantage of spreading the IPDM gospel amongst more farmers giving higher chances of increasing adoption or 'copy-cat' numbers. Training of trainers (over 100 extension officers) will further enhance the spread of good IPDM practices relieve demand on the CLIP IPDM team and enhance the sustainability of the IPDM message. The direct involvement of exporters in promoting IPDM to farmers and even facilitating other farm inputs to their client farmers (as noted above), will only happen when the exporters increase profit (improved marketing skills and trading arrangements) and when the exporter/Client farmer relationship is strong and solid based on trust, faithfulness and transparency.

From the IPDM pilot testing, farmers have increase yields per tree by threefold or more, generating significantly more income for rural households and create intense interest in cocoa farming indicating the IPDM as a tool to increase production is available. The IPDM discipleship method of delivery cocoa skills and knowledge appeared an appropriate approach where Agriculture ministry capacity was very limited. In the next phase, outstanding IPDM farmers willing to spread the message within their area will be engaged as trainers to work within their areas. This will address the limited capacity within MAL and at the same time enable long term sustainability while ensuring a wider coverage. The use of community based training approach will be continued within each identified IPDM communities within each ward. This approach will enable one officer to visit a community of many farmers rather than the same amount of resources used to visit few individual farmers. The approach has created a competitive spirit amongst farmers themselves who have emerged to prove their superiority to their neighbor in cocoa skills and knowledge to improve production using little resources. The community training approach leads to creating cocoa IPDM disciples and apostleship for further dilution. It further led to the creation of interest within the community amongst non active farmers who have not been involved in initial trainings. The involvement of many farmers within the community has also resulted in greater visual impact of the IPDM work leading to more interest creation for cocoa farming. This has lead to creating a natural spread or 'domino' or 'cascade' effect at no cost to the Project. Farmer to farmer visits and farmers' voluntarily giving testimonies on their farms to their neighbors have been a very significant catalyst in spread of cocoa IPDM work in the pilot phase. CLIP will facilitate the farmer to farmers training within their own IPDM community. The ICR noted this approach to be the most likely cause impact and will sustain the route of dissemination of information, knowledge and skills project termination.

Activities to support **improved marketing** of SI cocoa in the Extension Phase will further address improvements in market access to the Asian market by not only improving quality of the cocoa beans to the requirements of this market but also better trading

arrangements with grinders and chocolate manufacturers and also improving domestic export facilities, quality assessment standards and establishing market information system to service the industry. With its small production base, SI needs to be innovative in marketing its cocoa in the world market. Reliably supplying consistent high quality cocoa bean is important. However, venturing into other marketing techniques such as product differentiation, single origin and certification options (Rainforest, UTZ, Organic, Fair-Trade) and their associated production regimes such as Participatory Guarantee Scheme (PGS), 'Track and Trace' is an option that CLIP will investigate and facilitate in the Extension Phase. As the ALP Draft ICR notes;

*"ALP initially did not have an explicit rationale based on a market development approach or framework but by mid-2009 was adjusted to ensure more focus on market development activities...and in fact suffered from a lack of a coherent strategy it did contain elements of an MDF. However, activities are applying a 'market development' approach, which entails understanding the underlying causes of problems in market systems and addressing them with a facilitative approach that helps to ensure sustainability and was modified during implementation to incorporate many of the principles and tools of an MDF."*<sup>8</sup>

In Extension, CLIP will facilitate the registration of limited liability community companies under the Companies Act and continue to develop and refine the cash book and bean book concepts with selected exporters, the PGS system between select exporters and their producers and provide exporters with appropriate marketing skills and Develop, and promulgate a cocoa market information system. The International advisor will:

- explore periodic volume contract with importers
- Facilitate the establishment of a Solomon Islands Cocoa Bean Standards.
- Facilitate the equipping and training of CEMA personnel to regulate the Solomon Islands Cocoa Bean Standards with internationally accepted testing regimes.
- Facilitate the equipping and training of CEMA personnel to undertake the full array of the Cut Test standards, internal testing for the likes of fat and pH, and conduct sensory evaluation
- Facilitate the equipping and training of MAL field officers in the cocoa producing areas to undertake moisture testing as part of on-going quality assurance
- Conduct trials using laboratory established pH levels as to the best fermentation period for different beans in different parts of the country
- Develop plans for the handling of an anticipated production of at least 15,000 tonnes in the near future; and
- Facilitate the examination of the Mars fermentation process.

In Extension, the current work in supporting groups of exporters in Honiara, to establish direct market linkages with a large food processing company in Malaysia etc will continue and offer diversified options for farmers, bypassing the and provide incentives of exporters to engage more directly with cocoa farmers'. CLIP will continue to seek out opportunities, where appropriate, to resolve problems in partnership with the private sector without ongoing government support.<sup>9</sup>

In Extension Phase, the CLIP team will base interventions on sound technical analysis and continued learning in order to address the root causes in limitations on incomes

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<sup>8</sup> Draft APL Independent Completion Report, May 2011, Pages 6 and 19

<sup>9</sup> IBID, Page 28



being increased from cocoa production, export and marketing. CLIP implementation strategies are currently being modified in light of information that is now flowing from the monitoring system. An example is how new information on the way in which farmers are currently accessing information through radio and printed media. CLIP can now modify its approach to information distribution accordingly. There is now also evidence that radical pruning and husbandry of cocoa plants is increasing yields by 300 per cent and is a key driver of the incremental production and associated income.<sup>10</sup>

As noted above, however, the original design was for a four to five year project with possible extension of another two years. This timeline provided the very real capacity to succeed with each intervention maturing at different times over the project period, thereby enhancing other component success in a cascading way. In implementation, however, due to the termination of ALP, the CLIP project has unfortunately developed through the extension process in a less fluid and predictable manner than originally envisaged stifling the ability to forward plan. The weaknesses in management contracting under ALP have been duly noted by the ICR, where requirements and timelines have changed several times within a short time period; and instead of providing projects with a longer term time frame, projects were or are being continued with short term extensions (6-12 months), “severely undermining sustainable and large-scale outcomes, as projects are not able to conduct proper analysis to guide decision-making on systemic interventions and clear vision of how the market system should function in say 3-5 years without them (and) have little idea of the impact they instigate due to the lack of an appropriate monitoring and evaluation system”<sup>11</sup> While the work on the CLIP M&E framework now and during the Extension Phase will mitigate some of this disadvantage, the, the historic fact remains.

In the coming phase it is hoped that Project component progress can be assessed with due consideration of the way in which project components inter-relate and bolster each other. Outcomes must not be expected pre-maturely without consideration of the time required to realize benefits of particular interventions. The industry will grow and mature in many respects with a variety of industry players taking more responsibility and hence be less reliant in future on government and donors.

