



USAID
FROM THE AMERICAN PEOPLE



Photos: Kermit Moh

EVALUATION

Rapid Evaluation of the Peru Cocoa Alliance

January 2016

This report was produced at the request of the United States Agency for International Development (USAID) and prepared independently by Kermit Moh and Angelica Fort, through Partners for Global Research and Development LLC (PGRD) under contract No AID-527-C-13-00002.

RAPID EVALUATION OF THE PERU COCOA ALLIANCE

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

TABLE OF CONTENTS

TABLE OF CONTENTS.....	iv
LIST OF ACRONYMS.....	vi
EXECUTIVE SUMMARY.....	7
Findings and conclusions.....	7
Recommendations.....	8
RESUMEN EJECUTIVO.....	10
Hallazgos y Conclusiones.....	10
Recomendaciones.....	11
PURPOSE AND EVALUATION QUESTIONS.....	13
CONTEXT AND BACKGROUND.....	14
STUDY METHODOLOGY AND LIMITATIONS.....	17
FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.....	19
FINDINGS.....	19
1. The PCA evolved from a GDA to a traditional USAID project.....	19
2. Facilitating access to finance was dropped as a PCA component.....	20
3. Peru is on the World map with regard to fine flavored cocoa.....	20
4. Question 1: Carana leveraged private sector contributions (in-kind or in cash) but how it has done so has changed over time.....	20
5. Questions 2 and 4: Carana, ECOM/Armajaro, Romex and other private sector participants have provided important contributions and there has been value added to the project.....	23
6. Question 3: Private sector contributions partially reflect the core characteristics of the GDA model as envisioned by USAID.....	24
CONCLUSIONS.....	26
RECOMMENDATIONS.....	27
APPENDIXES.....	28
APPENDIX I: SOW OF THE EVALUATION.....	29
APPENDIX II: LIST OF PEOPLE INTERVIEWED.....	50
APPENDIX III: INTERVIEW GUIDES/QUESTIONS THAT WERE USED.....	52
APPENDIX IV: PLACES VISITED ON THE FIELD TRIP.....	56
APPENDIX V: MAP OF THE PROJECT AREA.....	58
APPENDIX VI: LIST OF DOCUMENTS REVIEWED.....	59
APPENDIX VII: PICTURES OF PROJECT SITES AND ACTIVITIES.....	60

APPENDIX VIII: DISCLOSURE OF ANY CONFLICTS OF INTEREST..... 66

LIST OF ACRONYMS

ACATPA	Asociación de Cacaoteros Tecnificados de Padre Abad
APPCACAO	Asociación Peruana de Productores de Cacao
APROBAP	Asociación de Productores de Banano Orgánico de Pendencia
APS	Annual Program Statement
CCCCP	Central Café y Cacao Perú
DEVIDA	Comisión Nacional para el Desarrollo y Vida sin Drogas
FY	Fiscal Year
GDA	Global Development Alliance
GOP	Government of Peru
ha	Hectares
ICT	Institute of Tropical Crops (<i>In Spanish: Instituto de Cultivos Tropicales</i>)
IR	Inception Report
NAP	New Alternative Program
NGO	Non-Government Organization
PCA	Peru Cocoa Alliance (<i>In Spanish: Alianza Cacao Perú</i>)
PGRD	Partners for Global Research and Development
RA	Rapid Appraisal
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

The Peru Cocoa Alliance (PCA) started out as an ambitious four-year, Global Development Alliance (GDA) project whose objective is to promote alternative economic development in former coca-growing areas, providing households in the regions of Huanuco, Ucayali and San Martin with sufficiently attractive licit sources of income to prevent a return to coca growing while increasing standards of living.

In order to accomplish this, USAID, Carana, Armajaro, and Romex came together as key partners to help integrate 16,000 small producers and producer organizations into inclusive and sustainable value chains with a particular emphasis on growing cocoa. The plan is help these entities grow 28,000 hectares of cocoa in areas where coca was previously grown. The PCA would help USAID and the Government of Peru (GOP) in their efforts to offer farmers a profitable alternative to coca production. In addition, Armajaro and Romex would have an increased supply of cocoa bean available for purchase starting three years from project initiation.

Since the project was initiated, it has changed in some major ways. These changes have affected the nature of the Alliance, which triggered this evaluation.

The purpose of the evaluation is to assess the role and extent of the contribution of the private sector to the Peru Cocoa Alliance, as per Global Development Alliance (GDA) core characteristics.

This study is a rapid appraisal that has used qualitative techniques. The methodology consisted of a desktop review of pertinent Project documentation, a series of in-depth interviews with key personnel in Washington and Peru, and field trips taken to observe project activities in the San Martín, Huánuco, and Ucayali regions.

Findings and conclusions

The private sector has made important contributions to the PCA. However, private sector contributions to the project partially reflect the core characteristic of the GDA model. At the beginning of the project, the PCA was a classic GDA in terms of management and implementation. Both USAID and its private sector partners had established common goals and private sector partners were deeply involved in project implementation. One of the Armajaro managers had moved from Ecuador to Peru mainly to help oversee this new alliance. Source Trust, Armajaro's not-for-profit arm, was charged with spearheading the effort to get 16,000 small producers to plant 28,000 hectares (Ha) of cocoa in the regions of San Martín, Huánuco, and Ucayali.

Armajaro and Romex were also examining what the cocoa market would look like several years down the road and determined that geo-referenced, fine flavored cacao would command a premium. They concluded that Peru could play an important role in supplying this market, and the project decided to maximize the planting of fine flavored cocoa whenever possible.

In order to maximize planting of cocoa, Armajaro brought in Casa Luker, a Colombian chocolatier, who had developed expertise in growing fine flavored cocoa. Working closely with

the *Instituto de Cultivos Tropicales* (ICT), a Peruvian private professional association that does extension work and research on crops in the Peruvian Amazon, they identified the appropriate varieties. Source Trust then took the lead in working with the small farmers to get the cocoa planted in defined configurations so as to maximize cocoa yield.

However, during the first year of implementation, only 383 of the 28,000 Ha of cocoa were planted. USAID management expressed concern about the slow rate of project implementation and encouraged Carana (the entity who had signed the Cooperative Agreement with USAID) to pick up the pace. This resulted in Carana taking over the work that Source Trust had been carrying out and quickly moving to scale up the planting of fine flavored cocoa.

This change accelerated the planting of the cocoa. Having planted 21,405 Ha of cocoa by the end of Year 3, the project was back on track to meet the 28,000 Ha goal. About this same time, Armajaro was sold to ECOM. With ECOM/Armajaro's diminished role in the Alliance project, ECOM made the decision to drop out of the Alliance. As a result, the PCA moved from being a GDA to becoming a traditional USAID project with a project implementer answerable exclusively to USAID management. All parties who were involved in the PCA saw it as a USAID project.

While the PCA has undoubtedly played a major role in assisting small producers to grow cocoa, the structure that is currently in place is not conducive to sustainability. For example, there is no structure in place to allow the collection of fees for services provided, which may help to attract continued private sector interest to some aspects of the project after USAID funds end.

On a macro level, a major positive result of the PCA has been its positioning of Peru on the World map as a future source of geo-referenced, fine flavored cocoa. Buyers of all types are lining up to buy this commodity. For the most part, they are willing to pay a premium for this cocoa.

In summary, the PCA is a USAID project that has had a positive impact on small producers that it has assisted and put Peru on the World map with regard to geo-referenced fine flavored cocoa. USAID needs to carefully analyze what needs to be done to ensure that project benefits continue even as USAID funds wind down in October 2016.

Recommendations

1. Extend the PCA project for an additional three years. The emphasis of the project needs to be modified so that planting additional cocoa acreage is deemphasized and the following services emphasized: a) Extension services to small producers, especially to the ones who had just grafted their fine flavored cocoa as the current project ended, b) Post-harvest assistance, and c) Identifying multiple markets for the cocoa produced and helping to match producers with buyers.
2. Examine the possibility of working jointly with the private sector during this three-year extension. Of particular interest would be ways to offset some of the cost of extension services and the provision of post-harvest assistance. Overall, thought needs to go into what if anything needs to be in place after USAID funds for the project extension end and a plan put in place for the sustainability of this service.

3. Identify a neutral party entity that will have access to all the geo-referenced, fine flavored cocoa data. Chambers of Commerce, private export associations or other associations like these might be candidates for this data. The possibility of charging a fee for this service should be examined.
4. Establish a fee for service mechanism for the project. Currently there is no mechanism in place to be able to collect fees from small producers, associations, and other entities for services that the project has provided. While not everyone might need to pay for a service, there should be a mechanism in place to collect a fee from those that have the ability to pay. The fee for service mechanism does not have to necessarily rest with an NGO or institute but could be with a private company. The idea is to have some sort of mechanism in place to collect fees that will help attract additional private sector partners to the project.
5. Assess which of the market-based approaches and solutions applied by the PCA may be replicated or adapted to benefit the results of other USAID projects or Government of Peru projects. The application of cocoa cultivation technologies that optimize harvest yields and produce cocoa in high demand should be among these. Others may include the cost reduction strategies applied to sourcing grafting materials and the “pay-it-forward” model used to leverage experienced producer support to new producers. The costs and results of such approaches need to be evaluated against existing approaches and validated for the contexts in which they might be deployed.

RESUMEN EJECUTIVO

La Alianza Cacao Perú (PCA), empezó como un ambicioso proyecto de cuatro años en el marco de la Alianza para el Desarrollo Global (GDA). Su objetivo fue promover el desarrollo económico alternativo en áreas que anteriormente cultivaban coca, proporcionando a los hogares de Huánuco, Ucayali y San Martín fuentes lícitas de ingreso, lo suficientemente atractivas como para evitar que regresen al cultivo de coca, y al mismo tiempo mejoren sus estándares de vida.

A fin de alcanzar este objetivo, USAID, Carana, Armajaro, y Romex se unieron como socios claves para introducir a 16,000 pequeños productores y organizaciones de productores en cadenas de valor inclusivas y sostenibles, con particular énfasis en el cultivo de cacao. El plan consistía en cultivar 28,000 hectáreas de cacao, donde previamente se había cultivado coca. La Alianza ayudaría a USAID y al Gobierno de Perú en sus esfuerzos por ofrecer a los productores alternativas rentables al cultivo de coca. Adicionalmente Armajaro y Romex tendrían una creciente oferta de cacao disponible para ser comercializada al tercer año de iniciado el proyecto.

Desde su inicio, el proyecto cambió de manera importante. Estos cambios afectaron la naturaleza de la Alianza, lo que motivó la presente evaluación.

El propósito de la evaluación es conocer el rol y la medida en que el sector privado ha contribuido a la Alianza Cacao Perú, de acuerdo a las características esperadas en una actividad de la Alianza para el Desarrollo Global (GDA).

Hallazgos y Conclusiones

El sector privado realizó importantes contribuciones a la Alianza Cacao Perú. Pero estas contribuciones del sector privado escasamente corresponden a las características básicas de un modelo GDA. Al inicio del proyecto, PCA era un GDA clásico en términos de gestión e implementación. Ambos socios, USAID y el sector privado, establecieron metas comunes, y los socios del sector privado estaban profundamente involucrados en la implementación del proyecto. Uno de los gerentes de Armajaro se mudó de Ecuador a Perú principalmente para supervisar la nueva Alianza. Source Trust, el brazo sin fines de lucro de Armajaro fue encargado de liderar el esfuerzo de lograr que 16,000 pequeños productores instalen 28,000 hectáreas de cacao en las regiones de San Martín, Huánuco y Ucayali.

Armajaro y Romex también analizaron las proyecciones del mercado de cacao en los siguientes años, y determinaron que el cacao de fino aroma, geo-referenciado, tendría un valor adicional. Ellos concluyeron que el Perú podría jugar un rol importante en proveer a este mercado y tomaron la decisión de maximizar la instalación de cacao fino de aroma, en la medida de lo posible.

A fin de maximizar la instalación de cacao, Armajaro trajo a Casa Lucker, un chocolatero colombiano con experiencia en el cultivo de cacao fino de aroma. Identificaron las variedades apropiadas de cacao, trabajando conjuntamente con el Instituto de Cultivos Tropicales (ICT), una asociación privada profesional que realiza trabajos de extensión e investigación en cultivos en la Amazonía peruana. Así entonces, Source Trust empezó a trabajar con los

pequeños productores en la instalación de cacao bajo determinadas condiciones con el propósito de maximizar su productividad.

Sin embargo, durante el primer año de la Alianza sólo fueron instaladas 383 de las 28,000 hectáreas de cacao esperadas. La Dirección de USAID expresó su preocupación por el ritmo de implementación del proyecto y alentó a Carana - entidad que firmó el Acuerdo de Cooperación- a acelerar la implementación. Esto resultó en que Carana tomara el liderazgo que Source Trust había asumido, y rápidamente ampliara la escala de instalación de cacao.

Este cambio aceleró la implementación. En el tercer año, habiendo instalado 21,405 hectáreas, el proyecto está en camino de lograr la meta de 28 mil hectáreas. En ese momento de cambio, Armajaro fue vendida a ECOM. Con el menor rol que tenía ECOM/Armajaro en la Alianza, ECOM tomó la decisión de retirarse. Como resultado, PCA pasó de ser un GDA a ser un proyecto tradicional, con un implementador que responde exclusivamente a USAID. Todos los socios que estuvieron involucrados en la Alianza, la ven ahora como un proyecto de USAID.

En tanto que PCA ha jugado un rol indudablemente importante en apoyar a los pequeños productores a incursionar en el cacao, la estructura actual no es propicia para la sostenibilidad. Por ejemplo, no existe una estructura que permita el cobro por servicios prestados, lo cual contribuiría a atraer al sector privado, interesado en desarrollar algunas de las actividades del proyecto, después de terminado el financiamiento de USAID.

A nivel macro, un resultado positivo importante de PCA ha sido haber posicionado al Perú en el mapa mundial como una futura fuente de cacao fino de aroma geo-referenciado. Compradores de todo tipo se están alineando para adquirir este producto. En su mayor parte, están dispuestos a pagar una prima adicional por este tipo de cacao.

En resumen, PCA es un proyecto de USAID que ha tenido un efecto positivo en los pequeños productores que ha asistido, y ha puesto a Perú en el mapa mundial del cacao fino de aroma geo-referenciado. USAID necesita analizar detenidamente lo que debe hacer para asegurar que los beneficios del proyecto continúen cuando los fondos de USAID terminen en octubre del 2016.

