



TERMS OF REFERENCE FOR DEVELOPMENT FRAMEWORK REVIEW

1. BACKGROUND

Twin is a development through trade NGO working with 49 producer organisations representing over 400,000 coffee, cocoa and nut smallholders in 17 countries across Latin America, Africa and Asia. Our trading company Twin Trading markets and trades quality coffee and cocoa with development impact. Twin and Twin Trading work hand in hand to access value-added markets on behalf of our producer partners, balancing producer support with market demand.

Twin seeks to strengthen producer organisations as a key route to empowerment and sustainable development for smallholder farmers. We take a partnership-based approach which reflects both producer and business needs to foster long-term trading relationships that benefit all actors in the value chain. Our aim is to demonstrate that our approach to inclusive, sustainable business is successful, replicable, and scalable – as well as delivering long-lasting, transformational change for smallholders.

Twin's approach towards cooperative development is a combination of interventions across Gender Justice, Market Access, Business Basics, Governance, Quality and Sustainable Agriculture. Twin's theory of change states that producer organisations that produce and sell high quality commodities on international markets, who implement good governance and business management principles, who equip their members with the knowledge to implement sustainable agricultural practices and who promote gender equity are more likely to be resilient to shocks and sustainable businesses.

2. DEVELOPMENT FRAMEWORK

In 2013, Twin developed a tool to evaluate Producer Organization (PO) performance. This development framework enables Twin to classify different cooperatives based on the stages of cooperative development. The purpose of the development framework is to use a range of different measures (Social, economic and environmental) to assess a PO's overall maturity or 'robustness' in these different areas, as well as to attempt to assess their value as a sustainable business that gives back to their members and environment.

The first step is to collect data on the following KPIs:

	Key Performance Indicators	Definition
Business/ Economic Indicators	Number of Containers Exported	Number of containers ¹ of coffee exported
	Number of Customers	Number of customers reached per PO
	Total revenue / fixed costs	Total revenue divided by fixed costs
	Quality (SCAA scoring)	Scores given by buyers on the SCAA scale
	Loyalty (% of production sold to PO)	Ratio of Coffee sold to PO to production capacity of PO members ²
	Robustness (qualitative)	Score from 1-10 based on PO governance, transparency & financial management.
Gender/ Social Indicators	Women membership (% of total)	Percentage of members who are women
	Women in leadership positions (% of total)	Percentage of board and staff who are women
	Policies on women empowerment & implementation	Score from 1-10 on the extent to which POs are implementing their policies
Environmental Indicators	Yield	Kgs of Green coffee per tree.
	Strategy and implementation of strategy	Score from 1-10 on the extent to which POs are implementing their policies

The data collected for each indicator is then converted into a score according to our scoring scale. The scoring scale was developed based on the specialist knowledge of Twin staff and triangulated by scoring a range of producer organisations, including highly organised and efficient POs from Latin America. Once this is completed, the scores are also aggregated, and each cooperative is given a score from 0-10. Depending on the score, cooperatives are classified in different stages of development from 1-5.

A stage 1 PO is very fragile to external shocks and in most cases may have only started exporting small coffee. They need support in all the six pillars as they try to establish a market, attract and engage members, increase production and quality of their coffee, and encourage women's participation at all levels within the organisation.

A stage 5 PO would already have established routes to market and a strong reputation. They would have consistently improved their production and quality to meet their buyers' demand and return value to their members. Returns to members at this stage are a combination of extension services and higher prices for the coffee they buy which further secures their members' loyalty. The PO is governed transparently and the

¹ A container of coffee is 19,200Kgs of green coffee.

² Production capacity = Average yield * Average number of trees* No. of members



relationships between the board, members and SMT operates as it should. A fully developed stage 5 PO no longer needs technical assistance from Twin but rather maintains a trading relationship if the PO deems it fit.

3. DESCRIPTION OF ASSIGNMENT

For the past four and a half years Twin has been implementing the *African Coffee Special Initiative*; a 5-year initiative with seven producer organisations in four countries. This project gave Twin an opportunity to pilot the development framework. Twin has collected annual data from the seven producer organisations and has been able to monitor their movement along the path towards sustainability. The tool has since been adapted and used to assess one of our partners which works in cocoa.

One of the key challenges with the framework has been its ability to accurately portray POs' financial and governance statuses. Twin noticed that poor performance in these two areas could go undetected by the framework. Twin has since then developed two additional tools, one to assess the governance of POs and the other to perform an assessment of business performance. Twin is very keen to continue learning how the development framework can be improved and how to incorporate the findings from the governance and business assessment tools into the PO scoring system.

The consultant will be required to;

- a) Review the development framework as a tool for assessing cooperative development. Identify areas that can be improved and make specific recommendations for how to improve the assessment tool and the bands of classification.
- b) Review the governance and business health checks and recommend how the newly developed business and governance health checks can be incorporated into the framework. And suggest modifications to the governance and business health check tools designed by Twin
- c) Identify any other critical areas that are not currently being covered in our assessment of cooperative development and recommend how those areas could be addressed
- d) With support and information from Twin staff, make a recommendation as to the practical applicability of the tool within Twin partnerships and programmes given available resource

Twin does not expect the consultant to deliver a comprehensive producer organisation assessment tool but rather revised development framework which we can use as a diagnostic tool for both potential partners and those we are working with. The assignment needs to be completed by Friday, 22nd March 2019 and will involve working closely with Twin programme staff. The budget for this assignment is 3,500 GBP.



4. DELIVERABLES

- Report summarising the consultant's approach, findings and recommendations for Twin.
- Revised Development Framework and classification of POs

5. SKILLS AND COMPETENCIES

- Demonstrable experience working with cooperatives or cooperative development.
- Experience working in the coffee sector will be an added advantage.
- Monitoring and Evaluation background is highly desired.
- Ability to write high quality, clear, concise reports in English.

6. HOW TO APPLY

Interested consultancy firms or independent consultant(s) should send their CVs and a letter expressing interest in the assignment to jobs@twin.org.uk.

The deadline for applications is Thursday, 28th February 2019.