CLIP will continue in this Extension Phase with a suite of activities across the current areas of support to the cocoa industry. These will involve both aspects of capacity building and support to direct delivery of services. While CLIP has a definite role to play in enhancing MAL to perform its functions (such as providing support to outreach and the National Cocoa Steering Committee) it is not purely a capacity building nor delivery project as such but provides elements of both. Given that parts of CLIP such as the direct delivery aspects of the project are phasing out,(especially with the termination of the tool program), sustainable outcomes through more facilitative approaches are seen as appropriate to embed the provision of services (particularly in the case between cocoa growers and exporters).

While the extent to which CLIP can support MAL will at least in part be determined by MAL receptiveness to that support, the opportunity does exist now to strengthen the bilateral program in agriculture more generally.

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<sup>10</sup> IBID, Page 28

<sup>11</sup> IBID, Page 23

The CLIP Activity Plan (*refer Annex 4*) provides for support to public and private stakeholders and the CLIP team under the guidance of the National Program Manager, will continue to seek out all possible opportunities to create a more collaborative environment within which the various parties can further the industry. It is envisaged that the M&E framework (described below) will capture data from each part of the project and the wider industry and describe the prospect of gains being sustainable beyond the life of CLIP.

While some components of the project (e.g. direct support to farmers through the provision of subsidized equipment), will not continue into the Extension Phase, CLIP will work with other stakeholders to see where opportunities exist to fill 'gaps' to encourage more farmer participation in the industry.

CLIP will also work to garner support of development partners, both private and public. The new Agriculture Minister will be lobbied to give priority to cocoa, The opportunity now exists, for CLIP to engage more fully with MAL to increase the likelihood of gains being more fully integrated into the way MAL supports the cocoa industry.

### **1.3 Purpose of this Document**

This document is submitted by GRM in response to AusAID's request to extend CLIP activity for 12 months from July 2011 to end of June 2012. It updates aspects of the original design/objectives and proposes modifications to some areas such as the Work Plan and staff Terms of Reference that reflect progress to date, lessons learned and the current environment / industry circumstances. The purpose of this document is therefore to provide guidance as to what support CLIP can provide over the coming 12 months and the way in which this will be achieved.

This Extension Proposal has been developed in close consultation with staff from the CLIP management team, MAL Planning Unit personnel and the Commodities Export Marketing Authority (CEMA). GRM has sought and facilitated the involvement of other stakeholders and members of the National Cocoa Steering Committee (NCSC) (i.e. leading farmers, exporters, financial institutions and other SIG ministries). It builds on GRM experience managing the last eight months of the previous CLIP Phase, incorporating the following lessons:

- The future of CLIP activities in re-building production and marketing capacity of the Solomon Islands cocoa sector depends on a strengthened National Cocoa Steering Committee (NCSC) to formulate sound policy guidelines for the industry.
- The current CLIP management team possess the appropriate set of skills and experience to build on gains to date.
- M&E is an increasingly important factor in the success of CLIP implementation and should be continued. However, if industry M&E is to be continued SIG partners post-June 2012, the framework needs to be simplified and rolled out in an integrated manner with MAL and CEMA systems and processes during the Extension phase.

This proposal is informed by the CLIP Design Document of early 2009 but only to the extent that it adapts the original goal/objectives and incorporates the contextual and risk analyses provided in that design. The proposed approach importantly takes relevant

recommendations from the NCSC meeting of March 2011 (*refer Annex 7*) into account where feasible and applicable to CLIP capability, including:

- Closer alignment of MAL and CLIP activities in supporting the cocoa industry,
- MAL & CLIP to support associations/groups. For example, working with CEPA, farmers organisations to re-activate and strengthen its capacity and rural credit facility/access initiatives for farmers
- Selected CLIP activities (for example, training and new plantings) that support existing MAL activities in other provinces (Isabel, Central Islands and Temotu)
- Organise provincial licensing group workshops as part of Cocoa Regulations development
- Facilitate and support the establishment of effective M&E systems for the industry as a communication and statistical analysis tool for the Solomon Islands Government with MAL, CEMA and the wider cocoa industry.

The following sections outline project objectives, partners and scope (section 2). Also presented is an overview of key implementation arrangements including the team, the Work Plan and the expected M&E and risk management systems (section 3). The annexes present figures and tables that provide details on crucial elements of the CLIP.

## 2 Project Description

### 2.1 Project Objectives

Building on from the previous Phase, the overall goal for the CLIP Extension phase is ***'substantial increase in rural incomes through increased cocoa production and improved cocoa quality'***.

To achieve this goal, project activities will be structured under three objectives and seven outcomes:

#### **Objective 1: Increase production of quality Solomon Islands cocoa**

- Outcome 1 : Improved extension services to cocoa farmers
- Outcome 2 : Increased planting of quality cocoa nationwide
- Outcome 3 : Increased rehabilitation of cocoa stands
- Outcome 4 : Increased IPDM practices

#### **Objective 2: Increase Solomon Islands cocoa exports to 6000 tonnes by June 2012**

- Outcome 5 : Improved efficiency of rural cocoa marketing system
- Outcome 6 : Increased access to international cocoa markets

#### **Objective 3: Effective and efficient integrated management of the cocoa sector in Solomon Islands**

- Outcome 7: Improved coordination of the cocoa sector in Solomon Islands.

The logic diagram (*refer Annex 1*) provides a visual overview of the integration of the project goal, objectives and outcomes. The activities under each outcome are detailed in the Work Plan in Annex 3. The adjustments to the Work Plan reflect the increased

emphasis on the transition of CLIP activities to MAL as well as an attempt to ensure increased capacity of MAL to take on the activities post CLIP.

## 2.2 Project Partners

Different types of partnership relevant to CLIP are:

- (1) Project Implementation Partners: being AusAID/CLIP, MAL and CEMA; and
- (2) Cocoa Industry Partners: being all the stakeholders of the industry such as growers, traders, exporters, other associated service providers, government and its agents, development partners and the international traders and importers (grinders and chocolate manufacturers).

Ministry of Agriculture and Livestock: Several MAL Departments will be involved in the implementation of the CLIP Work Plan, including Planning, Extension, Research, Quarantine, Land Use and Marketing. MAL involvement will be instrumental in most activities. The role of MAL is policy, research, quarantine, extension services, providing technical information and training of farmers. CLIP will continue to work closely with MAL and other stakeholders where appropriate.