Recomendaciones

1. Extender el proyecto PCA por tres años adicionales. El énfasis del proyecto debe ser modificado, disminuyendo el esfuerzo en la instalación de nuevas hectáreas de cacao y enfocándose en lo siguiente: a) servicios de extensión a los pequeños productores, especialmente a aquellos que van a injertar el cacao fino de aroma, previo a la culminación del actual proyecto, b) asistencia en la post cosecha, y c) identificación de múltiples mercados para el cacao producido, así como apoyo para conectar a los productores con los compradores.
2. Analizar la posibilidad de trabajar con el sector privado durante esta extensión de tres años. Será de particular interés encontrar las maneras de compensar parte del costo de los servicios de extensión y de asesoría en la post cosecha. En general, el énfasis tiene que estar puesto en lo que se necesitaría, si hay algo, después de que culminen los fondos de USAID para la extensión del proyecto, y en un plan para la sostenibilidad de estos servicios.

3. Identificar una entidad independiente que pueda centralizar toda la información georeferenciada sobre cacao fino de aroma. Posibles candidatos para manejar esta información son las cámaras de comercio, asociaciones de exportadores u otras asociaciones similares. Debe analizarse la posibilidad de cobrar una tarifa por este servicio.
4. Establecer un mecanismo de pago por servicios del proyecto. Actualmente no existe un mecanismo capaz de cobrar a los pequeños productores, asociaciones y otras entidades por los servicios que el proyecto proporciona. Aunque no todos tengan que pagar por el servicio, el mecanismo debe existir para aquellos que sí tienen la capacidad de pago. El mecanismo de pago por servicios no debe estar necesariamente en una ONG o Instituto, sino también puede estar en una empresa privada. La idea es contar con algún tipo de mecanismo de cobro de tarifas que ayude a atraer a potenciales socios del sector privado.
5. Evaluar cuál de los enfoques y soluciones basadas en el mercado, aplicadas por PCA, pueden ser replicadas o adaptadas en beneficio de otros proyectos de USAID o del Gobierno de Perú. Entre estas, pueden estar la aplicación de tecnologías de cultivo de cacao que optimizan la cosecha y la producción en respuesta a la demanda. Otras pueden referirse a las estrategias de disminución de costos aplicadas al abastecimiento de insumos para injertos, y el modelo de pago por adelantado usado para apalancar el apoyo a los nuevos productores por parte de productores experimentados. Los costos y resultados de estos nuevos enfoques necesitan ser evaluados frente a los enfoques usados, y validados en los contextos en que serán aplicados.

PURPOSE AND EVALUATION QUESTIONS

The purpose of the evaluation is to assess the role and extent of the contribution of the private sector to the Peru Cocoa Alliance, as per Global Development Alliance (GDA) core characteristics. This study, designed as a rapid assessment, constitutes the first of two phases of a mid-term evaluation. It is not intended to measure or analyze the specific project results, which is a task corresponding to the second phase of the evaluation.

The study answers the following questions:

1. To what extent has Carana leveraged private sector contributions (in-kind or in cash) for the Peru Cocoa Alliance?
2. What have been the contributions of Carana, ECOM/Armajaro, ROMEX, and other private sector actors to the Project? What has been the value added of these contributions?
3. Do the private sector contributions reflect the core characteristics of the GDA model as envisioned by USAID?
4. Are there results under the Peru Cocoa Alliance project that can be attributed to a specific member of the Alliance?

CONTEXT AND BACKGROUND

The Peru Cocoa Alliance (PCA) came about as a result of Carana and its partners (principally Armajaro and Romex) responding to the GDA Annual Program Statement (APS) in 2012. In their concept paper, Carana proposed a GDA that would plant 7,000 hectares (Ha) of cocoa using small farmers in areas of the country that had formally grown coca. This would help USAID and the Government of Peru (GOP) in their efforts to offer farmers a profitable alternative to coca production. In addition, Armajaro and Romex would have an increased supply of cocoa bean available for purchase starting three years from project initiation.

USAID reviewed the paper, liked the concept but counter proposed with a much larger scope with regard to the number of Ha of cocoa that would be planted and the addition of a financial component that included geographic areas outside those where cocoa would be grown. The latter resulted from another APS that was presented at about the same time proposing to work on the financial sector in rural areas. One assumption made was that there was a lack of liquidity available to finance projects in rural areas.

The counter proposal included planting 28,000 Ha of cocoa in the San Martín, Huánuco, and Ucayali areas over a four-year period. For USAID, the larger figure and area of coverage was necessary because the GOP was eradicating coca plants on an accelerated schedule. They needed farmers to have an alternative to coca growing as eradication took place. In addition, USAID/Peru had received an unanticipated increase in its alternative development funding levels to further assist the GOP in its program to help move farmers away from coca growing.

Carana and its partners reviewed the counter proposal and decided to move forward with a full application under the APS. Their \$36 million application was accepted by USAID and, because of the streamlined nature of the GDA award process, a Cooperative Agreement was signed with Carana in 2012.

The Peru Cocoa Alliance was formed and had ambitious goals. Essentially, there were ten components to the Alliance. These were:

1. Establish direct commercial relationships between cocoa associations/cooperatives and buyers.
2. Strengthen producer associations.
3. Facilitate growth of the areas under cultivations.
4. Facilitate cocoa growing in the agro-forestry system.
5. Enhance cocoa quality.
6. Prepare and certify the cocoa workforce.
7. Improve post-harvest handling.
8. Coordinate co-investments across the cocoa value chain.
9. Protect the environment and promote biodiversity.
10. Facilitate access to finance.

Figure 1 lays out these components, all which serve to support the small cocoa grower.

Figure 1: Components of the Alliance



Source: PCA

At this point in time, there was no question that this was a classic GDA. Both USAID and the private sector partners had established some common goals, one of the Armajaro managers had moved from Ecuador to Peru mainly to help oversee this new alliance, and private sector members were becoming deeply involved in project implementation.

Work was initiated immediately. One of the first sub-contracts that Carana made was to Source Trust, Armajaro's not-for-profit arm. Source Trust's goal was to help farmers improve their livelihoods through better crop yields and quality, achieved through sustainable farming practices. The sub-contract was for them to spearhead and support an estimated 16,000 small producers in their efforts to plant 28,000 Ha of cocoa.

Armajaro and Romex were also looking at future cocoa demand and determined that there would be strong demand for geo-referenced, fine flavored cocoa that would command a premium. Peru could play an important role in supplying this market. As a result, a decision was made to maximize the planting of fine flavored cocoa whenever possible.

Armajaro knew that Casa Luker, a Colombian chocolatier, had developed expertise in growing fine flavored cocoa. They had demonstrated that if different cocoa varieties were intermingled and grown in a set pattern on a plot of land (so that cross-pollination could take place), and the plants were pruned and fertilized correctly, yields would dramatically increase. They were contracted, therefore, to provide technical assistance in this area. Working with the *Instituto de Cultivos Tropicales* (ICT), a Peruvian private professional association that does extension work and research on crops in the Peruvian Amazon, they identified the appropriate fine flavored cocoa varieties and Source Trust then took the lead in working with the small farmers to get the cocoa planted.

However, progress was painfully slow. In the first year of implementation, only 383 of the 28,000 Ha of cocoa were planted. This resulted in a change in Chiefs of Party by both Carana and Armajaro. At about this time, ECOM purchased Armajaro, which introduced uncertainties regarding how ECOM would view the Alliance.

During program reviews, USAID management expressed concern about the slow rate of project implementation and encouraged Carana to pick up the pace. The GDA portion of the project became secondary to making sure that 28,000 Ha of cocoa were planted. One result was that Carana took over the work that Source Trust had been carrying out and quickly moved to scale up the planting of cocoa. With a diminished role in the project, ECOM made a decision to withdraw from the project. It should be noted that the ECOM Country Manager, who had previously worked with Armajaro, stated that this split would have taken place even if Armajaro had not been sold.

As the project was implemented, the financial component of the Alliance also changed. It was found that the initial assumption about there being a lack of liquidity for the financing of cocoa was flawed. There was in fact liquidity; the problem was a lack of good projects to finance. In addition, the financial component encompassed areas outside of the focus area of the project and financed a variety of commodities. The project found that cocoa production is financed by cooperatives and traders that provide inputs, such as fertilizer and sacks, to small producers. Producers repay these inputs with cocoa when it is harvested. As a result of these realities, this component was dropped and USAID funds reallocated to other portions of the project.

During Years 2 and 3 of the project, 9,849 and 11,173 Ha of cocoa were planted respectively showing an increasing rhythm in the planting of cocoa once Carana had assumed this portion of the project. It is expected that the remaining 6,595 Ha will be planted in Year 4 and the goal of planting 28,000 ha of cocoa will be met. Of this total amount, approximately 22,000 Ha will be geo-referenced fine flavored cocoa.

Since the project began, it has changed in some major ways. These changes have impacted the nature of the Alliance and will be further analyzed in this evaluation.

STUDY METHODOLOGY AND LIMITATIONS

This study is a rapid appraisal (RA) that has used qualitative techniques.

The methodology used helped answer the questions made in the scope of work of the evaluation. The methodology consisted of a desktop review of pertinent Project documentation, a series of in-depth interviews with key personnel in Washington and Peru, and field trips taken to observe project activities in the San Martín, Huánuco, and Ucayali regions so as to better understand the project.

The analysis included a combination of data collection methods, including desktop reviews and semi-structured interviews, to obtain multiple answers to the same question. This allowed for a more complete understanding of the issue and more confidence in the findings.

The methodology that was used to examine and estimate leverage in the PCA involved a detailed examination of the data provided by Carana and in-depth meetings with Carana personnel to understand the system that they used to collect and report on this result. Per GDA guidance¹, leverage should only come from private sector sources. Note that according to the 2012 GDA APS, leverage is not intended to be binding or auditable. Rather, leverage emphasizes strategic value or contributions coming from resource partner(s) as opposed to auditable inputs. The above was factored in as the data were examined. The evaluation recognizes that the Cooperative Agreement and subsequent modifications included tables that show Government of Peru leverage, and excluded this leverage when it came to examining the PCA to determine whether it was a GDA.

To the appropriate extent, evaluation questions were answered considering four main criteria: relevance, efficiency, effectiveness, and value added. The six core characteristics of the GDA model complement these four criteria. The issues that were taken into account when answering the evaluation questions included but were not limited to:

Relevance of the project. Relevance was defined as the extent to which the project was suited to the priorities and policies of the target group, recipient, and donor. In the findings, a determination was made as to whether the PCA was an actual GDA and what objectives of the project were achieved in the expected timeframe and with the available resources.

Efficiency - How the Alliance mobilized private sector resources to beneficiaries and whether it was efficient in containing costs as it assisted small producers to plant 28,000 Ha of cocoa.

Effectiveness - The effectiveness of the Alliance, the resources leveraged, how they were used by the project, and whether leverage targets were met.

Value-Added - What was the GDA's value-added to the Project and would the project have been able to achieve the results that it did without it? Were there unique resources, processes, or know-how that each Alliance member brought to the table?

¹ Page 16 of the 2012 GDA Annual Program Statement

The limitations on the use of interviews as a method of collecting information were that:

- They might be very time consuming,
- The presence of the interviewer may influence the answers given,
- Samples might be too small to be representative, and
- Data can be difficult to analyze and interpret.

To overcome these limitations:

- Interviews were planned to take no more than one hour with questionnaires developed beforehand to obtain the full-range of pertinent details. Questions were asked in several different ways to obtain as unbiased an answer as possible.
- Before the interviews started, interviewees were told about the objective of the evaluation and that an independent, third party was conducting the evaluation. No personnel from the Alliance were present as observers at the interviews.
- People involved in the different components of the PCA as well as from outside of the Alliance were interviewed.
- Questionnaires - Questionnaires were developed with a structure and content intended to facilitate the analysis and interpretation of data.

More detail can be found in the Appendices. Appendix II presents a list of interviewees. Appendix III provides the interview guides/questions that were used. Appendix IV lists the places visited on the field trip. Appendix VI lists the documents reviewed.

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

FINDINGS

1. The PCA evolved from a GDA to a traditional USAID project

The Peru Cocoa Alliance (PCA) started out as a great example of a GDA. There was agreement from all parties on objectives and agreement on who would do what in order to implement the project successfully.

While complex in nature, with the PCA working in ten areas to carry out critical transformations, all members were confident that they had the necessary expertise to succeed.

Among other benefits, the private sector resource partners brought knowledge of the cocoa markets to the Alliance. They anticipated that there would be strong demand for geo-referenced, fine flavored cocoa. As a result, Alliance partners made a decision early on to maximize the production of this type of cocoa. Buyers currently pay a premium for this commodity, which is a boom to the small producers who have planted this type of cocoa.

In addition, Armajaro, through its ties with Casa Luker, had detailed knowledge on how fine flavored cocoa had to be grown and looked after in order to maximize its productivity. This knowledge was shared with PCA members. Source Trust, Armajaro's NGO, took on the responsibility of spearheading efforts to get small producers to grow 28,000 Ha of cocoa. All this reinforced the GDA characteristics of the project with private sector partners providing unique knowledge and expertise of the cocoa sector. This expertise would have been difficult to access if the PCA had started out as a traditional USAID project.

However, after the first year, only 383 Ha or 1.4% of the planned 28,000 Ha had been planted. USAID expressed concern at the slow rate of implementation and Carana began to take a more active role in project implementation. By mutual agreement from all partners, Carana took over the role that Source Trust had of getting small producers to plant cocoa.

For USAID, one of the most important objectives that the PCA would accomplish by project end would be the growing of 28,000 Ha of cocoa by small producers. All other objectives became secondary including the concept of the GDA itself. Armajaro (which by then had been bought by ECOM) no longer saw itself as playing as active a roll in the Alliance as originally envisioned and chose to withdraw from the Alliance.

The PCA, which began as a GDA, now became more of a traditional USAID project with a project implementer (Carana) in place to execute the program. Currently, all parties consider the PCA a USAID project. USAID has strong project oversight of the PCA and as of November 2015, has gotten small producers to plant 22,790 Ha of cocoa, which is 81% of the target. It is expected that the goal of 28,000 Ha of planted cocoa will be met by project end.

2. Facilitating access to finance was dropped as a PCA component.

Another change within the PCA has been the elimination of the component that was to facilitate access to finance. While the activity design assumed that there was a lack of liquidity to finance cocoa growers, the opposite was true. While there is ample liquidity in the project areas, there is a lack of good projects to finance. In addition, stakeholders found that those who bought cocoa from small producers (cooperatives and traders), tended to finance them by providing them with fertilizer and bags. They were, in turn, repaid in cocoa when it was harvested. As a result, this component has been deemphasized and funds for this component have been reallocated to other line items.

3. Peru is on the World map with regard to fine flavored cocoa.

By project's end, the PCA will have assisted small producers in the planting of at least 22,000 hectares of geo-referenced, fine flavored cocoa. Because of the anticipated volume of fine flavored cocoa bean that will become available in 2016, cocoa buyers worldwide are sitting up and taking notice. Some chocolatiers, such as ICAM from Italy, have plans to analyze this fine flavored cocoa from a specific region of Peru. They then work to develop a specific chocolate product for this cocoa and will be able to pay a premium for the bean. Everyone credits the PCA with putting Peru on the World map with regard to the production of geo-referenced, fine flavored cocoa.