Commodities Export Marketing Authority (CEMA): CEMA involvement will be instrumental in the implementation of activities under Objective 2 (Marketing). It will also play a crucial role in ensuring sector coordination (Objective 3) is effective and sustainable after CLIP support phases out.

The nature of cocoa industry coordination and the activity currently supported through CLIP will to a great extent be determined by the direction MAL takes under the new leadership in the coming period. CLIP remains optimistic that gains achieved through implementation of the proposed work plan will be translated into an increased ability within MAL to support the industry where appropriate. A continuation of the existing close working relationship amongst CLIP, MAL and CEMA staff will be crucial to consolidation of gains.

As detailed in the work plan (*refer Annex 2*) other partners include commercial firms and other ministries with interests in the cocoa sector such as the Ministry of Rural Development, Ministry of National Planning and Aid Coordination, Ministry of Commerce, Industry, Labour and Immigration and Ministry of Foreign Affairs and External Trade. Coordination of activity with these organisations will be an important aspect of activities under *Objective 2* (Marketing) and *Objective 3* (Sector Coordination), and promote collaboration at sector level (for instance through their participation in the National Cocoa Steering Committee). In addition, private sector firms will play a crucial role in ensuring farmers have access to improved planting materials and equipment, finance and marketing infrastructure, and as such their engagement in this extension phase will be actively sought.

## 2.3 Project Scope

The CLIP Extension Phase will cover the period 1 July 2011 until 30 June 2012. GRM understands that there are no contingencies for further extension beyond June 2012 to be funded by AusAID, therefore this phase is intended to transition the implementation and management of CLIP activities to counterpart institutions where appropriate and to phase out other support where ongoing activity where it is not.

In deference to the NCSC recommendation meeting (March 2011), the CLIP Extension Phase will include limited training and improved planting material support/supply activity to the Provinces of Isabel, Central Islands and Temotu. This is proposed as facilitative support to assist project partners to adopt new practices. This approach will not inhibit the consolidation of the gains in those Provinces that have received more considerable input to date. It will, however, promote increase in cocoa production for the wider within the country through activity lead by project partners (with CLIP offering resources such as IPDM demonstration, extension training, RDP. This activity will require close collaboration with SIG and other partners in the industry and therefore will only go ahead if the will of MAL is demonstrated. CLIP Provincial Coordinators in the current phase have been assigned responsibility for activity in those provinces and workshops have been conducted in Isabel, Central and Temotu in preparation to future work there.

Following general advice and guidance provided by AusAID staff in Honiara, the farmer's subsidy equipment support will not be continued in the extension phase.

The estimated budget for the extension is AUD2.1 million (*refer Annex 2*) for a summary of the Financial Proposal).

### **3 Implementation Arrangements**

#### **3.1 Management Structure**

As illustrated in the Organisational Chart, (*refer Annex 4*) the management structure for the CLIP Extension Phase is as follows:

##### **National Cocoa Steering Committee (NCSC)**

The NCSC comprises representatives from:

- Ministry of Agriculture and Livestock
- Other SIG ministries
- Commodities Export Marketing Authority
- Cocoa farmers
- Private sector interest in cocoa sector
- Invited donors

The NCSC will be responsible for the broad governance of the Project. The NCSC chairperson is the Permanent Secretary, MAL. While the NCSC is currently facilitated and funded through the CLIP, the Extension Phase will work closely with MAL to enable the endorsement of the NCSC by SIG and thence forth the gradual transfer of responsibility for the facilitation of the meetings to MAL. (Formal SIG endorsement will mean that recurrent SIG funding will be made available to the NCSC).

##### **Cocoa Livelihoods Improvement Project Management**

The structure of the proposed CLIP in-country team is largely based on the existing team and comprises the following national positions and position-holders:

1. National Project Manager - Moses Pelomo
2. Financial Literacy/Management Skills Adviser - Andrew Sale

3. National Cocoa Training Officer - Elihsa C Faite'e
4. Provincial Project Coordinator (Guadalcanal) - Robert Waisu
5. Provincial Project Coordinator (Malaita) - William Horia
6. Provincial Project Coordinator (Makira) - Johnson Sunaone
7. Provincial Project Coordinator (Western) - Rex Sabala
8. Office and Finance Manager - Rebecca Sade
9. Project Coordinator - Bekery Zonga
10. Receptionist/ Administration Assistant - Melinda Campbell
11. Office Cleaner - Esilyn Meke

All positions are full time and based in the CLIP office in Honiara, except the Provincial Project Coordinators in Malaita, Makira and Western who are based in the respective provincial offices.

The main changes to the existing team are as follows:

- The staff members who supported the farmer's tools subsidy initiative are no longer required and are therefore excluded from the Extension Phase (that is, the Mechanic, Logistics Assistant and Canoe Driver in Gizo).
- The Provincial Project Coordinator positions remain. Their responsibilities in the Extension Phase will no longer include those associated with the farmer's tools subsidy scheme and be focused on embedding gains already made, training, monitoring and liaising with MAL, provincial governments and other provincial stakeholders. The provincial coordinators will effectively be ambassadors for CLIP activities in the field. Coordinating the distribution of tools was just a small part of their job responsibility. Their key role is coordinating the implementation of the whole project in their respective provinces including, Central and Isabel and Temotu Provinces in collaboration with the provincial MAL Divisions. Their continuity in this last phase has been crucial when the phase requires strengthening to consolidate current gains. When accepted and supported by SIG/MAL, this will give the opportunity for the Provincial Coordinators to work more closely with MAL and other players in their respective provinces to continue outreach and training after CLIP ends in June 2012. MAL and other players do not currently have the capacity perform the extension role effectively. And during the 12 month phase the opportunity exists for CLIP to prepare all stakeholders fulfill roles currently filled by CLIP.
- Due to the cessation of the farmer's subsidy scheme in the previous phase, the Administration and Finance Officer will take on a Project Coordinator role in the Extension Phase. This role will respond to the need for full time support to workshops, presentations and other meetings which will be crucial CLIP activities during the Extension. The Project Coordinator will also focus on project logistics and have responsibility for the overall assets management of the project. Given the extensive work involved in workshop preparation and documentation, the Project Coordinator will receive mentoring and administrative support from the Project Coordinator (see below).
- The Receptionist/Database Operator will take on a more general office administration assistant role in the Extension while retaining the task of inputting and monitoring data.

CLIP will see its team work more closely with MAL Planners, researchers and Provincial Cocoa Project Officers (and in some cases in the same office) to gradually promote greater collaboration of CLIP with the 'MAL Cocoa Program'. While CLIP will finish in June 2012, if it has worked collaboratively in implementing best practices etc, it is anticipated that MAL will increasingly use CLIP approaches and project management practices in its continued support to the cocoa industry and other commodities.

The key international technical advisers, within the CLIP team will continue to provide technical support to CLIP based on TORs of the existing phase (with minor amendment as per TORs (*refer Annex 7*):

12. IPDM Specialist (Full Time) – Mr. John Konam
13. Chief Technical Adviser (Short Term) – Mr. Trevor Clarke
14. Cocoa International Marketing Specialist (Short Term) – Mr. Grant Vinning
15. Cocoa Processing Specialist (Short Term) – Mr. John Perkins
16. M&E Specialist Team (Short Term) – Mr. Tony Jansen and Ms. Phyllis Maike

As with the previous phase, all Technical Advisers will report to the CLIP NPM.

The main aspects to note for the existing international technical team are as follows:

- The IPDM Specialist role will continue full time into the Extension Phase. The position will be re-named '**IPDM and Cocoa Pod Borer Adviser**'. Since CLIP started in July 2009, IPDM has received increased acceptance by growers as well as within MAL itself as a crucial activity to secure increased production of cocoa in Solomon Islands. MAL, in particular, has expressed interest in ensuring the continuity of IPDM assistance. This is reflected in the Work Plan outcome to increase the capacity of MAL to institutionalise IPDM practices across the industry. Importantly, IPDM practices have been shown to be linked to the containment and effective management of the cocoa pod borer threat, from nearby Bougainville. The absorption of this role into MAL will be discussed early in the extension phase.
- The position of **Chief Technical Adviser** will provide 25 days of input time in the extension phase. In the previous phase, the focus of this position was to increase the capacity of the CLIP National Project Manager to develop and manage workplan activities as well as to advise on project personnel management. While the operational side of this support has been achieved, the extension phase will present an opportunity to focus on a more strategic approach to CLIP activities in order to consolidate activities from the previous phase. Particularly, the Chief Technical Adviser's input in the extension phase will be instrumental in data analysis of field baseline surveys, as well as more recent surveys, crucial for M&E reporting of the project.
- The **International Marketing Specialist** input will be 90 days of input. The work of building a foundation for international marketing of Solomon Islands cocoa has been accomplished in the previous phase. This included: a verified position of Solomon Islands cocoa in Asian markets as comparable to cocoa quality from Papua New Guinea; established linkages with key overseas stakeholders, for example, buyers, manufacturers, laboratory testing facilities, quality certifiers and other cocoa institutions in Malaysia, Singapore, Indonesia, Amsterdam and Australia; increased capacity in CEMA to analyse existing marketing data on



Solomon Islands cocoa. The capacity building of CEMA in the area of data analysis needs to continue in the extension phase. The extension phase will also provide an opportunity for the International Marketing Specialist to work closely with CEMA to (i) assess the viability of establishing cocoa quality testing facilities in the Solomon Islands; and (ii) support the development of an international cocoa market information and intelligence system for the country. In addition, the International Marketing Specialist along with the Finance and Literacy Management Adviser will continue to facilitate the development of trade negotiation and other business skills of stakeholders in the private sector.

- The **Cocoa Processing Specialist** input will be reduced to 10 days of input time in the extension phase. This Specialist was required in the last phase to assess the viability of production technology in processing units for use in Solomon Islands. This involved the introduction of an existing and proven design for a processing unit, composed of a mini drier and a mini fermenting box. The design was successfully used in the Bougainville cocoa rehabilitation program in the 1990s. The Specialist was also required to develop training programs and materials for CLIP, CEMA and MAL staff as well as growers on how to use the processing unit. The Specialist subsequently established a scientific basis for the performance of the processing unit using monitoring equipment (and training staff in their use) and ultimately obtaining external quality assessment from a specialist chocolate manufacturer in Australia. The Specialist is further required in the extension phase to consolidate the findings from the first phase. The findings will assist MAL and CEMA to evaluate and recommend processing units for quality and cost effectiveness.
- The International **Monitoring & Evaluation Specialist** (25 days input) will work with a local Monitoring and Evaluation Specialist (both short term advisory positions) on refinement of the M&E Framework and provision of monitoring results to inform implementation adjustment throughout the Extension Phase.

Terms of Reference for the technical positions will be discussed and refined with MAL and CEMA upon confirmation of the extension phase.

### **GRM Management Support**

The GRM corporate support is responsible for administration and financial management of the head-contract and CLIP activities. GRM will support the CLIP Extension Phase primarily through a Manager and a Coordinator. A **GRM Project Manager** will administer the head contract, scoping, planning, scheduling, resource and cost monitoring, cash flow/forecasts, performance standards and milestones, management systems, and reporting on progress. A **GRM Project Coordinator** will support project administration, coordinates resources, assist in performance issues, administration, maintain project systems of financial accountability and reporting, monitor consultant expenses, provide administrative support to project advisors, and support mobilisation of personnel, logistics and coordination of workshops.

## **3.2 Work Plan**

The Work Plan (*refer Annex 3*) details the list of activities to be undertaken under each Outcome, as well as their timing and the personnel with responsibility to oversee



implementation. It has been developed by the current CLIP management team in close collaboration with MAL and CEMA staff through workshops facilitated by GRM International in April 2011. Other key stakeholders also participated in the workshops, including leading farmers, exporters, financial institutions such as the Central Bank and Solomon Islands Credit Union League, and other ministries such as the Ministry of Rural Development, Ministry of National Planning and Aid Coordination, Ministry of Commerce, Industry, Labour and Immigration and Ministry of Foreign Affairs and External Trade. The Work Plan operates in a participatory fashion ensuring activities planned are aligned and more fully integrate with those of existing MAL cocoa development activities. This process has laid the foundation for effective partnerships between stakeholders during the extension implementation.

The overall responsibility for the timely and effective implementation of the Work Plan lies with the NPM. Periodic monitoring reports will provide necessary information on the Work Plan implementation, including delays, constraints and unforeseen challenges.

### 3.3 Monitoring & Evaluation

Initially CLIP did not have a clear strategic framework (logical framework) that could show how activities in key intervention areas would contribute to CLIP objectives. The limitations of this were felt in the context of results measurement. A clear Framework defines what you are doing and why. Results measurement tells us how well the program doing it. These two should be linked together with results measurement embedded within a clearly defined strategic Framework.

This gap had to be filled very quickly. Setting the basic hierarchy of objectives and anticipated causal impact became critically important for CLIP. Adopting and adapting different elements of the DCED standard the logical framework, set up in March this year, has structured the ideas behind the CLIP into a clear hierarchy of objectives. From that framework, through a number of reiterations four result chains for four key intervention areas have been designed.