4. Question 1: Carana leveraged private sector contributions (in-kind or in cash) but how it has done so has changed over time.

As of June 2015, Carana records show that they have leveraged \$36,623,215 in private sector funds (both in-kind and in cash). This is 85% of their goal of leveraging \$43,280,704 per modification #7 of the Cooperative Agreement with Carana and it is anticipated that they will meet their total leverage target by project end (See Figure 2).

Figure 2: Peru Cocoa Alliance: Leveraged Resources with the Private Sector

Partner	Cooperative Agreement US\$ (1)	Cooperative Agreement Modification 7 US\$ (2)	June 2015 US\$ (3)	% June 05/ Cooperative Agreement 7 (3)/(2)
1. Source Trust/Armajaro Trading Limited (ECOM)/ Other Private Industry Partners 1/	16,502,594	11,007,680	6,403,496	58%
2. Romex Trading	6,500,000	6,513,631	2,626,964	40%
3. International Financial Institutions	4,000,000	3,504,640	34,640	1%
4. Local Financial institutions	2,000,000	4,231,777	4,231,777	100%
5. Other agribusinesses 2/	7,000,000	1,994,819	356,597	18%
6. Producer organizations	2,000,000	16,028,157	22,969,741	143%
Total Leverage 3/	38,002,594	43,280,704	36,623,215	85%

Sources: Cooperative Agreement-Modification No.7, Leverage Report 2015 Q3

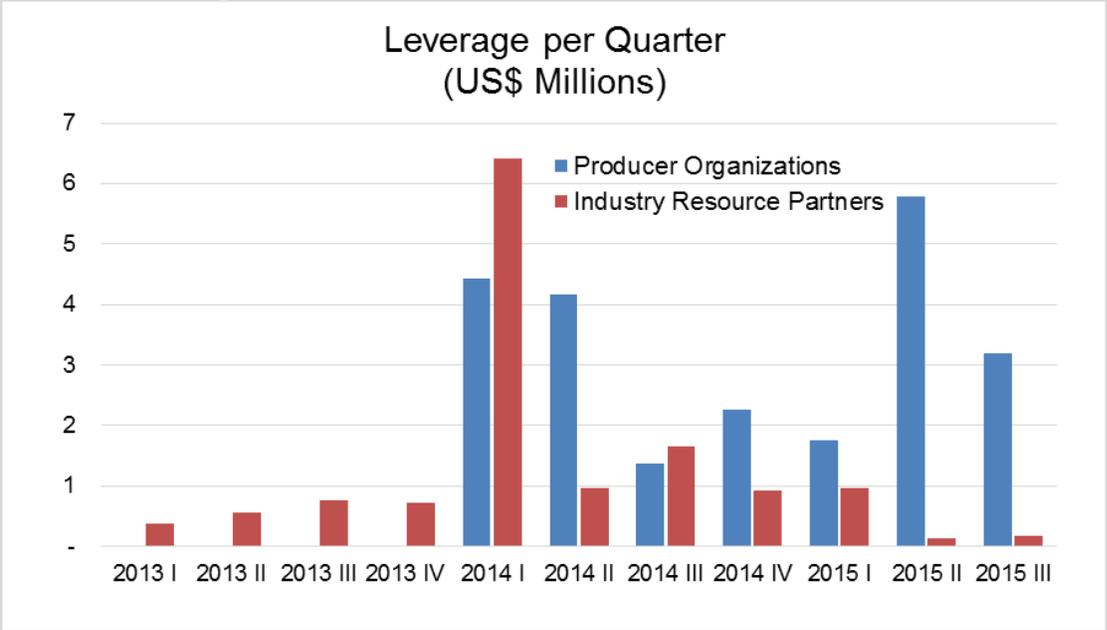
1/ Cooperative Agreement Includes Casa Lucker

2/ Agribusinesses (Café Perú, Inka Crops, Redesign) \$ 273,497, Other Institutions \$ 83,100

3/ Unspecified leverage resources of \$21,830 are not included

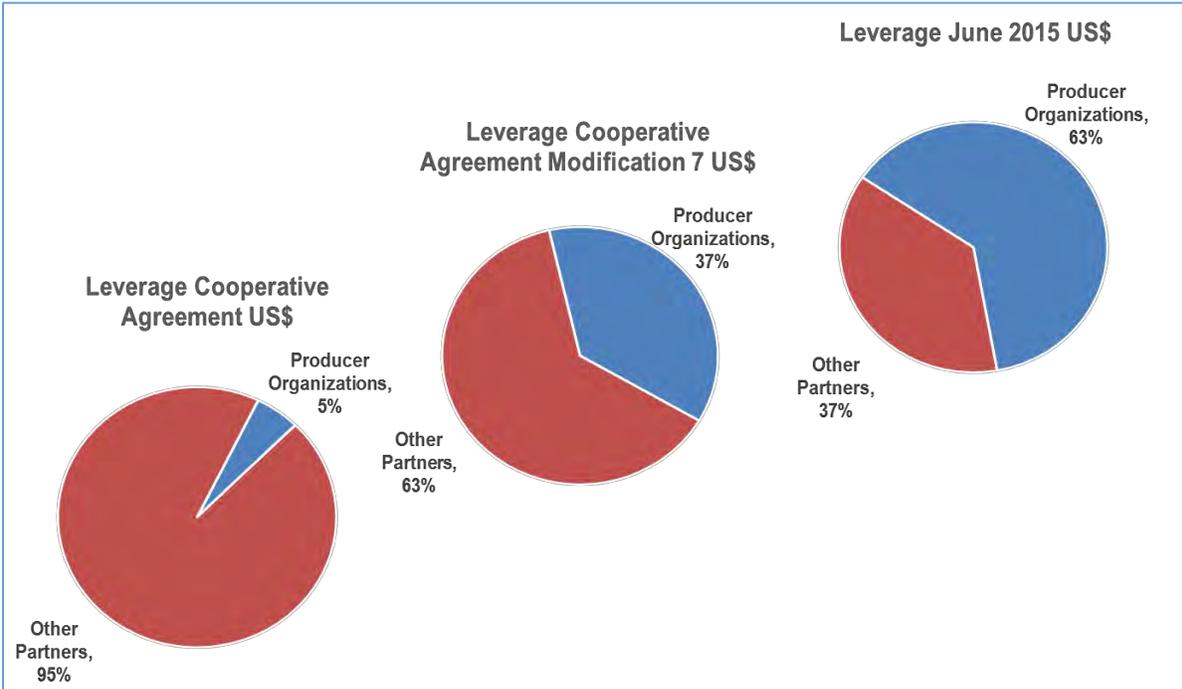
However, a close analysis of the leverage figures clearly demonstrates that leverage from private industry resource partners (ECOM, Romex, and others including international private sector contributions) has decreased over time as a percent of total leverage. As Figure 3 presents, the leveraged resources by industry resource partners peak during the 1st quarter of 2014 and then drop off dramatically. The peak coincides with large contributions from financial institutions during that quarter. After this peak, financial institutions contributions are negligible. Leveraged resources from ECOM/Armajaro end after the 1st quarter of 2015, which is when it informally withdrew from the Alliance. The 2nd quarter of 2015 saw a dramatic increase in leverage from producer organizations that continued into the 3rd quarter. During this same time period, leveraged resources from industry resource partners was minimal demonstrating that the PCA had transitioned from a GDA to a traditional USAID project.

Figure 3: Peru Cocoa Alliance: Leveraged Resources per Quarter, Industry Resource Partners and Producer Organizations



Source: Leverage Reports PCA

Figure 4: Peru Cocoa Alliance Leveraged Resources: Producer Organizations and Other Partners

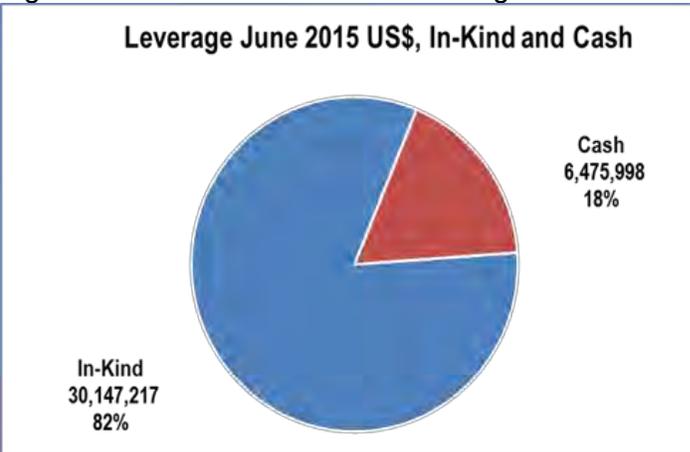


Source: Leverage Reports PCA

As Figure 4 illustrates, producer organizations have become increasingly important contributors to leverage. At the beginning of the project, it was anticipated that they would only contribute 5% of leveraged resources to the project. However, by June 2015, they had contributed 63% and this figure is expected to increase. This further reinforces the fact that the PCA is a traditional USAID project.

Figure 5 illustrates the difference between cash (\$6.5 million) and in-kind contributions (\$30.1 million) of the different private sector members of the Alliance. It highlights the fact that USAID’s \$36 million contribution to this project has been instrumental in moving the project to where it is today.

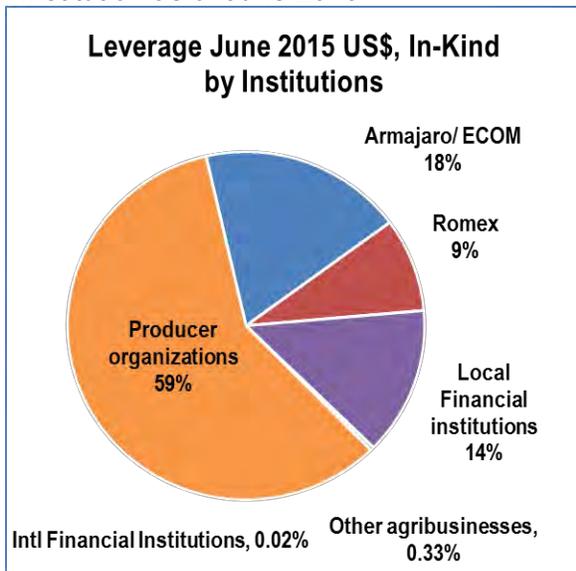
Figure 5: Peru Cocoa Alliance: Leveraged Resources, In-Kind and Cash



Source: PCA Leverage Reports

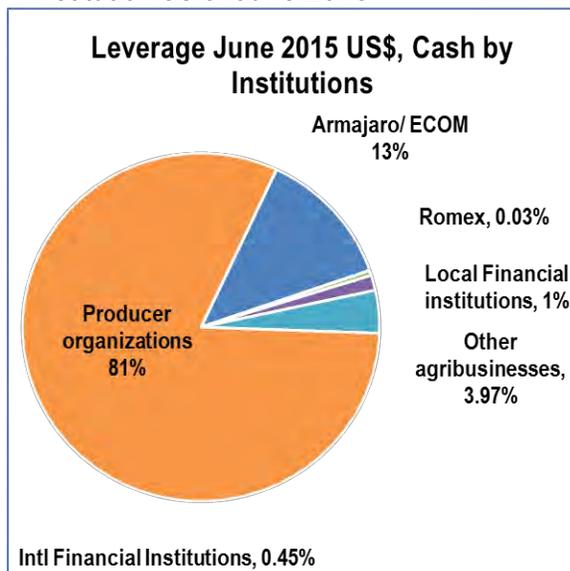
Finally, Figures 6 and 7 show the outsized leverage that Producer Organizations have provided to the project both in terms of cash and in-kind contributions. This again reinforces the traditional USAID project nature of the Alliance.

Figure 6: Percent of In-Kind Leverage by Institution as of June 2015



Source: Leverage Reports PCA

Figure 7: Percent of Cash Leverage by Institution as of June 2015



Source: Leverage Reports PCA

5. Questions 2 and 4: Carana, ECOM/Armajaro, Romex and other private sector participants have provided important contributions and there has been value added to the project.

Private sector members of the Alliance have made important contributions to the PCA. Specifically:

- Carana has provided the project management skills that have allowed the PCA to be close to meeting its principal goal of working with small producers to plant 28,000 Ha of cocoa by project end. During the process, they have worked hard to provide the same level of service to small producer but at decreasing cost. This has helped them stay within budget while maintaining an extension service that covers a broad geographic area.

In addition, Carana has encouraged the small producers that they work with to expand their cocoa production. Traditionally, the small producers grow about 1.5 Ha of cocoa, which keeps them near the poverty line. By expanding to three and then five Ha as well as showing them how to make their cocoa plants be more productive, small producers are better positioned to escape poverty.

- ECOM/Armajaro and Romex brought their knowledge of the cocoa market to the PCA. Specifically, they advocated for the planting of geo-referenced, fine flavored cocoa as they anticipated an increased demand for this commodity, which could be differentiated and sold at a premium when compared to conventional cocoa.

- ECOM/Armajaro, through its ties with Casa Luker, brought the knowledge of how different varieties of fine flavored cocoa could be intermingled on plots of land to dramatically increase cocoa yields.
- ECOM and Romex provide commodity financing of inputs to cooperatives and associations so that they can in turn provide fertilizer, bags, and sacks to their members. ECOM and Romex are repaid in cocoa when it is harvested.
- Redesign and Patt Fresh have identified profitable markets for baby bananas in Europe and locally, respectively. These plants can be used to shade the cocoa plant during its first three years of growth and are also a good source of income for the small producer during the wait for cocoa trees to enter productivity.
- Inka Crops has identified a similar market in plantains whose plant is also used to shade the cocoa tree in its first three years.

6. Question 3: Private sector contributions partially reflect the core characteristics of the GDA model as envisioned by USAID.

A GDA project has the following core characteristics:

- Development impact,
- Complementary interests and objectives,
- Use of market-based approaches and solutions,
- Extensive collaboration including co-creation and shared responsibility,
- Significant private sector contributions for increased impact, and
- Increased scale, efficiency, and effectiveness.

An analysis of the PCA suggests mixed results. The rapid implementation methodology employed by this phase of the evaluation did not permit a rigorous analysis of the results. Further evidence is required to expand on these findings, especially with regard characteristics of development impact, use of market-based approaches and solutions and increased scale, efficiency, and effectiveness.

Development Impact. There is likely a positive development impact in the areas where cocoa has been planted. The combination of cocoa trees that are beginning to bear fruit as well as the plantain and baby bananas that have been harvested have provided a source of income to the small producer. As the cocoa trees reach full maturity, this income will increase.

Complementary interests and objectives. Results have been mixed. When the PCA began, there were complementary interests among all parties. ECOM/Armajaro assumed a major portion of project implementation. However, project implementation was slow to start, and USAID's major goal under this alliance was to assist small producers in the planting of 28,000 hectares of cocoa. Other objectives including maintaining the Alliance itself became secondary. With Carana taking over the role that ECOM/Armajaro had to encourage small producers to plant cocoa, the latter's role in the Alliance was greatly diminished - so much so that it eventually withdrew from the PCA.

Use of market-based approaches and solutions. The PCA has used market-based approaches and solutions extensively, both in efforts to assist small producers in growing their crops as well as finding markets for the cocoa, baby bananas, and plantains that are harvested. Information provided by Carana shows that they have worked to maintain the same level of extension services to the small producers and reduced costs as compared to when extension services were first initiated. They have done this by, over time, significantly reducing the cost of getting grafts of cocoa plants to the small producer. In addition, they put a pay-it-forward scheme in place that has small producers that have received assistance providing grafts of cocoa plants and shoots of plantains from their farms to other producers who are just starting their planting. The market-based approaches and solutions applied under the PCA may offer efficiencies that could benefit the implementation of other alternative development and economic growth projects supported by USAID and/or the government of Peru. However, these approaches need to be evaluated relative to related approaches that other projects employ.

In the post-harvest area, small producers are shown where they can obtain the latest market prices for their crops and thus have this information when they go to sell their crops.

Extensive collaboration including co-creation and shared responsibility. Initially there was extensive collaboration and shared responsibility among all parties. As the PCA was implemented, this changed. Interests among major players diverged and ECOM, who was a major part of the Alliance, dropped out for reasons that have been mentioned above.

Significant private sector contributions for increased impact. Private industry resource partners made significant contributions to the PCA during start-up as shown in Figure 3. However, these amounts decreased as the project was implemented with ECOM withdrawing from the Alliance. Producer organizations now make up the largest portion of leverage within the PCA and what they contribute to the planting of cocoa does help Carana in its efforts to contain costs. However, the current model is not attracting additional significant resources from private industry resource partners. With the latter playing relatively minor roles in the Alliance, the sustainability of the Alliance is not assured.

Increased scale, efficiency, and effectiveness. While there were indications of increased scale, efficiency, and effectiveness, the limited time that the consultants had to examine this matter did not allow them to arrive at a decision in this area. The second phase of this evaluation will examine this in more depth.

CONCLUSIONS

The PCA is an ambitious program designed to help small producers grow cocoa in areas of Peru that were formerly coca producing. It has involved contributions and coordination with the private sector; the Government of Peru at both the central, regional, and municipal level; and USAID.

Initially, the PCA was a classic GDA with all parties agreeing on common goals and objectives. The private sector partners made decisions on the need to grow geo-referenced, fine flavored cocoa based on anticipated market demand and the premium price that it would command. They located and brought in the technical assistance required to plant this cocoa to maximize yields and Armajaro used its non-profit arm to try to teach small producers how to plant and grow cocoa in this manner.

However, as the project was implemented, there were major delays and concerns on USAID's part that the project would be unable to accomplish what it considered to be the major goal of working with small producers to plant 28,000 Ha of cocoa by project end. As a result, Carana moved to take over the implementation of major portions of the project including getting small producers to plant cocoa. This change accelerated the planting of the cocoa and got the project back on track to meet the 28,000 Ha goal. However, it also caused ECOM/Armajaro to rethink its role in the PCA and eventually withdraw from the Alliance. As a result, the PCA moved from being a GDA to becoming a traditional USAID project with a project implementer who answered exclusively to USAID management. All parties who were involved in the PCA saw it as a USAID project.

While the PCA has undoubtedly played a major role in assisting small producers to grow cocoa, the structure that is currently in place is not conducive to sustainability. For example, there is no structure in place to be able to collect fees for services provided, which is necessary to attract continued private sector interest in some aspects of the project after USAID funds end. The original proposal for creating this Alliance contemplated a fee for service structure, but it was never operationalized.

On a macro level, a major positive result of the PCA has been that it has positioned Peru on the World map as a future source of geo-referenced, fine flavored cocoa. With 22,000 Ha either planted or being planted thanks to PCA assistance and many of those hectares going into production in 2016, buyers of all types are lining up to get in on the action. For the most part, they are willing to pay a premium price for this cocoa.

In sum, the PCA is a USAID project that appears to have a positive impact on small producers that it has assisted and put Peru on the World map with regard to geo-referenced fine flavored cocoa. USAID needs to carefully analyze what needs to be done to continue the progress of the project as it winds down in October 2016.

RECOMMENDATIONS

While the rapid assessment was, by definition, short in duration, there are some recommendations that the evaluators would like to propose based on the findings:

1. Extend the PCA project for an additional three years. In doing so, the activities carried out under the project should be modified. The planting of cocoa should be de-emphasized but not completely eliminated. This is because when the current project ends, there will be 22,000 Ha of geo-referenced, fine flavored cocoa in the ground with another 6,000 Ha of “*criollo*” cocoa plants having been planted but without the fine flavored cocoa being grafted onto it. The grafting of the fine flavored cocoa to these plants should be completed within year 1 of the extension and the planting component of the project would then end.

Emphasis should then be placed on providing extension services to the small producers, especially the ones who had just grafted their fine flavored cocoa as the project ended. Cocoa plants need about three years to grow before producing cocoa pods thus justifying the need for a three-year extension. There should also be a component in the area of post-harvest assistance (improving fermentation and drying methods) as well as assistance in finding multiple markets for the cocoa produced. The objective is that small producers should have several options for the sale of their cocoa bean to encourage competition and maximize the price for the bean that they sell.

2. Examine the possibility of working jointly with the private sector during this three-year extension. Of particular interest would be ways to offset some of the cost of extension services and the provision of post-harvest assistance. Overall, thought needs to go into what if anything needs to be in place after USAID funds for the project extension end and a plan put in place for the sustainability of this service.
3. Identify an entity that will have primary access to the geo-referenced, fine flavored cocoa data and assist in developing a charter as to how this information will be used. USAID currently owns the data but it should reside with an entity that will put this data to good use over the long term and be considered by all to be a neutral third party. Many chocolatiers are interested in fine flavored cocoa from certain regions of Peru and this data would be invaluable to them. Chambers of Commerce, private export associations or other associations like these might be candidates for this data. The possibility of charging a fee for this service should be examined.
4. Establish a fee for service mechanism for the project. This mechanism does not have to necessarily rest with an NGO or institute but could be with a private company. The idea is to have some sort of mechanism in place to collect fees that will help attract private sector partners.
5. Assess which of the market-based approaches and solutions applied by the PCA may be replicated or adapted to benefit the results of other USAID projects or Government of Peru projects. The application of cocoa cultivation technologies that optimize harvest yields and produce cocoa in high demand should be among these. Others may include the cost reduction strategies applied to sourcing grafting materials and the “pay-it-forward” model used to leverage experienced producer support to new producers. The costs and results of such approaches need to be evaluated against existing approaches and validated for the contexts in which they might be deployed.

APPENDIXES

APPENDIX I: SOW OF THE EVALUATION

I. PURPOSE OF THE EVALUATION

I.1 PURPOSE

This is a two-phase performance evaluation of USAID’s \$36 million Peru Cocoa Alliance (PCA) project. Its purpose is to:

1. Assess the role and extent of the contribution of the private sector to the Peru Cocoa Alliance, as per the Global Development Alliance (GDA) core characteristics.
2. Assess the Peru Cocoa Alliance results to date and their contribution to the achievement of USAID/Peru’s Development Objective Objective 1: *Alternatives to illicit coca cultivation increased in targeted regions.*
3. Identify lessons learned and provide recommendations in preparation of the CDCS (2017-2021).

This first phase is focused on the first purpose.

I.2 EVALUATION QUESTIONS

Following the set of questions for this first phase.

1. To what extent has Carana leveraged national and international private sector contribution (in-kind or cash) for the Peru Cocoa Alliance?
2. What have been the contributions of Carana, ECOM/Armajaro, ROMEX and other private sector actors to the Project? What has been the added value of these contributions?
3. Do the private sector contributions reflect the core characteristics of the GDA model as envisioned by USAID?
4. Are there results under the Peru Cocoa Alliance project that can be identified to a specific intervention of a private sector actor of the Alliance?

I.3 MAIN AUDIENCES

The main audiences of this assessment are DEVIDA and USAID. USAID will use the results to design and prioritize its interventions under the new Country Strategy for years 2017-2021.

II. SUMMARY INFORMATION

USAID’s \$36 million Peru Cocoa Alliance (PCA) is a four-year project that started in October 2012 under Cooperative Agreement 527-A-12-00007. Its objective is to promote alternative economic development in former coca-growing areas providing households in the regions of Huanuco, Ucayali and San Martin with sufficiently attractive licit sources of income to prevent a return to coca growing while increasing standards of living. It contributes directly to Development Objective 1 – Alternatives to illicit coca cultivation increased in targeted regions.

The PCA project is highly innovative and framed under a Global Development Alliance (GDA) that entails the participation of USAID (public), CARANA as the prime implementing partner, ECOM (largest cocoa trader worldwide) and ROMEX (largest cocoa trader in Peru) as main private parties. Two additional important components include leverage of private sector resources (\$49 million) and a sustainability model.

In sum, the program will promote an integrated agro-forestry model that features cocoa but also includes short cycle crops and longer term trees for sustainable forestry. This approach

maximizes benefits to farmers over the short, medium and long term, while also contributing significantly to the preservation and regeneration of the rainforest environment.

III. BACKGROUND

III.1 Description of GDA model

This evaluation focuses on the implementation and operationalization of the GDA by the PCA project, especially in its leveraging of private sector contributions. As such, CARANA Corporation, main implementing partner of the PCA, qualified for a GDA Annual Program Statement (APS) requiring active participation from the private sector. The GDA APS is USAID's invitation to the private sector to identify ways in which they can work together to address key challenges in developing countries by addressing mutual interests and objectives. As such, the GDA model includes the following core characteristics: 1) Focus on development impact; 2) Complementary interests and objectives; 3) Use of Market Based Approaches and Solutions; 4) Extensive Private Sector Collaboration- co-creation and shared responsibility; 5) Significant Private Sector Contributions for Increased Impact, and 6) Increased scale, efficiency, and effectiveness.

These core characteristics create impactful investment partnerships between USAID and the private sector based on common interests and objectives. These partnerships use market based approaches and solutions to achieve a greater level of desired results than otherwise would be achieved without the alliance. Emphasis is placed on achieving transformational development impact by mobilizing and leveraging private sector assets, expertise, contributions and resources on at least a 1:1 basis.

“By partnering with USAID, the private sector is able to leverage USAID's expertise, assets and working relationships in a manner that advances business success and fosters the broader economic growth and poverty reduction that is vital to sustaining such success. By partnering with the private sector, USAID is able to leverage private sector markets, expertise, interests and assets in a manner that solves critical development problems and promotes effective market-led development. The GDA APS is designed to catalyze, facilitate and support such collaboration.”²

By participating in a GDA, private businesses should be able to improve relationships with key stakeholders; mitigate the risk of market entry; increase access to new markets; sustainably address supply chain needs and gaps; develop new products and services; increase efficiencies; improve distribution systems; reduce the cost of products and services; increase access to sufficiently qualified and skilled talent; increase sales; increase customers or customer base; increase market share; increase brand awareness; increase productivity; reduce costs; and improve cash flow. This service delivery platform was expected to develop a cost-effective mechanism for enabling access to financing for small-scale producers while maximizing the social impact from international and domestic sources of private finance.

² USAID FY2014 & FY2015 Global Development Alliance (GDA) Annual Program Statement (APS). APS No: APS-OAA-14-000001, February 20, 2014. Pg. 3-4.

III.2 Project to be Evaluated

The Project’s strategic objective is to “support Peru in the successful expansion and consolidation of targeted alternative development areas”. Its overall objective is to help “producers improve their economy from farm income”.

On February 29, 2012, CARANA Corporation submitted a concept paper to implement the GDA Peru Cacao Alliance. On May 9, 2012, the concept paper was approved and the request of a full application for a four-year cooperative agreement in the amount of \$36.4M was recommended. On October 9, 2012, USAID awarded to CARANA Corporation the sum of \$36,050,770 to provide support for a program entitled “Peru Cacao Alliance” GDA by means of a Cooperative Agreement 527-A-12-0007.

III.2.A Project Leveraged Resources.

The Cooperative Agreement was made to CARANA on the conditions that the funds will be administered in accordance with the terms and conditions of the award. Condition A.9 established that CARANA will leverage \$48,971,790 estimated to be allocated as follows:

Table 1

AID-527-A-12-00007 Peru Cacao Alliance LEVERAGED RESOURCES			
Partner	Leverage 4-yr program		
	In-Kind	Cash	Total
1. Source Trust/Armajaro Trading Ltd. (ECOM)	\$11,737,936	\$4,655,851	\$16,393,787
2. Casa Lucker	\$108,807	\$0	\$108,807
3. Private Industry Partners	\$0	\$879,196	\$879,196
4. Inputs Providers	\$90,000	\$0	\$90,000
5. Romex Trading	\$500,000	\$6,000,000	\$6,500,000
6. Financial Institutions			
a. International Investors	\$3,000,000	\$1,000,000	\$4,000,000
b. Contributions f/Local Financial Institutions	\$1,000,000	\$1,000,000	\$2,000,000
4. Other Agribusinesses	\$4,000,000	\$3,000,000	\$7,000,000
5. Producer organizations	\$2,000,000	\$0	\$2,000,000
6. Peruvian Government	\$0	\$10,000,000	\$10,000,000
TOTAL LEVERAGE	\$22,436,743	\$26,535,047	\$48,971,790
Source: Notice of Award dated October 9, 2012			

The latest modification of this Cooperative Agreement (Modification no. 7) revised the Leverage Resources information and established that CARANA will provide leverage in the amount of \$49,717,147 estimated to be allocated as follows:

Table 2

AID-527-A-12-00007 Peru Cacao Alliance LEVERAGED RESOURCES
--

Partner	Leverage 4-yr program		
	In-Kind	Cash	Total
1. Source Trust/Armajaro Trading Limited (ECOM)/Other Private Industry Partners	\$7,681,499	\$3,326,181	\$11,007,680
2. Romex Trading	\$4,711,797	\$1,801,834	\$6,513,631
3. International Financial Institutions	\$75,400	\$3,429,240	\$3,504,640
4. Local Financial institutions	\$4,140,844	\$90,933	\$4,231,777
5. Other agribusinesses	\$1,448,923	\$545,896	\$1,994,819
6. Producer organizations	\$12,990,249	\$3,037,908	\$16,028,157
7. Peruvian Government	\$1,354,133	\$5,082,310	\$6,436,443
TOTAL LEVERAGE	\$32,402,845	\$17,314,302	\$49,717,147
Source: Cooperative Agreement-Modification No.7			

III.2.B Brief Project Description

Project’s strategic and overall objectives are expected to be achieved by integrating smallholder farmers and producer organizations into inclusive and sustainable value chains, with a particular emphasis on cocoa, through a public-private partnership that leverages USAID financial support with market access, know-how and private capital. Ensuring commercial sustainability of value chains is essential to generating a professionalized approach to agribusiness in alternative development (AD) areas. Targeted regions are Huanuco, Ucayali, and San Martin, where USAID has focused its AD efforts, promoting a shift from coca cultivation to licit crops.