In Extension, CLIP will strengthen the M&E system to both gauge the effectiveness of the project and develop the M&E capacity of industry to use the information for decision making. The M&E system will assist to:

1. Assess project performance and assist CLIP managers and staff improve project implementation to achieve objectives;
2. Communicate results and lessons learned to stakeholders - cocoa industry, SIG, AusAID and other donors; and
3. Deliver information on CLIP results, successes and lessons that can be incorporated into publications, presentations and other media to inform the wider community on the cocoa sector in SI.

The System put in place during Phase One of CLIP is composed of several elements:

1. The Project Document and Results Framework (Logframe) that established overall project deliverables, in terms of impact, outreach and sustainability (Results Framework *refer Annex 1*)

2. Result Chains, the backbone of the M&E System (examples of result chains please **refer Figure 1 of Annex 1**)
3. Key Tools for monitoring CLIP activities
4. Documents (reports, surveys, assessments) that feed reliable and timely information into management decision-making
5. People who are trained in the applications of processes and methods, collection of information, and assessment methods for decision making.

These elements of the M&E system will continue to be strengthened during this Extension Phase to promote integration of M&E into MAL day-to-day activities. In so doing collaboration with MAL, CEMA, the private sector and the cocoa growers on M&E will be enhanced.

The CLIP M&E Framework that builds on these elements will be developed during the first month of the Extension Phase and be submitted to AusAID in mid-August 2011, constituting a milestone for the project (Refer table below)

#### **Achievements to date:**

Early this year CLIP developed result chains and result measurement plans for its key interventions. This involved setting up indicators, making predictions, and designing data collection tools. CLIP staff, CLIP M&E personnel, MAL and CEMA worked together intensively on this. The results are promising, with extension officers, enumerators and CLIP staff collecting (quantitative) data on key changes. Data has been analysed and presentation took place in June, at the NCSC meeting. This data collection and analysis will continue during the Extension Phase with reports being prepared and submitted periodically to CLIP stakeholders.

The two ST M&E advisors from Phase One will continue their work (on rapid impact assessment) and will undertake mainly qualitative data collection and analysis for a number of CLIP case studies. These case studies will complement and supplement the quantitative data, will identify why changes have or have not occurred, what the success factors are, as well as what the impact is of CLIP on various groups (women, men, most disadvantaged people and remote households or communities). CLIP will use these studies to validate common assumptions that cut across CLIP key interventions.

An important aspect of the M&E activities in Phase One will continue during the Extension Phase: the assessment of the sustainability of CLIP technical assistance. The CLIP project aimed to trigger change (increase) across two ends of the project interventions: supply and demand sides. On one side the aim was to *Increase the supply side* of services/inputs by project partners such as input suppliers, CEMA or MAL Extension Service. On the other, it worked towards *increasing the demand side from cocoa farmers*, through increasing the recognition by these farmers of the service and inputs benefit. The supply and demand sides are now tracked by the M&E system; indicators related to sustainability as well as systemic changes ('crowding-in' 'copy-cat') are included in the M&E system.

The database for the CLIP M&E system has been set up during ALP. It will be further developed using existing models (such as the CEMA coconut data base) to ensure it can be appropriately used by MAL, CEMA and other institutions beyond the CLIP Extension

Phase. The NPM along with the Chief Technical Adviser will facilitate the process whereby the responsibility for upkeep of the database is absorbed into the function of MAL Planning Unit. Personnel within that unit will be mentored and trained in the maintenance of the database and the interrogation of it. CLIP will work closely with MAL and CEMA to ensure appropriate skills, systems and processes can sustain the management and use of the M&E system after June 2012.

### **M&E system Management**

The M&E System has been set up to become an integral part of both strategic and day-to-day management in CLIP. CLIP staff alongside MAL staff will be more and more involved in data collection and analysis as they take more and more responsibility for result measurement. This will help staff not only with reporting, but also with internal decision-making. Through training and mentoring, CLIP and MAL staff will continue to be guided throughout this process. The M&E Advisors will ensure consistency and quality in this process.

Periodic training and support will continue to be provided to CLIP staff as well as to MAL staff in order to ensure that the M&E system is gradually embedded within MAL operations and will continue to be used long after CLIP finishes.

The M&E System will where ever appropriate and possible, disaggregate data by gender. As has been noted in the ALP ICR, "It was clear from the field visits that men dominate decision making in relation to cocoa. .although cocoa tends to be a male dominated crop in terms of decision making, the CLIP advisor on IPDM uses the cocoa field of a woman on Guadalcanal as an example of the best management of a small cocoa plantation."<sup>12</sup> CLIP has not had a formal strategy to empower women beyond these specific methods of implementing and recording. Future interventions in cocoa industry should address and the following 12 months might inform such a strategy.

### **Next steps in M&E:**

The implementation of the M&E System includes the following steps:

1. Finalisation of key indicators to assess expected results, setting up the baseline data for each indicator (obtained from existing CLIP market studies and surveys, and from the ALP baseline studies) and making projections for key expected changes (in terms of export levels, income generation, jobs creation etc). This data will then be included in the project data base.
2. Finalisation of data collection tools that secure appropriate evidence for the assessment
3. Finalisation of CLIP M&E Framework  
(#1 to #2 by end of June 2011; #3 – by mid August 2011)
4. Collection of qualitative and quantitative information including case studies to determine the actual changes in the indicators and estimate the attribution of the project to these changes (as per M&E framework).
5. Analysis of data collected, drawing of conclusions and lessons learned. Data collection and analysis will coincide with CLIP reporting obligations to AusAID
6. Reporting on findings.

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<sup>12</sup> Draft ALP ICR, page 30

### 3.4 CLIP Extension Phase Reporting:

The Extension Phase will yield three reports that will in turn generate the three milestones for the contract for payment of the management fee under the scope of services. As shown in the table below the M&E Framework will constitute one of these milestones:

Reports for the CLIP Extension Phase Jul 2011 – Jun 2012		
Reports	Content	Timing
Monitoring and Evaluation Framework	<ul style="list-style-type: none"><li>• A full description of indicators, activities, resource and tools that will be used in monitoring and evaluation</li></ul>	15 August 2011
Mid Term Report	<ul style="list-style-type: none"><li>• Exception updates on current activities</li><li>• Finance</li><li>• Progress against Key Indicators</li><li>• CLIP Achievements from Jul – 30 Sept 2011</li><li>• Recommendations for the remaining period of CLIP</li></ul>	15 December 2011
Completion Report	<ul style="list-style-type: none"><li>• Achievements</li><li>• Lessons learned from CLIP extension</li><li>• Recommendations</li><li>• Financial statement</li></ul>	15 June 2012