IR.1 Integrate Small Producers into Market-led Value Chains

This component will implement partnerships led by strategic buyers and anchor firms³ committed to developing the capacity of small-scale producers (and related producer organizations) as an integral part of their long-term supply chains. This will give small-scale producers reliable access to markets and technology, while facilitating access to finance throughout the value chain. The buyers and anchor firms benefit from reliable supply that meets their specific standards. In structuring and managing this project, CARANA ensures USAID funds are increasingly leveraged by partners committed to developing the capacity of farmers and farmer groups, increasing the range and productivity of the area under cultivation, and addressing specific gaps in the value chains to boost productivity and income.

Cocoa

The PCA has identified five key factors to success: 1) Traceability of cocoa in supply chain; 2) Conformance with EU, USAID, GoP and Rainforest Alliance environmental standards; 3)

³ Anchor firms are large-scale processing and marketing companies or producer organizations that buy from small-scale suppliers. These can also include commercial farms that work with smaller out-growers, business-oriented cooperatives and producer associations.

Expand cultivation of fine flavor cocoas; 4) Increased farm yields and productivity linked more directly and efficiently to buyers; and 5) Facilitated market access for farmers. The following paragraphs will briefly detail how each success factor would be achieved.

The Project will establish Peru as the market leader in traceable cocoa. Chocolate manufacturers are increasingly demanding the traceability of cocoa due to regulatory and consumer pressure for transparency in the supply chain. Led by ECOM and ROMEX, this Project will be a “game changer” for the world cocoa industry by introducing traceability, high productivity and fine flavor varieties on a large scale from the outset. For the first time it allows for the ability to track cocoa from individual farms (and their input, environmental and child labor practices), through the fermentation and drying stations, logistics chain and grinding companies to the chocolate manufacturers and final consumers.

Directly related to the demand for traceability of cocoa, is the implementation of environmental standards from the Rainforest Alliance, EU, USAID, and the GoP. Outside certifiers will be used to certify the integrity of this cocoa traceability system, ensuring compliance with environmental standards. Organic cocoa will be promoted in step with market demand. Key to the Project’s success, is its ability to increase farm-level yields on average by 50% and productivity through improved farming practices. Focus of increased yields is also applied to the cultivation of fine flavor cocoas that are high yielding. When combined with more direct and efficient linkages to buyers, this strategy translates into a huge jump in value. Under the PCA model, this increase in value is shared with the farmers since stakeholders understand that this is the only way that farmers will make the necessary investments in improved technology and practices, as well as establish a long-term relationship with them as buyers. By contrast, current certification practices (Fair Trade, Organic) may generate price premiums of about 10%, only part of which reaches the farmer. This Project will be centered on increasing farmer/household income to ensure emergence from poverty as well as prevent any backsliding into coca. Linked to increasing yields, is the need to facilitate market access. ECOM and ROMEX, largest cacao traders worldwide and in Peru, respectively, alongside Olam and ADM expressed interest. This will ensure quick market access for cocoa produced through coca eradication/AD programs financed by USAID and GoP.

Other crops

Although the main focus of the Alliance is to support the expansion and marketing of cocoa, it will also bring in other commercial partners to buy and support short-cycle crops that provide additional sources of income for farmers, especially during the first four years before cocoa trees reach full production. The key is to ensure that there is a committed buyer prepared to purchase the output, as well as to provide technical specifications and support. The Project will also promote the planting of trees, especially tropical hardwood species. Evidence exists that farmers will recognize that these trees, if sustainably managed, can represent a kind of “pension fund” for the longer term.

As a whole, the Project promotes an integrated agro-forestry model that features cocoa but also includes short cycle crops and longer term trees for sustainability forestry. This approach maximizes the benefits to farmers over the short, medium, and long term, while significantly contributing to the preservation and regeneration of the rainforest environment. Technical support for

farmers in these and other product will be delivered via the service platform established by CARANA, Romex, and producer associations.

IR.2 Facilitate Access to Finance

This component of the Project will help farmer households, as well as producer associations and agribusiness SMEs, obtain financing. This component builds on lessons learned through previous programs in Peru and elsewhere. Partner APDF will lead this component through December 31, 2014, while developing sustainable Peruvian capacity to deliver appropriate financial services in the three targeted regions. Carana assumes direct responsibility for this component by January 1, 2015.

First, the finance component will focus on activities that are supported by commitments to purchase output by strategic buyers and anchor firms, especially when these are also supported by technical assistance for farmers. Having greater security and predictability about the ability to repay loans coupled with a large number of similar transactions serve as incentives for financial institutions to invest in the specific value chain and type of financing involved. The financial component will focus on farmers, organizations and SMEs.

Capital for agriculture in remote regions of Peru is short-term or very limited and high cost. The program will raise lower-cost capital from international sources, especially so-called impact investors such as MicroVest, Calvert Foundation and Root Capital. This capital will be channeled through local financial institutions seeking to expand into the *selva* regions, as well as through producer associations (e.g. for Root Capital). Capacity building will be provided to these intermediary institutions to enable them to cost-effectively support these new business initiatives.

Finally, PCA will facilitate training in financial literacy through various mechanisms including integration with technical extension and support for producer associations.

Build Capacity (cross-cutting)

While USAID financing is for four years, the PCA is expected to be an ongoing project/program supported by the national and international cocoa/chocolate industry, financial institutions and other donors. Private investors in this project see it as a 10-20 year investment and fully intend to stay committed to its success over the long term. The Alliance will register as a legal entity able to collect fees and dues to enable it to provide services on an ongoing basis.

Capacity building is a cross-cutting activity to be integrated with the other two components. Strengthening producer associations is of critical importance, particularly improving the value of services offered to members (e.g. technical extension, bulk buying, aggregation, logistics, planting material). Financial management will be another core area of capacity building for producer organizations (and members). The key to sustainability is achieving the systemic transformation of value chains such that they are clearly market led, transparent, and beneficial to all participants. Building these strongly linked, long-term, relationship-based chains will be a key legacy of the project.

III.3 Information Sources

To gain an in-depth understanding of the Project, the following information sources will be reviewed: 2012 and 2014 GDA APS, 2012-2016 logical frameworks, contract modifications, program descriptions, quarterly reports, annual reports and work plans, performance monitoring plans, the *Leverage Guide*, the Alliance database server/M&E system, thematic maps, visits of field reports, traceability system, reports from related evaluations and USAID general publications, 2012-2016 CDCS, additional information specific to implementing partners, DEVIDA impact survey, among others.

IV. EVALUATION DESIGN AND METHODOLOGY

IV.1 Evaluation Design

As expected under a GDA, the PCA project relies heavily in the technical, human and financial participation of the private sector as described in the previous section. Component 1 of the Project focuses on improving access to new technical packages by selected organized farm producers and component 2 on access to financial products. Project activities have been led by CARANA, the prime implementing partner.

USAID requires to assess the participation of the private sector from the point of view of the GDA core characteristics with emphasis on its financial contribution resulting from USAID participation.

IV.2 Methodology

This study will be a rapid appraisal (RA) using predominantly qualitative techniques. This RA will draw on specific evaluation methods and techniques to quickly, yet systematically, collect data. Information will be gathered mainly from Project documents that will be complemented with semi-structured interviews.

To the extent that is appropriate, RA evaluation questions will be answered considering mainly four criteria: relevance, efficiency, effectiveness, and additionality. At the same time, the six core characteristics of the GDA model should also be considered complementary to these four criteria. The issues that will be investigated when answering to the evaluation questions will be the following, among others:

Relevance of the project- defined as the extent to which the project/activity is suited to the priorities and policies of the target group, recipient, and donor- can be analyzed from a strategic and operational approach. It is important to know whether the GDA was an appropriate fit to achieve the objective of the Project in the expected timeframe and with the available resources. Has the organizational platform that conforms the Alliance been the most appropriate to achieve the objectives of the Project and to address the challenges encountered? Did the members of the Alliance have the technical and financial experience to meet USAID's expectations in terms of leveraging private sector resources?

A second criterium is efficiency, where outputs are measured in relation to inputs; have the desired results been achieved with the least costly combination of resources? Mobilizing private sector resources is not an easy task and can be done through different means. Organizing and putting together the Alliance is likely to have been a task in itself. Was this done timely and with the right management instruments? How *efficiently* has the Alliance mobilized private sector resources, particularly financial resources, from the sources and to the beneficiaries? Has the Alliance been an efficient "intermediary" to channel funds and other resources to the beneficiaries? Have coordination and communication among members of the Alliance and with USAID been adequate?

This Phase of the evaluation will also determine the *effectiveness* of the GDA scheme and the Alliance's achievements, where effectiveness is a measure of the extent to which an activity/program attains its objectives. To what extent has the Alliance leveraged resources and made them available to support Project activities? What have been the technical and financial contributions of each of the members of the Alliance and what have they achieved in terms of the targets stated by the Project before and after Modification No. 7? Have indicators been adequately defined and targets set appropriately to measure private sector contributions resulting from leveraging Project resources? Has the Alliance met the indicators' targets for leveraging?

A final criteria, *additionality*, refers to the extent to which something happens as a result of an intervention that would not have occurred in the absence of the intervention. Certainly the Project could have been implemented through different schemes other than the GDA and forming of the Alliance. What was GDA's *additionality* to the Project? Would the Project have been able to achieve what it did without a GDA? What was the Alliance additionality that could have been difficult or unable to reach without it? Did each of the members of the Alliance contribute with unique resources, processes or know-how difficult to find somewhere else in the US or in Peru? Has the Alliance delivered different technical assistance and financial schemes that would have not been delivered otherwise?

This evaluation will use mixed methods. To a large extent, the evaluation will be based on the review of Project documentation and qualitative techniques such as semi structured interviews to understand and assess private sector participation attracted by the Alliance. Please see Annex 2 for full details of the methodology.

IV.3 Special considerations

1. Sustainability is an essential component of USAID projects. The PCA project aligns with USAID Forward objectives by developing 1) long-term, sustainable value chains that link producers, producer associations, anchor firms and end-customers, and 2) serves as a direct platform for technical assistance and access to finance. It is expected the PCA will consolidate into self-sustaining organization whose activities span beyond the four-year financing period.
2. Focus on gender is a very important dimension in USAID projects. This evaluation should provide insights into the engagement of women and youth as smallholder farmers and members of productive associations participating in sustainable value chains.
3. Contribution to forthcoming 2017-2021 CDCS Development Objectives: Part of the purpose of this evaluation is to identify the lessons learned and provide recommendations in preparation for the next CDCS.

IV.4 Planned Activities

This study takes place in the following three stages:

1. **Preparatory work (up 12 days total)**: This phase includes revision of extant literature, an initial workshop with USAID and PGRD, and submission of Inception Report (IR) (see section 5, deliverable #1). Work shop with USAID will be used as input in the drafting of the IR, where USAID interests, e.g. important issues to be addressed through RA, will be discussed. This work shop will ensure understanding of the expectations from both USAID and PGRD. The IR will identify key actors/informants to be interviewed - including their profiles - semi-structured interview guides, and detailed fieldwork schedule. Semi structured interviews guides will be validated through expert judgment. Approval of IR will be granted once comments by PGRD and USAID have been addressed.
2. **Fieldwork (up to 15 days)**: Fieldwork will be executed predominantly in Lima, with one day trips to provinces if needed. This phase has two main deliverables: a presentation of preliminary findings and populated index to USAID (see section 5, deliverable 2). The structure of the

populated index should be based on the sections of the final report, providing succinct but precise insights into the main topics that will be addressed in the upcoming report.

3. **Analysis & Final Report (up to 12 days):** An in depth analysis is expected post submission of preliminary findings, which addresses USAID and PGRD comments to deliverable 2. A comprehensive and high quality analytical final report is expected, compliant with USAID’s expectations and required formats. The use of narratives, maps, sketches, graphs, figures, photos and tables to facilitate comprehension of the reader is key. Minimum corrections are expected for this report; final presentation of the study is requested for USAID and PGRD as well as any additional stakeholders. A plan of recommendations is also included as part of the final report. Clarity and thoroughness of final report is essential as this will be used as input for the upcoming Phase II evaluation of the PCA project.

V. DELIVERABLES

V.1 Deliverables and Time Schedule

The schedule of deliverables reflects the level of effort and does not include the time that would take PGRD and USAID to review and approve them.

The timeline would be applied in a strict fashion and would be explicitly stated as part of the contract. The researcher must submit the following deliverables which are associated to the schedule of payments as shown in the table and paragraphs below:

Table 3: Deliverable timetable and payment schemes

Stages	Number	Deliverable	Estimated due date	% of total contract amount
Preparatory	1	Inception report which includes, among others: <ul style="list-style-type: none"> • Identified key informants, including profiles. • Guides for semi-structured interviews • Operationalization of the field work including main planned activities and dates • Operationalization and improvement to SoW, per previous discussions with USAID & PGRD, ensure alignment with client expectations. 	12 days after contract signature	15
Fieldwork	2	Presentation of preliminary findings and populated index given structure of final report.	27 days after contract signature	50
Final report	3	Final report including a plan of recommendations	39 days after contract signature	35

The Inception Report (IR), deliverable 1, is key since its contents should provide PGRD and USAID a succinct but precise description of how the study will be carried out from beginning to end. It should include any final methodological adjustments and/or updates, detailed activities for the operationalization of the field work with staff, timeline and localities identified, including trips to

province per identified need and time allowance. As stated before, the IR will benefit from the work shop held with USAID and PGRD, where USAID specific interests and expectations from current RA would have been identified and discussed. Review of the extant literature will have also taken place prior to IR, contributing to the development of data collection tools, identified SoW improvements, etc. The IR should be clear, coherent and should not have any remaining issues and questions regarding any design or implementation issues. The IR must be approved by PGRD before the evaluation team begins fieldwork activities.

Upon completion of fieldwork, the team will submit a populated index, and deliver a Power Point presentation of their main findings and results (deliverable 2). The populated index will be in the final evaluation report format per USAID's requirements and will include the main ideas in each section which reflect in the most accurate way the content of the final report. The purpose of this report is to ensure in advance all three main interested parties share the same vision regarding the content in the final report (i.e. the evaluation team, USAID, and PGRD). The Power Point presentation must briefly include the most relevant background regarding the fieldwork and limitations (i.e. number and profile of key informants interviewed, respectively) focusing on the preliminary findings and results in regard to key questions. During fieldwork, a brief one page report should be delivered to PGRD describing activities performed, including problems encountered and actions taken.