### 3.5 Risk Management

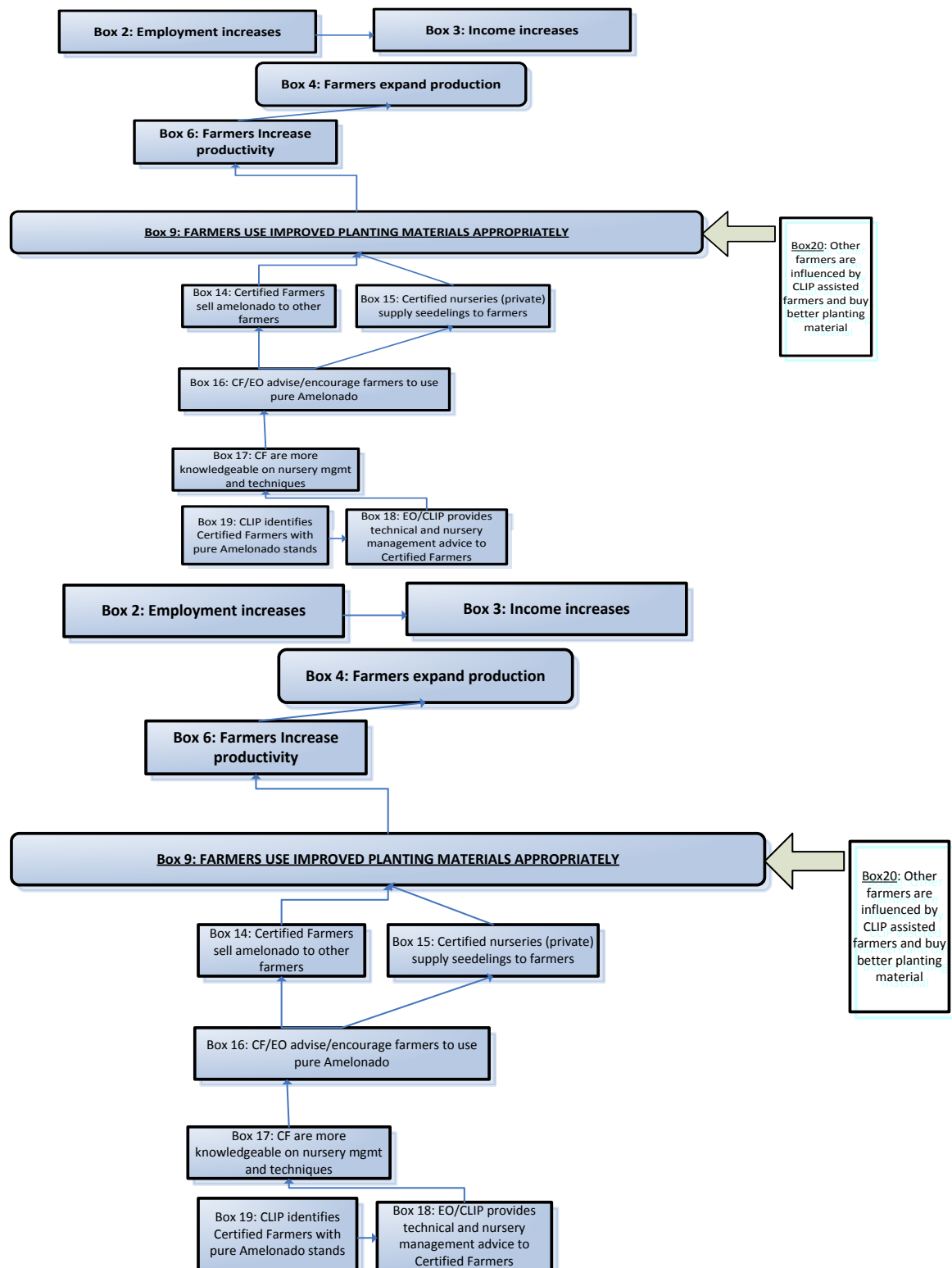
As with any project implemented in Solomon Islands and similar contexts, several risks inherent and/or external to the project implementation exist. GRM International is an experienced development project implementer in the Pacific specifically in the agriculture sector and will ensure the anticipation and management of these risks in the most professional manner. The Risk Management Matrix (**Refer Annex 6**) outlines key risk and mitigation strategies of the CLIP extension phase.

## Annexes

## Annex 1: Project Logic Diagram

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Fig.1 Planting Material Result Chain



### Annex 3: Project Work Plan

#	Activities	Responsibilities	2011- 2012											
			J	A	S	O	N	D	J	F	M	A	M	J
1	Outcome 1: Improved extension services to cocoa farmers													
1.1	Conduct training workshops (IPDM, Quality, Processing, Farmer Field School Approach) for extension service providers in areas not previously covered (as decided by the CLIP NPM)	NPM(CLIP), MAL(DOE), private sector												
1.2	Distribute existing extension materials, farmer training aides, posters, cocoa manuals	NPM(CLIP), MAL(DOE), private sector												
1.3	Produce additional extension materials: 1,000 7-set posters, 2,500 six-sets of leaflets, 2,500 flashcards, 1,000 cocoa manuals	NPM(CLIP), MAL(DOE), private sector												
1.4	Conduct awareness raising through media (radio, testimonial and training videos) and at village meetings	NPM(CLIP), MAL(DOE and AIU)												
1.5	Facilitate provision of extension services on cocoa husbandry issues to conduct provincial/ward farm field days on cocoa blocks of successful farmers	NPM(CLIP), MAL(DOE)												
1.6	Facilitate regular farm visits by extension personnel through coordination and logistical support	NPM(CLIP), MAL(DOE)												
1.7	Facilitate industry discussion for exporters and other service providers (i.e. non- MAL extension officers) to improve private sector advisory assistance to farmers	NPM(CLIP), (CEMA) Private Sector												
1.8	Produce a draft strategy document on private sector-MAL collaborative approach to long term planning for extension service advice to farmers (a united industry approach)	NPM(CLIP), MAL, CEMA, Private Sector, (buyers groups, manufacturers etc.)												
2	Outcome 2: Increased planting of quality cocoa nationwide													







5	Outcome 5: Improved efficiency of rural cocoa marketing system													
5.1	Increase farmers business knowledge and commercial focus to treat their farms as a business, integrating gender equality into the design and implementation	CLIP, Planning (MAL) and MCILI												
5.2	Re-instate national cocoa registration of processing units by farmers and traders	CLIP, MAL, CEMA												
5.3	Facilitate legal formation for farmer, trader and exporter associations	CLIP, MAL, MCILI												
5.4	Investigate options with the government and private sector on mechanisms to supply inputs, processing units and services to the cocoa sector	CLIP, Ministries, Private Sector												
5.5	Investigate the need for rural and export storage infrastructure	CLIP, CEMA, Extension (MAL), MID, Private Sector, Provincial governments, RDP(C1)												
5.6	Facilitate improved financial literacy and management across traders and exporters, integrating gender equality into the design and implementation.	CLIP, MCILI, Private Sector (business and education), Planning (MAL), SICHE School of Fin and Admin,												
5.7	Investigate options for rural credit access for cocoa farmers, fermenters, processors traders and exporters	MAL,CBSI,SICUL,RDP(C3), private sector												
5.8	Investigate, assess and establish cocoa marketing information research and intelligence system with CEMA.	CLIP, CEMA, Research, Planning, AIU (MAL)												

6	Outcome 6: Increased access to international cocoa markets													
6.1	Investigate, assess and establish cocoa quality assessment facilities off-shore to support cocoa quality analysis in the short term and in the long term, the establishment of a similar facility in Solomon Islands. This would include appropriate training for CEMA staff to institute MIS and carry out Assessments locally if laboratory is established.	CLIP, CEMA, Research (MAL)												
6.3	Evaluate processing units for quality and cost-effectiveness for MAL/CEMA recommendation to farmers	CLIP, CEMA, Research, Planning (MAL)												
6.4	Facilitate CEMA Staff to conduct processing training for fermentary owners	CLIP, Extension (MAL)												
6.5	Facilitate and promote the use of mini driers for farmers who have blocks of up to 2 ha, especially those in isolated areas.	CLIP, CEMA, Extension (MAL)												
6.6	Study tour by technical staff from MAL, CLIP and private sector representatives to observe mini-drier operations in Bougainville as well as to obtain information on cocoa pod borer management by Bougainville authorities.	CLIP, Quarantine, Research and Extension (MAL), private sector, lead farmers												
6.7	Facilitate private industry to manufacture new mini-driers by local metal fabricators in provinces	CLIP, private sector, Planning (MAL)												
6.8	Support MAL to investigate, make recommendations and implement quality assurance scheme.	CLIP, CEMA, Research, Planning, Quarantine (MAL)												
6.9	Investigate new potential markets; niche marketing.	CLIP, Planning/marketing (MAL) private sector, CEMA, MFAT												
6.10	Investigate, make recommendations and implement market differentiation techniques e.g. UTZ, Organics, Fair Trade, Rainforest Alliance	CLIP, CEMA, private sector, MFA, Planning/Quarantine/Marketing (MAL)												



## Annex 4: CLIP Organisational Chart

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***Cocoa Livelihoods Improvement Project  
An Aid Project funded by the Australian Government  
Managed by GRM International***

## Annex 5: Risk Management Matrix

### KEY:

- L=Likelihood (5=Almost Certain, 4=Likely, 3=Possible, 2=Unlikely, 1=Rare);
- C=Consequence (5=Severe, 4=Major, 3=Moderate, 2=Minor, 1=Negligible);
- R=Risk Level (4=Extreme, 3=High, 2=Medium, 1=Low).

#	Risk Event	Impact on Program	L	C	R	Risk Treatment / Management	Responsibility
External Risks							
1.	Institutional/political rivalry between CLIP partners	lack of cooperation in implementation, lack of ownership of CLIP activities by partners, lack of functioning NCSC and sector coordination, lack of increase in export	2	4	M	Roles of each organization clearly defined from the outset. MAL extension staff receive instructions to cooperate with CLIP and CEMA staff, and to treat cocoa development as a national priority in their work programs	MAL/CEMA AusAID
2.	Reduction in the timescale of the program compared with the original CLIP design	Initiatives do not have sufficient time in implementation to become 'bedded-in' and any gains are short lived once support from CLIP is withdrawn				The historical extensions are something that cannot be mitigated against. Promotion of increased involvement of partners in the cocoa sector and assistance in design of a future long term cocoa support activity might be the only strategy.	

#	Risk Event	Impact on Program	L	C	R	Risk Treatment / Management	Responsibility
3.	Termination of the subsidy program	Original rationale of the CLIP building up momentum in terms of cocoa farmer interest is lost. The increased expectations of the Cocoa farmers are dissipated. Momentum of participation	4	1	H	Results to be analysed of the investments in the subsidy program assessed through the M&E to inform possible future support, including recommendations for response to any constraints.	
4.	Spread of Cocoa Pod Borer in Solomon Islands	CPB is a moth whose larvae bore into the cocoa pod preventing further pod development and ruining the beans. It is common in Sulawesi and Indonesia. In 2004, CPB spread to East New Britain, PNG's major producing area. It is rumoured to have entered Bougainville. Losses from CPB could ruin Solomon Islands' cocoa industry	3	4	H	Avoid obtaining planting material, from East New Britain or Bougainville, use locally sourced Amelonado and clonal material from Reading University. CLIP Training will further create awareness and increase likelihood of early detection, enabling timely emergency response	MAL GRM
5.	Continuation of current policy of restricting cocoa export licenses to Solomon Islands registered companies	Lack of competition, lack of export increase, prospect of achieving CLIP's goals severely reduced	4	2	M	Through the NCSC, policy makers to be lobbied (by Marketing Specialist over the coming 12 months) as to the benefits to growers from increased competition through a combination of measures such as the entry of a substantial new independent exporter or an experienced organic cocoa exporter	MAL, private sector, Foreign Investment Commission, CEMA

#	Risk Event	Impact on Program	L	C	R	Risk Treatment / Management	Responsibility
6.	Rural Development Program supplemental Grant Funds not made available to cocoa enterprises	RDP equity grant facility has been identified as a potential source of working capital to finance the graduation of existing cocoa buyers into independent exporters. If such funding was not forthcoming it would be a constraint to achieving the goals of CLIP	3	2	L	CLIP identifies suitable candidates and facilitates preparation of working capital loan proposals for submission to commercial banks, through creating awareness of the RDP facility and provision of quality market information to aspiring exporters	MAL AusAID GRM
7.	Escalation of political, economic or civil instability in Solomon Islands	Increased security risk to personnel and assets; Potential for AusAID to suspend or cancel activities which are critical to SIG operation; SIG budget cuts reduce capacity; Inability to retain / attract advisers	3	5	L	Ensure currency, effectiveness and awareness of communications framework, and safety and security guidelines; Continued liaison with SIG stakeholders; Flexible approach to activity planning.	AusAID
8.	Natural Disaster (earthquake, cyclone, tsunami) and/or Epidemic and/or mass medical emergency	Potential for AusAID to suspend or halt activities. Damage to infrastructure. Need to evacuate personnel.	2	5	M	GRM safety and security plan and measures.	GRM
Internal Risks							
9.	Poor approach to or implementation of Project M&E and Quality Assurance ( QA)	M&E and QA systems ineffective; Inability to measure benefit or continually improve performance.	1	3	L	Engage in identification of appropriate indicators and data collation methodologies; Ensure M&E and QA systems are simple, effective, user-friendly, add value and provide useful and relevant feedback.	GRM AusAID