The final report (deliverable 3) will include tables and graphs, index and acronyms, and appendices (unless the latter are extensive and require a written pre approval from PGRD) and will be in USAID's format which will have been shared with the team upon launching of the evaluation. This report shall not exceed 20 pages in length (excluding cover page, table of contents, appendices, lists of key informants, etc.). The final report should include feedback received by the evaluation team during the presentation of preliminary findings and populated index. Stated differently, it is expected that the comments, observations, or suggestions made by USAID, partner organizations, and PGRD are minimum and very specific. Recommendations and the proposed plan of recommendations will be an integral part of the draft and final report.

V.2 Report Guidelines

The PGRD/*Evaluations* team will work jointly with the consulting team to ensure the high quality of the evaluation report, which should follow USAID guidelines as described in their evaluation report template. This report will also be evaluated using a checklist as reference to ensure high technical quality, ranging from an adequate title, an executive summary, a project description, evaluation questions, brief methodological description, main conclusions, and recommendations for decision-making. The final evaluation report will be developed based on the prerequisites stated in this instrument. Additionally, the report is expected to have adequate use of context, background, findings, supporting evidence, recommendations among others, to enable a comprehensive and coherent reading.

The report will include the following sections:

Executive summary (2-3 pages): In English and Spanish. Synthesizes main findings, recommendations, and lessons learned. Does not include new information not available in the report. Should be a stand alone document.

Purpose and evaluation questions (1-2 pages): Clearly specifies the purpose of the study, the use of findings, the decisions for which evidence is being provided, and audiences of the report. The evaluation questions are articulated to the purpose; questions regarding lessons learned are included in this section.

Context and Background (2-4 pages): This section summarizes the project evaluated in regards to the main problem addressed, the changes that have taken place since the beginning of the project, as well as a description of the target population, area of intervention, and hypothesis which belongs to a greater

logic. Inputs for the drafting of this section include the logical framework, the monitoring and evaluation plan (M&E), and all the documents used in the original design of the project.

Study methodology and limitations (3-4 pages): (Address questionnaire, key informants, sample selection, and others). This section includes a detailed description of the methodology and instruments used in the study. This allows the reader to estimate the degree of credibility and objectivity in the data gathered and in the analyses performed. The study methods chosen must align with the evaluation questions, providing evidence of the quality of the information gathered in regards to time, resources, and other practical limitations (i.e. access difficulties). This section presents the study design and methods including alternatives and decisions that guided the selection of respondents and instruments used, as well as the sampling criteria used in the case of interviews to beneficiaries. A summary table must be included which presents the following: instruments used, types of key informants, information gathered, and limitations or observations encountered during the implementation.

Findings, conclusions, and recommendations (10-12 pages): This is the main section of the report. All findings, either process or result based must be clearly supported by gathered evidence either from primary or secondary sources adequately identified and referenced in the text. Evidence is exemplified through comparisons of data gathered from key informants to estimate the level of coherence between perceptions, ratings, and facts. To the extent possible, evidence will be presented by using narratives, graphs and tables, and any other form which facilitates the reader's understanding of the text. Conclusions will synthesize and interpret findings and make judgments supported by one or more specific findings. Recommendations must be concise, specific, practical, and relevant to the GDA/AD approach, supporting decision-making and the achievement of results on behalf of key stakeholders (including USAID), as appropriate.

Appendices: Will include, as appropriate: a) SoW of the project, b) description of the design and methods used such as Likert scales, maps, among others, c) list of interviewees, d) copies of the instruments used (interview guides), e) sources used (primary and secondary), f) relevant outputs of data processing and analyses; g) disclosure of conflict of interests, and other appendices required by USAID or provided by the evaluation team.

VI. EVALUATION TEAM

This evaluation will be conducted by a US and a Peruvian specialist. The latter is expected to participate in the evaluation team that will conduct Phase II and contribute significantly, among others, to the application of the same approach and quality standards of Phase I activities and deliverables.

Team leader/ evaluation expert:

The consultant must have at least ten years of experience in the design, execution, and implementation of project or program evaluations in Latin America. He/she must have experience with Global Development Alliance schemes and is expected to have worked in USAID or in an USAID implementing agency. He/she must have experience in the drafting and implementation of qualitative research instruments. He/she must have at least a master's level or equivalent in social sciences or related field. Excellent oral and written English and Spanish skills are a must.

The team leader must have leadership skills, be able to lead meetings, coordinate, and gather different points of view of members of the team, draft initial document with conclusions and recommendations, and prepare the report of the presentation. The leader must also draft the final report and the presentation of conclusions and recommendations for USAID's team and implementers.

Agribusiness – value chain specialist

The consultant must have at least eight years of experience in research and/or evaluations in market-led development, agribusiness value chains, and farm to market processes. He/ she must have an excellent knowledge of the dynamics of the agribusiness sector in Peru, preferably within the Peruvian Amazon, experience of private sector alliances and good familiarity of private multinational organizations in the

area of cocoa. He/she must have experience in the drafting and implementation of qualitative research instruments. He or she must have a master's degree or equivalent in agribusiness, agriculture, economics or other related field. English and Spanish skills are essential.

This specialist will participate in the design of the evaluation methodology, participate in meetings with team leader, and play a key role in the drafting of the instruments to be used in the evaluation and interviews, ensuring adequate composition of program participants in focus groups. At the same time, he/she will co-author the findings, conclusions, and recommendations for the report and presentation.

PGRD Support

PGRD will support as follows:

1. Kick-off work shop during the first seven days of contract execution to ensure complete understanding of the task and level expectations particularly between USAID and PGRD, on one hand, and the evaluation team on the other.
2. Provide all available documentation relevant to the assignment including strategy or sector papers.
3. Guidelines specific to USAID with the purpose of facilitating the evaluation team's work.
4. Meeting room for presentations or small workshops that includes the participation of PGRD staff and/or USAID.

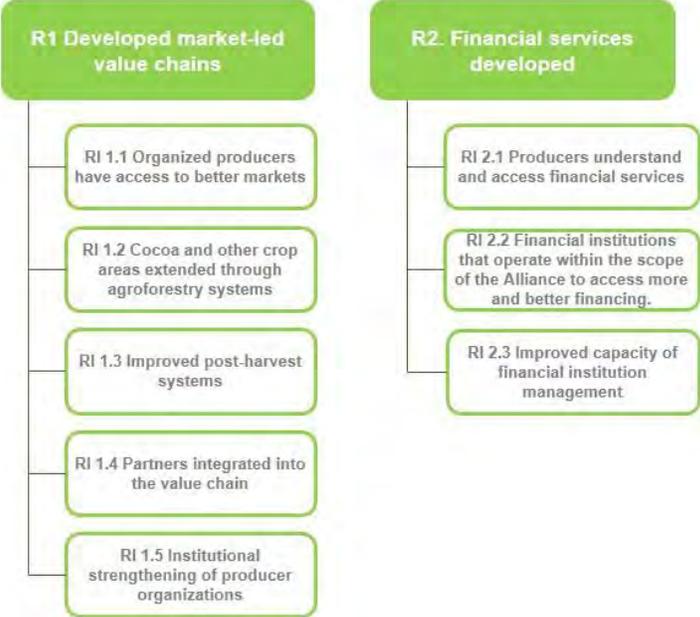
PGRD's Lead Evaluation Expert (LEE) is responsible for the supervision of the evaluation. In consultation with USAID's COR and Program Office representative, the LEE will manage all relevant activities. In this regard, PGRD is the ultimate responsible of this study and opportune and constructive collaboration is expected from both USAID and the consultants. All technical and administrative issues from the consultants and USAID should be communicated to the LEE and vice versa to maximize the meeting of expectations among all the parties and efficient coordination.

Fluid verbal and written communications are expected between PGRD and the evaluation team. The team leader is expected to make every effort to keep the PGRD's LEE updated at all times and ensure that expectations are continuously met. It is the responsibility of the team leader to inform the LEE of any unexpected event that may affect the quality or date of any deliverable or any significant activity. To this end, the team leader will submit a brief one-page report to the LEE every week during fieldwork.

ANNEX 1.1: RESULTS FRAMEWORK, INDICATORS AND TARGETS

Strategic Objective: Support Peru in the successful expansion and consolidation of targeted alternative development areas.

Overall Objective: Producers improve their economy from farm income



LOGICAL FRAMEWORK OF THE PERU COCOA ALLIANCE FOR THE 2012-2016 PERIOD					
AIM: Support the successful expansion and consolidation of alternative development in Peru.					
HIERARCHY OF OBJECTIVES	INDICATORS	GOALS (FOR INDICATORS)	SOURCE OF VERIFICATION	ASSUMPTIONS / OTHERS	
PURPOSE					
P1	Producers improve their economy from farm income at the end of the project in 2016.	A) Farm Income	A) 30% increase in the net average agricultural family income per hectare in producers who are partners of the Alliance, by the end of the project in 2016	DEVIDA, Impact Survey	- Peru has implemented and will maintain a comprehensive drug policy that promotes opportunities for legitimate economic activities within the Alliance's scope of work. - Sudden market. - Weather conditions are favorable for crops. - There is a market demand for crops.
		B) Number of families that benefit from value chains and/or access to finance	B) 23,000 families will benefit from market-led value chains and/or access to finance by the end of the project in 2016	Alliance M&E System	- Families that benefit from services provided by the Alliance are included. - Farmers interested in growing cocoa and/or access to financial services
		C) Jobs created	C) 18,000 jobs created from productive activities by the end of the project in 2016	Alliance M&E System	- Workdays generated during the life cycle stages of cocoa and that of other associated crops. - Farmers make their activities in cocoa crops (example: weeding, pruning, grafting, pests and diseases control, fertilization, etc.) and others associated crops.
RESULTS					
R1	Selected and organized producers improve and expand their areas of cultivation based on new technological packages by the end of the project in 2016	Number of hectares of installed cocoa in the regions of Ucayali, Huanuco and San Martin	28,000 hectares of installed cocoa by the end of the project in 2016	Alliance M&E System	- The district of Monzon is not considered due to the USAID restriction. If this territory is included it will affect the expected goals. - Weather conditions are favorable for growing cocoa. - Producers are interested in expanding their agricultural frontier with cocoa crops.

LOGICAL FRAMEWORK OF THE PERU COCOA ALLIANCE FOR THE 2012-2016 PERIOD					
AIM: Support the successful expansion and consolidation of alternative development in Peru.					
HIERARCHY OF OBJECTIVES		INDICATORS	GOALS (FOR INDICATORS)	SOURCE OF VERIFICATION	ASSUMPTIONS / OTHERS
					<ul style="list-style-type: none"> - Farmers have areas available to expand cocoa cultivation. - The cultivated area does not decrease due to emigration. - The soil is adequate for growing cocoa. - Fixed and variable costs are not increased. - There is a market demand for cocoa.
R1.1	Organized producers have access to better markets	Number of producers that access better markets through agreements included in business plans.	10,000 producers by the end of the project in 2016.	Alliance M&E System	<ul style="list-style-type: none"> - Farmers are interested in becoming Alliance partners.
R1.2	Cocoa and other crop areas extended through agroforestry systems	Number of hectares installed under agroforestry systems	60% of the areas installed under agroforestry systems by the end of the project in 2016.	Alliance M&E System	<ul style="list-style-type: none"> - Farmers grow cocoa under agroforestry systems - Farmers put into practice the knowledge they acquire. - Weather conditions are favorable for growing forest species. - The soil is adequate for growing forest species.
R1.3	Improved post-harvest systems	Increased use capacity to process selected existing post-harvest systems	An additional 6,000 TM by the end of the project in 2016.	Alliance M&E System	<ul style="list-style-type: none"> - There is a market demand for cocoa. - Weather conditions are favorable for the production cocoa beans. - Cocoa prices are stable.
R1.4	Partners integrated into the market-led value chain	Number of market-led value chains that link strategic buyers with organizations, producers, financing and other services.	5 market-led value chains by the end of the project in 2016.	Alliance M&E System	<ul style="list-style-type: none"> - Include cocoa, plantain (fresh and processed), passion fruit, chili pepper, beans, and timber. - Social, political and economic conditions are favorable. - Better commercial agreements between buyers, organizations and producers.

LOGICAL FRAMEWORK OF THE PERU COCOA ALLIANCE FOR THE 2012-2016 PERIOD					
AIM: Support the successful expansion and consolidation of alternative development in Peru.					
HIERARCHY OF OBJECTIVES	INDICATORS	GOALS (FOR INDICATORS)	SOURCE OF VERIFICATION	ASSUMPTIONS / OTHERS	
		Leverage private and public funds (cash or in-kind)	US\$43,280,706 (private sector) US\$6,436,441 (Peruvian government funds)	Alliance M&E System Alliance M&E System	- Social, political and economic conditions are favorable. - Public and private entities report their leverage contribution.
R1.5	Institutional strengthening of producer organizations	Number of organizations trained in business and financial management	10 organizations increase their capability by the end of the project in 2016.	Alliance M&E System	- Includes organized producer cooperatives, associations and committees/clubs to facilitate access to services and markets. - Organizations are interested in participating in trainings. - Organizations put into practice what they have learned during trainings.
R2	Selected producers, organizations and/or companies use available financial products, insert themselves into the formal financial system, improve and expand their farming areas by the end of the project in 2016	Accumulated placements accumulates made by financial institutions or investment funds to maximize results in alternative development areas	\$44M financed by the end of the project in 2016	Alliance M&E System	Can include producers with crops in addition to cocoa and/or those who chose not to use all the services offered by the Alliance. - Social, political and economic conditions are favorable. - Financial institutions are present in the scope of activity. - Increase of financial services within the scope of activity. - Financial institutions report placements. The Romex loan from ResponsAbility needs to be disbursed to small farmers.
R2.1	Producers understand and access financial services	Number of families that access financial services	10,000 families with access to finance by the end of the project in 2016, of which at least 2,500 small farmer households (i.e. those who currently have less than 5 hectares of cocoa installed) have access to non-USAID	Financial Institution Reports/ Alliance M&E System	The purpose is that they access credit without getting over indebted - Farmers are interested in receiving credit. - Financial institutions train farmers in financial literacy. - Financial institution credit departments have enough staff to evaluate farmers.

LOGICAL FRAMEWORK OF THE PERU COCOA ALLIANCE FOR THE 2012-2016 PERIOD					
AIM: Support the successful expansion and consolidation of alternative development in Peru.					
HIERARCHY OF OBJECTIVES		INDICATORS	GOALS (FOR INDICATORS)	SOURCE OF VERIFICATION	ASSUMPTIONS / OTHERS
			funds (i.e. the US\$16 million capital from domestic or international investors that will finance 5,000 hectares) to install new fine flavor cocoa hectares.		- Farmers use credit on their cocoa plots.
R2.2	Financial institutions that operate within the scope of the Alliance to access more and better financing.	Number of financial institutions with more competitive financing services.	1 financial institution by the end of the project in 2016.	Alliance M&E System	<ul style="list-style-type: none"> - This indicator depends on the need of financial institutions to seek additional funds. - Includes new financing channels (anchor firms), better terms, and lower costs. - Social, political and economic conditions are favorable. - Financial institutions or anchor companies obtain funds from development and investment companies.
R2.3	Improved management capabilities in financial institutions operating within the scope of the Alliance.	Number of qualified financial institutions.	4 financial institutions with strengthened management capabilities by the end of the project in 2016.	Alliance M&E System	<ul style="list-style-type: none"> - Financial institutions are interested in participating in trainings. - Financial institutions have established proper regulations for the provision of agricultural credits within the project's area of intervention.

ANNEX 1.2: DETAILED METHODOLOGY OF PHASE I

2.1 Data collection methods

Program Documentation

The following project documentation will be used: logical frameworks for 2012-2016, performance monitoring plans, 2012 and 2014 GDA APS, the *Leverage Guide*, contract modifications, program description, quarterly reports, annual work schedules and reports, Alliance database server/ M&E system, traceability system, thematic maps, fieldwork visit reports, related evaluation reports, etc. If available, project data bases will also be reviewed. Existing documentation will be complemented with additional information from the Project's main partners, related USAID publications, DEVIDA impact survey, etc.

Contributing/partnering organizations

Documentation from partnering organizations including quarterly and annual reports, agreements with the Peru Cocoa Alliance, among others.

In depth interviews

In depth interviews will be conducted alongside desk review of salient documentation and databases. The purpose of semi-structured interviews is to clarify, complement, and improve the level of understanding of specific issues/topics to adequately respond to evaluation questions. Additional information will be sought to explain bottlenecks, identify plausible explanations for findings, etc. Semi-structured interviews, which combine open and closed questions, will be used to interview key informants from private sector institutions leveraging funds toward the Project. Additional key informants include USAID.

Semi structured interviews will be focused on pre-defined key questions, with subquestions differentiated by key informants and their role within the Project. Key informant shall not lose focus by diverting his/her attention from the purpose of the interview. As such, semi-structured interview guides should be validated prior to their use in the field through expert judgment. Data collected through semi structured interviews will be used as evidence to answer evaluation questions, this information will be triangulated against information and findings from desk review. In this sense the situational context in which semi-structured interviews take place is key if recording is desired, granted permission of the interviewee. Broadening of questions should be limited.

Interviews must allow to quantify Project achievements on different dimensions, where methodological considerations must have been taken in advance to allow for the former through the use of structured/closed questions. Likert scales will be used to quantify/summarize the Project's achievements.

Triangulation

Combining multiple data collection methods (desk review and semi structured interviews) to answer the same question allow to gain a more complete understanding of the issue and more confidence in the findings. By approaching the question from multiple techniques, evaluators can then compare and contrast the results from these different methods, namely triangulation. If the findings from the different methods are similar, or reinforce one another, then users can have greater confidence in the findings than if they are based only on one method. It's important for different data collection methods to be complementary to extend the exhaustiveness of the

evaluation findings through more in depth understanding. Stated differently, triangulation increases the validity of the findings.

Use of secondary sources such as the web is encouraged to provide insights into the context in which the Project’s activities have been executed.

Instruments

Instruments for qualitative analysis have a predefined set of key questions that allows the evaluator to collect required information. In the case of semi structured interviews, the interviewer should have a guiding questionnaire that allows an ordered sequence with the interviewee. In these cases, it is important to differentiate/customize interview guide per profiles and specific responsibilities of key informants in regards to the Project.

Ethical considerations

The following considerations should be taken into account when using semi structured interviews:

Informed consent: Key informants must agree to interviews voluntarily. Prior to each interview, interviewers will inform participants of the nature of the evaluation, the degree of confidentiality regarding answers received, information on the use of specific materials during the interview, and his/her rights as participants at the end of the interviews. Interviewers may obtain written informed consent from participants.

Confidentiality: Participants will be informed about the confidentiality of their answers. Information from participant’s organization is confidential, unless there is prior approval for making it public. Data collected from interviews is stored in a safe place protected against non authorized access.

Permission to record: At the beginning of the interview and prior to turning on recording devices, permission will be requested to record the interview and can be granted orally. At the same time, interviewees are informed that recording can be stopped at any point during the interview if he/she feels uncomfortable.

Permission to quote: Using quotations allows the reader to easily identify and clarify authoring of the quote.

Phase 1

The table below summarizes the overall methodology and actors expected to be engaged in this RA (details to be filled by USAID staff).

Evaluation Question	Main Criteria	Data Collection Instruments	Key Informants
1. To what extent has Carana leveraged national and international private sector contribution (in-kind or cash) for Peru Cocoa Alliance?	<ul style="list-style-type: none"> • Relevance • Effectiveness 	<ul style="list-style-type: none"> • Qualitative - Review of available documents - Semi structured interviews 	<ul style="list-style-type: none"> • USAID staff • Alliance staff in Peru • Headquarters CARANA • Private sector partner representatives

2. What have been the contributions of Carana, ECOM/Armajaro, ROMEX and other private sector actors to the Project? What has been the added value of these contributions?	<ul style="list-style-type: none"> • Relevance • Effectiveness 	<ul style="list-style-type: none"> • Qualitative <ul style="list-style-type: none"> - Review of available documents - Semi structured interviews • Quantitative <ul style="list-style-type: none"> - Project records 	<ul style="list-style-type: none"> • USAID staff • Alliance staff in Lima • Private sector partner representatives
3. Do the private sector contributions reflect the core characteristics and goals of the GDA model as envisioned by USAID?	<ul style="list-style-type: none"> • Efficiency • Effectiveness • Additionality • Relevance 	<ul style="list-style-type: none"> • Qualitative <ul style="list-style-type: none"> - Review of available documents - Semi structured interviews • Quantitative <ul style="list-style-type: none"> - Project records - USAID’s GDA APS 	<ul style="list-style-type: none"> • USAID staff • Alliance staff in Lima • Private sector partner representatives
4. Are there results under the Peru Cocoa Alliance project that can be identified to a specific intervention of a private sector actor of the Alliance?	<ul style="list-style-type: none"> • Effectiveness 	<ul style="list-style-type: none"> • Qualitative <ul style="list-style-type: none"> - Review of available documents - Semi structured interviews • Quantitative <ul style="list-style-type: none"> - Project records 	<ul style="list-style-type: none"> • USAID staff • Alliance staff in Lima • Private sector partner representatives

2.2 Methodology

Main data collection methods for this evaluation are semi structured interviews and desk review. Data will be analyzed systematically to generate evidence that informs and supports findings regarding key evaluation questions. Quantitative evidence will be gathered through the use of Likert scales to enable evaluators to quantify the Project’s achievements and specifically provide insights into its efficiency and additionality, cost effectiveness of in-kind or cash contributions, alignment of contributions to GDA model, etc.

Analysis using multiple data collection methods will allow for comparisons and contrasting, providing evidence for findings regarding key evaluation questions and related criteria of relevance, effectiveness, efficiency, and additionality. Required information will be provided by the PCA, USAID, implementing/leveraging partners, and government sources per requirements.

2.3 Strengths and Limitations

Regarding the strengths:

- By conducting semi structured interview with an array of key informants from private and public sector leveraging institutions, the evaluation team will have a broader perspective to support or not initial findings from desk review.
- Key questions have been designed considering the objectives of the evaluation. In addition to an exhaustive desk review, semi structured interviews with key informants will

be used to gather more in depth information to provide evidence to support evaluation findings.

- Evaluation milestones and communication mechanisms between PGRD and the evaluation team are clear and reflect a level of commitment from both parts to ensure success of this evaluation.

Regarding the weaknesses:

- Causal inferences cannot be made regarding the findings. Nonetheless, multiple data collection methods are used for triangulation.
- Semi structured interviews can be influenced by subjectivity, biasing the data. While it is important to establish an adequate trust and comfort level between interviewer and key informant, objectivity must be stressed during the execution of interviews. All individuals responsible for fieldwork execution must receive an induction to achieve such objectivity.
- Differences encountered during desk review and execution of semi structured interviews will be addressed during the analysis, stressing the importance of comparing and contrasting findings from both data sources to increase triangulate data, increasing the validity of the evaluation.

APPENDIX II: LIST OF PEOPLE INTERVIEWED

USAID (USAID/Peru and DCA in Washington)

- Romi Bhatia, Sr. Investment Officer. Team Lead for LAC/E&E Regions. Ana Luisa Pinto, Portfolio Manager, LAC and E&E Regions, Jesse Corradi, Investment Officer. USAID's Development Credit Authority (DCA) (Washington, DC)
- Lawrence Rubey, Mission Director, Peru Regional Program Office, USAID, (Lima)
- Terence Miller USAID/Peru Chief, Office of Alternative Development
- Fernando de Villena, Project Management Specialist
- Miriam Choy, Development Assistance Specialist.
- Donato Peña, Monitoring and Evaluation Specialist.

CARANA Corporation

- Eduardo Tugendhat, CEO, Anna Ulbrich, Manager, Latin America and the Caribbean for Carana, (Washington, DC).
- José Iturríos, Nacional Director Alianza Cacao Perú, Jose Gamarra, Enrique Inga, Marco Bernabe, and Monica Santamaría, Carana, (Lima).
- Ana Maria Andrade, Regional Director Alianza Cacao Perú San Martín.
- Javier Arenas, Regional Director Alianza Cacao Perú Ucayali.
- Juan Muñoz, Regional Director Alianza Cacao Perú Huánuco.

Commercial Partners

- José Luis Ibarrola, Country Manager Of ECOM Perú (Cacao Trader), (Lima).
- José San Martín Tudela, General Manager of RomEx (Cacao Trader), (Lima).
- Cesar Gordon Apoderado of ICAM (Italian chocolatier), (Lima).
- Edgar Mestanza, General Manager, AMT Agroindustrias (Company Installing a post harvest plant of cocoa), (Aguaytía, Ucayali).
- Jose Luis Vizarrata, Inka Crops (Plantain Chips for Export), (Aguaytía, Ucayali).
- Nelly Pajuelo, General Manager; Jairo Cubas, Managing Director; and Julio Guevara, Production Manager, Grupo Industrial Foresta (Forest products buyers), (Aucayacu, Huánuco).
- Wilfredo Silva, General Manager of Patt Fresh (selling baby bananas to supermarkets in Peru), (Lima).
- Wagner Guerra, Redesign (exporting baby bananas to Italy), (Pendencia, Huánuco).

Producers and Producers organizations

- Francisco Rivas Chamba, President and Luis Mendoza Aguilar, General Manager of APPCACAO (Asociación Peruana de Productores de Cacao), (Lima).
- Gonzalo Ríos, General Manager ACOPAGRO Cooperative, (Juanjui, San Martín).
- Oliver Eggers, General Manager, Proyecto Alto Chazuta, (a private company that is growing fine flavored cacao), (Alto Chazuta, San Martín).
- George Flores, President, and Carlos Angulo, General Manager Allima Cacao Cooperative, (Chazuta, San Martín).
- Ricarlos López, President, Asociación Santa Elena (Plantains for Inka Crops), (San Martín de Mojaral, Ucayali).
- Johnny Vela, President and Gilber Avalos, General Manager ACATPA Cooperative, (San Alejandro, Ucayali).
- Ferly Anchahua, General Manager, Cooperativa Agroindustrial Paraíso, (Paraiso, Huánuco).
- Reyes Mulatillo, Cocoa grower and PCA partner, (Comunidad de Limón-Paraiso, Huánuco).

- Carlos Sovero, President, Asociación de Productores de Banano Orgánico de Pendencia APROBAP, (Pendencia, Huánuco).

Government of Peru (Devida, Regional and Local Governments)

- José Chuquipul Riuz, Director de Producción y Monitoreo and Elsa Julca, Especialista, DEVIDA, (Lima).
- Gamaniel Villegas, Economic Development Manager, Municipality, province of Moyobamba, (Moyobamba, San Martín).
- Elvis Chavarri, Mayor, Municipality, district of Calzada, (Calzada, San Martín).
- Fernando Grández Veintemilla, Economic Development Manager, Regional Government of San Martín, (Moyobamba, San Martín).
- Jose Luis Vela, Economic Development Manager, Regional Government of Ucayali, (Pucallpa, Ucayali).
- Javier Bardales, Mayor, Municipality, district of Jose Crespo Castillo, (Aucayacu, Huánuco).

Financial institutions

- Juan Carlos Gonzalez Aybar, Director Latin America of the Althelia Fund, (Lima).

Other Relevant Actors

- Geni Fundes Buleje, General Manager of Central Café y Cacao Perú (CCCP), (Lima).
- Percy Subauste, Project Director of Digital Inclusion and Maicu Alvarado, ICT Specialist - Digital Inclusion of Cedro, (Lima).
- Lucinda Vela and Angel Tuesta, Instituto de Cultivos Tropicales (ICT) (Tarapoto, San Martín).
- Carmen Masías, Former DEVIDA Director, (Lima)
- Jaime García Díaz, New Alternative Program (NAP), (Lima).

APPENDIX III: INTERVIEW GUIDES/QUESTIONS THAT WERE USED

Interview protocol for USAID

- a) PCA expectations.
 - Why was an alliance developed to address the cultivation of cacao as an alternative to coca when there are other methodologies available to carry out such a project?
 - What impact does an alliance have in the growing regions that a more traditional development project does not have?
 - How important is sustainability to the project?
- b) The component(s) that would make such an Alliance a success.
 - We know that there are a whole series of indicators to measure project success. Having said that, in your opinion, what are the key factors that the project has to accomplish in order to be a success?
- c) The major challenges of the PCA.
 - The PCA is a project with several components, working with public and private organizations, and being implemented in different areas of the country. Have there been any particular challenges that stand out as the program has been implemented?
 - Have these challenges changed as the project has been implemented and if so, what have they been?
- d) The major accomplishments.
 - To date, what stand out as major PCA accomplishments?
- e) Complementary USAID programs.
 - Have other USAID programs complemented the PCA project? If so, what are they and what was the intended complementarity?

Interview protocol for CARANA Corporation (Major implementer).

- a) Establishing the Alliance.
 - What did they see that caused them to structure a project of this nature?
 - How was the four-year project time frame arrived at in light of the fact that it takes five years for a cocoa plant to bear fruit?
 - How did they go about getting the interest of the commercial partners as well as the government of Peru?
- b) The challenges and opportunities that arose as the Alliance became operational.
 - What have been the major challenges in making the Alliance operational?
 - How have these challenges changed over the years?
 - What opportunities stand out and were taken advantage of as the project was implemented?
 - How was this done?

- c) Leveraging USAID resources.
 - How were commercial partners identified?
 - What were the criteria used to select these partners?
 - How important were the USAID resources in attracting these partners?
- d) Tracking and accounting for leveraged resources.
 - How is this managed and what criteria are in place to determine whether or not a resource can be counted as “leveraged?”
 - Please detail the main partners with resources counted as leveraged and it’s role on the project
- e) Sustainability plan.
 - What is in or being put in place to keep the Alliance operational once USAID resources end?
 - Are there indications from the commercial partners and the Government of Peru of a willingness to continue the Alliance?
 - If so, at what operating level?
- f) The evidence-based development impact that the Alliance has had in the target areas.
 - What have been the key development impacts of the project in the target areas?