#	Risk Event	Impact on Program	L	C	R	Risk Treatment / Management	Responsibility
10.	Poor Adviser performance and/or conduct	Damage to reputation of AusAID and GRM. Legal exposure for GRM.	2	4	H	Promote performance management culture and dual reporting requirements; Proactively manage performance and conduct within Code of Conduct framework; Continue to address reported misconduct quickly and fairly.	GRM AusAID
11.	Burn out of key personnel	Break down in relationships with CLIP team, AusAID and partners. Poor project management and performance. Damage to reputation of GRM, AusAID and CLIP.	1	4	M	Properly resource HR management to ensure attention to personnel and individuals at risk; Assist personnel before problems escalate; Monitor workloads closely.	GRM
12.	Project assets misappropriated and / or misused.	Reduced operational capacity. Damage to goods/assets.	3	3	M	Maintain up to date asset registers in accordance with Project Asset Management Procedures. (Note control measures in Project Fraud Risk Assessment)	GRM
13.	Environmental degradation due to new cocoa plantings encroaching into garden land, and/or primary or secondary forest	Raising concerns about project benefits, Loss of support from local communities	1	2	L	Strategies for new cocoa plantings/expansion: <ul style="list-style-type: none"> <li>• Inter-cropping cocoa under existing coconut stands (or, if appropriate, teak)</li> <li>• Inter-planting cocoa with suitable food crops such as shade-resistant banana varieties and root crops such Xanthosoma,</li> </ul>	CLIP Team MAL

#	Risk Event	Impact on Program	L	C	R	Risk Treatment / Management	Responsibility
14.	Land pressure and Increased burden on women for maintenance of their food gardens	Preference for cocoa to be planted closer to settlements, on flatter land, and in areas that are more accessible, relegating food gardens to peripheral sites.	1	2	L	<ul style="list-style-type: none"> <li>Increased awareness of planning and implementation of mixed land use approaches amongst cocoa smallholders</li> <li>Increased awareness of house gardening options amongst cocoa smallholders, including appropriate crops and husbandry techniques</li> </ul>	CLIP team MAL

## Annex 6: Recommendations from NCSC Meeting of March 2011

On 23 March 2011, the National Cocoa Steering Committee (NCSC) held a meeting for the third time since the inception of the CLIP, with the purpose to discuss the future of support to the cocoa sector beyond the CLIP, 30 June 2011. Below is an outline of the recommendations reached.

Recommendations	Who	When
1. Alignment of MAL and CLIP activities in supporting cocoa industry, including budget alignment. This will be achieved through coordination of a transitional workshop to plan for post AusAID support and overall sustainability. The objective of the transitional workshop will be to think about how CLIP workplan activities can begin to be aligned and integrated to MAL cocoa activities.	CLIP National Project Manager and MAL Director of Planning and MAL Chief Planning Officer	First focused discussion to occur at the 31 <sup>st</sup> March Workplan Management Meeting.
2. Establish NCSC sub committee on cocoa development strategy, including strategies for effective membership structure (Min Planning and Aid Coordination, MoFT) and to diversify funding sources.	CLIP & MAL	By next NCSC meeting. Initial discussions to be undertaken ASAP by 2 <sup>nd</sup> wk of April.
3. MAL & CLIP to support associations/groups, eg. work with CEPA to re-activate and strengthen its capacity and rural credit facility/access initiatives for farmers	MAL & CLIP	To be discussed at the transitional workshop, once established.
4. Invite representative from MoP, MoFT and CBSI to become members of the committee	CLIP National Project Manager	ASAP - by next NCSC meeting.
5. Continue with appropriate changes to, and consolidation of, the CLIP's current strategic approach in 'kick-starting the industry' in the CLIP Workplan.	ALL	Review at end of each month at the monthly Workplan Management meetings- contact Moses Pelomo if interested to attend.
6. Subject to further support from AusAID or from other donors after 30 June 2011, CLIP is to expand to other provinces (Isabel, Central Islands and Temotu). The services involved in this expansion will be determined by budgetary availability for the expansion.	CLIP & MAL	To be discussed at the transitional workshop, once established.
7. Given that the CLIP has concentrated on rehabilitation, there is a need for other bodies to look at supporting new plantings with information and training, provision of 'starter kits' including seeds, bags, cloths,	CLIP & MAL & Private sector	To be discussed at the transitional workshop, once established.

support wire.		
8. That government, other donors and private enterprises are encouraged and facilitated to become active partners in further investment to the cocoa industry	MAL	To present an action plan by the next NCSC
9. Organise provincial licensing group workshop as part of Cocoa Regulations development	CEMA, MAL & CLIP	End of April. Action plan to be discussed/confirmed at the 31 <sup>st</sup> March Workplan Management Meeting.
10. Industry requires stronger government support, especially in higher budget allocation/support including support to farmers, traders, exporters, extension services, research and M&E.	NCSC Subcommittee through MAL	Pending subcommittee establishment.
11. Establish effective M&E system for the industry as a communication and statistical analysis tool to the government.	MAL, CEMA & CLIP & rest of industry.	To be discussed at the transitional workshop, once established.
12. Raise media profile of training activities to farmers in order to improve best-practice adoption rates.	CLIP & MAL	First focused discussion to occur at the 31 <sup>st</sup> March Workplan Management Meeting.
13. Invite representative from MoP, MoFT and CBSI to become members of the committee	CLIP National Project Manager	ASAP - by next NCSC meeting.
<b>Priority Areas</b>		
1. Need for support to the development of industry organisations e.g. farmers' and exporters' organisations		
2. Assistance to farmers in maintenance of cocoa farms to ensure that knowledge and skills gained from the CLIP are not lost.		
3. CLIP has to date recorded only 3337 growers who have received basic tools and equipment. There is therefore a need to continue basic equipment support to farmers when this component of CLIP ends in May 2011.		
4. MAL-CLIP integration along with the private sector		
5. Cocoa Industry M&E system - development and implementation to include a CEMA data collection system as per the copra industry.		
6. MAL-CLIP to draft an action plan regarding the registration of cocoa processing units.		