Interview protocol for producer organizations

- a) The value and impact of the Alliance.
 - Why did they join the Alliance?
 - What services do they receive from the Alliance?
 - Are these services worthwhile and why?
 - Over what timeframe should these services be provided, and why?
 - Could the Alliance services be provided from other sources?
 - If so, from where?
 - Are there services that they would like to have that are not provided by the Alliance or other players?
 - If there are, describe the services.
 - Are there any services being provided which are no longer necessary?
 - If there are, describe these services.
- b) Contribution to the Alliance
 - What do they contribute to the Alliance? Cash/In Kind
- c) The value of the roles of USAID and the Government of Peru (Devida, Local Governments and other institutions).
 - What has been the value of USAID and the Government of Peru in the Alliance?
 - Are there any recommendations as to how their roles could be improved?

- d) The value of the roles of the commercial Partners
 - What has been the value of the commercial Partners in the Alliance?
 - Are there any recommendations as to how their roles could be improved?
- e) The value of the roles of the financial institutions
 - What has been the value of the financial institutions in the Alliance?
 - Are there any recommendations as to how their roles could be improved?

Interview protocol for commercial partners (buyers, traders)

- a) The value and impact of the Alliance.
 - Why did they join the Alliance?
 - What do they expect from the Alliance?
 - Are their expectations being met?
 - Should this Alliance continue once USAID funding has ended?
 - If so, should it continue as is or are changes necessary?
 - Are they prepared to play a role to making this happen and what would be their role?
- b) Contribution to the Alliance
 - What do they contribute to the Alliance? Cash/In Kind
- c) The value of the roles of USAID and the Government of Peru (Devida, Local Governments and other institutions).
 - What has been the value of USAID and the Government of Peru in the Alliance?
 - Are there any recommendations as to how their roles could be improved?

Interview protocol for the Government of Peru (Devida, Regional and Local Governments)

- a) The value and impact of the Alliance.
 - Why did they contribute to the Alliance?
 - What do they expect from the Alliance?
 - Are their expectations are being met?
 - What has been the develop impact of the Alliance?
 - Does the GOP plan to continue contributing to the Alliance after the USAID project ends?
- b) Contribution to the Alliance
 - What has been the GOP contribution to the Alliance? Cash/In Kind

Interview protocol for financial institutions

- a) The value and impact of the Alliance.
 - Why did they join the Alliance?
 - What do they expect from the Alliance?
 - Are their expectations being met?

b) Funding and source of funds

- What is the source of funds for the loans that are being made to entities and producers in the Alliance?
- How are these loans structured in terms of term and interest rate?
- Has a special portfolio of loans been created for borrowers under the Alliance or has their loan activity been mainstreamed into the overall portfolio of the financial institution?
- Are there plans to continue making loans after the USAID project ends?

Interview protocol for non-financial institutions that are providing credit or inputs (fertilizer, seed, technical assistance) to producers (in some cases, they could be the same as commercial partners).

a) The value and impact of the Alliance.

- Why did they join the Alliance?
- What do they expect from the Alliance?
- Are these expectations being met?
- Will their programs will continue after the USAID project ends?

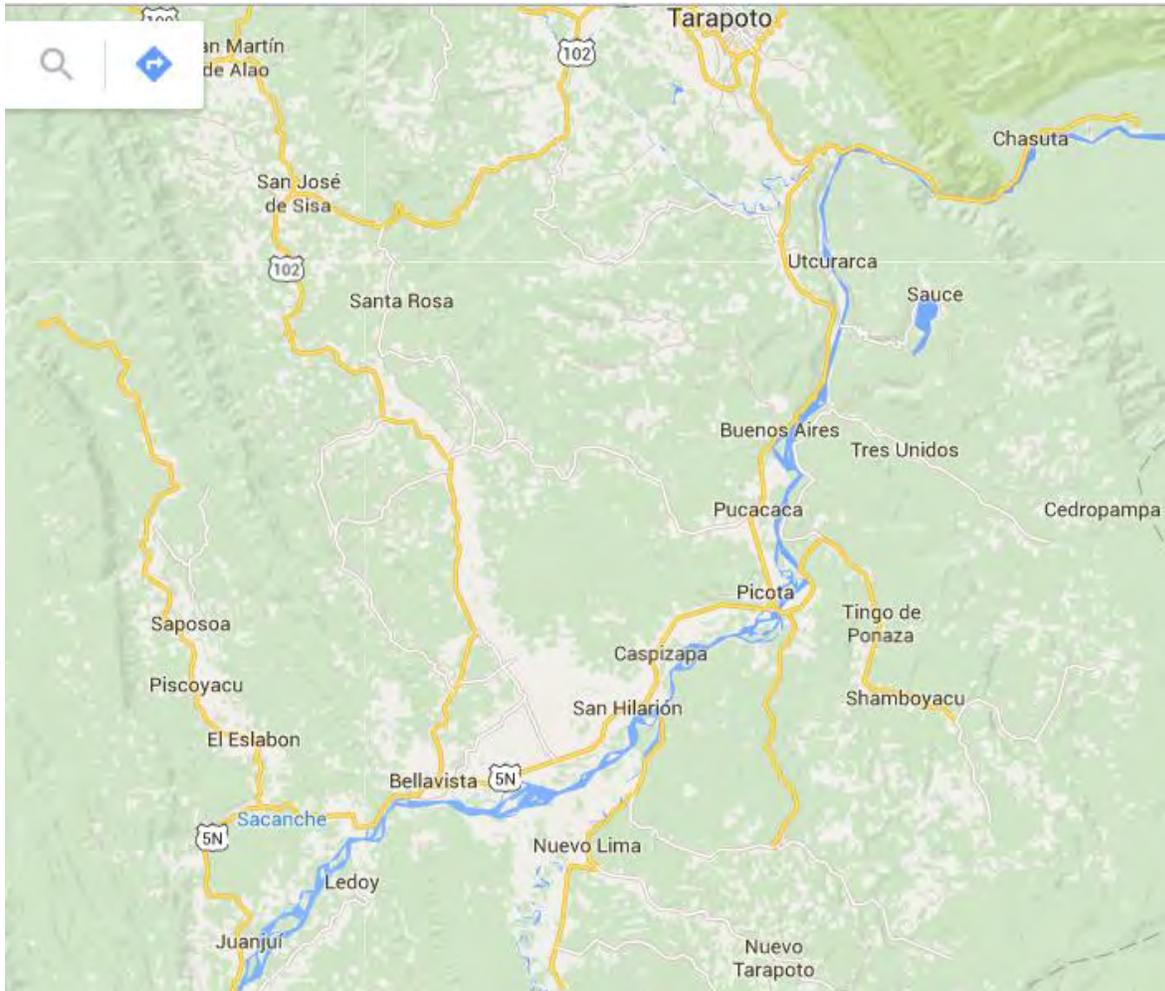
b) Contribution to the Alliance

- What do they contribute to the Alliance? Cash/In Kind

All interviewees will be given a chance to discuss anything they consider important and pertinent to the project and that was not covered in the interview.

APPENDIX IV: PLACES VISITED ON THE FIELD TRIP

Monday December 7th, Flight from Lima to Tarapoto (Overnight in Tarapoto). Tuesday December 8th, San Martín Region: Tarapoto, Juanjuí, Villaprado, Chazuta (Overnight in Tarapoto)



Wednesday December 9th, San Martín Region: Tarapoto, Moyobamba, Calzada. Flight From Tarapoto to Pucallpa (Overnight in Pucallpa).



In addition to Interviews conducted (Appendix III), a number a field visits were made to:

- A specialized irrigation system on a demonstration plot owned by José Rojas Segovia. The equipment was made and installed by Nandanjain in cooperation with Acopagro (Villaprado Sector, San Martín).
- A Backus Fertilizer Treatment Plot showing the effect that its fertilizer has on cacao growth (San Martín de Mojaral, Ucayali). The plot is owned by José Isuiza.
- A Nursery owned by the Municipality of Jose Crespo y Castillo (Aucayacu, Huánuco) that was allowing the project to use a large part of it to grow tree seedlings for transplant.

APPENDIX V: MAP OF THE PROJECT AREA



Source: PCA

APPENDIX VI: LIST OF DOCUMENTS REVIEWED

- USAID FY 2012 Global Development Alliance (GDA) Annual Program Statement (APS)
- USAID FY2014 & FY 2015 Global Development Alliance (GDA) Annual Program Statement (APS)
- Peru Cocoa Alliance Program Description
- USAID Cooperative Agreement with Carana related to the PCA
- Cooperative Agreement modification 7 related to the PCA, for external parties.
- Peru Cocoa Alliance Performance Monitoring Plan, Updated on July 1, 2015.
- 11 Peru Cocoa Alliance Quarterly reports, October – December 2012, to April – June 2015.
- PCA Year 3 Work Plan October 9, 2014 – October 8, 2015
- PCA Year 4 Work Plan October 9, 2015 – October 8, 2016
- PCA Thematic maps
- PCA Leverage Reports to June 2015.
- USAID, 2009, Building Alliances Series: Agriculture
- USAID, 2011, Understanding private sector value: An Assessment of How USAID Measures the Value of Its Partnerships
- USAID, Role of Partners in Alliances
- ICCO, Monthly Review of the Cocoa Market Situation
- USAID, Office of the Inspector General, Audit of USAID/Peru's Alternative Development Activities, March 2014
- Peru Cocoa Alliance, Power Point on its Sustainability Strategy, 2014
- Peru Cocoa Alliance, Leverage Guidelines
- Peru Cocoa Alliance, Digital Bulletin Series

APPENDIX VII: PICTURES OF PROJECT SITES AND ACTIVITIES



Cacao with Nandanjain Irrigation System, Producer José Rojas Segovia.



Cacao with Nandanjain Irrigation System, Producer José Rojas Segovia.



Nursery Project Alto Chazuta Company



Producer José Isuiza in his Nursery. Backus Fertilization Treatment Plot, San Martín de Mojaral, Ucayali.



Acatpa Cooperative; San Alejandro, Ucayali.



Sector Limon-Paraíso, Huánuco.



Fine Flavor Cacao, Sector Limon-Paraíso, Huánuco.



Cooperativa Agroindustrial Paraíso, Huánuco.



Municipal Nursery in the District of Jose Crespo y Castillo (Aucayacu, Huánuco).



Carlos Sovero. President, Asociación de Productores de Banano Orgánico de Pendencia APROBAP, Holding Baby Bananas for export to Italy (Huánuco).



AMT Agroindustrias, Aguaytía (Ucayali).



Patt Fresh Packing Facility, Lima.



Baby Bananas for Wong supermarket, Patt Fresh Packing Facility, Lima.

APPENDIX VIII: DISCLOSURE OF ANY CONFLICTS OF INTEREST

Disclosure of Real or Potential Conflict of Interest for USAID Evaluations

Instructions:

Evaluations of USAID projects will be undertaken so that they are not subject to the perception or reality of biased measurement or reporting due to conflict of interest.¹ For external evaluations, all evaluation team members will provide a signed statement attesting to a lack of conflict of interest or describing an existing conflict of interest relative to the project being evaluated.²

Evaluators of USAID projects have a responsibility to maintain independence so that opinions, conclusions, judgments, and recommendations will be impartial and will be viewed as impartial by third parties. Evaluators and evaluation team members are to disclose all relevant facts regarding real or potential conflicts of interest that could lead reasonable third parties with knowledge of the relevant facts and circumstances to conclude that the evaluator or evaluation team member is not able to maintain independence and, thus, is not capable of exercising objective and impartial judgment on all issues associated with conducting and reporting the work. Operating Unit leadership, in close consultation with the Contracting Officer, will determine whether the real or potential conflict of interest is one that should disqualify an individual from the evaluation team or require recusal by that individual from evaluating certain aspects of the project(s).

In addition, if evaluation team members gain access to proprietary information of other companies in the process of conducting the evaluation, then they must agree with the other companies to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it was furnished.³

Real or potential conflicts of interest may include, but are not limited to:

1. Immediate family or close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated.
2. Financial interest that is direct, or is significant/material though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation.
3. Current or previous direct or significant/material though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project.
4. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated.
5. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated.
6. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation.

¹ USAID Evaluation Policy (p. 8); USAID Contract Information Bulletin 99-17; and Federal Acquisition Regulations (FAR) Part 9.5, Organizational Conflicts of Interest, and Subpart 3.10, Contractor Code of Business Ethics and Conduct.

² USAID Evaluation Policy (p. 11)

³ FAR 9.505-4(b)

Disclosure of Conflict of Interest for USAID Evaluation Team Members

Name	Kermit Moh
Title	Independent Consultant
Organization	
Evaluation Position?	<input checked="" type="checkbox"/> Team Leader <input type="checkbox"/> Team member
Evaluation Award Number (contract or other instrument)	No. AID-527-C-13-00002
USAID Project(s) Evaluated (Include project name(s), implementer name(s) and award number(s), if applicable)	Peru Cacao Alliance Cooperative Agreement 527-A-12-00007
I have real or potential conflicts of interest to disclose.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>If yes answered above, I disclose the following facts:</p> <p><i>Real or potential conflicts of interest may include, but are not limited to:</i></p> <ol style="list-style-type: none"> 1. Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated. 2. Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation. 3. Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project. 4. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated. 5. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated. 6. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation. 	

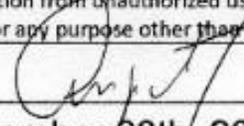
I certify (1) that I have completed this disclosure form fully and to the best of my ability and (2) that I will update this disclosure form promptly if relevant circumstances change. If I gain access to proprietary information of other companies, then I agree to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it was furnished.

Signature	Kermit Moh
Date	Dec 24, 2015.

Disclosure of Conflict of Interest for USAID Evaluation Team Members

Name	Angélica Emilia Fort Meyer
Title	
Organization	
Evaluation Position?	<input type="checkbox"/> Team Leader <input checked="" type="checkbox"/> Team member
Evaluation Award Number (contract or other instrument)	No. AID-527-C-13-00002
USAID Project(s) Evaluated (Include project name(s), implementer name(s) and award number(s), if applicable)	Peru Cacao Alliance Cooperative Agreement 527-A-12-00007
I have real or potential conflicts of interest to disclose.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If yes answered above, I disclose the following facts: <i>Real or potential conflicts of interest may include, but are not limited to:</i> <ol style="list-style-type: none"> 1. Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated. 2. Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation. 3. Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project. 4. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated. 5. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated. 6. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation. 	

I certify (1) that I have completed this disclosure form fully and to the best of my ability and (2) that I will update this disclosure form promptly if relevant circumstances change. If I gain access to proprietary information of other companies, then I agree to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it was furnished.

Signature	
Date	December 23th, 2015