



## The Business and Income Case for VSLA in the Cocoa Sector Terms of Reference

### General Description:

The World Cocoa Foundation (WCF) is an international membership foundation that promotes a sustainable cocoa economy by providing cocoa farmers with the tools they need to grow more and better cocoa, market it successfully, and make greater profits. WCF's membership includes cocoa and chocolate manufacturers, processors, supply chain managers, and other companies worldwide, representing more than 80% of the global cocoa market. For more information, visit [www.worldcocoa.org](http://www.worldcocoa.org).

### Context and Approach:

During the last five years WCF has worked on gender related issues in the agricultural sector in partnership with the U.S. Government and the Bill and Melinda Gates Foundation. Four years ago, WCF developed CocoaAction, a voluntary and holistic cocoa strategy to achieve and measure sustainable impact in the cocoa sector.

CocoaAction seeks to achieve a “*transformed cocoa sector that offers a profitable way of life for professionalized and economically empowered cocoa farmers and their families, while providing a significantly improved quality of life for cocoa-growing communities.*” The strategy is founded on two pillars: *Productivity* (including good agricultural practices, replanting & rehabilitation, fertilizers and soil fertility) and *Community Development* (including child labor prevention and primary education). The community development pillar builds upon insights from WCF programs and includes women’s empowerment as a key area of intervention.

WCF company members have progressively aligned their programming, as well as their reporting and M&E, with the CocoaAction strategy. To increase the speed at which this occurs under the community development pillar, WCF promotes adoption of good practices in their programming.

To date, the majority of the WCF company members operating in Cote d’Ivoire and Ghana, in particular the CocoaAction companies, have adopted Village Savings and Loan Associations (VSLA) as a key approach in their women empowerment programming.

Recently, as part of the new Women’s Global Development and Prosperity Initiative, the USAID reached out to WCF to develop a collective VSLA proposal, based on companies VSLA programming intentions.

We can therefore consider that the model has matured and is an important piece of WCF company members’ Financial Inclusion and Women empowerment strategy. At this point, there is of course a rationale for starting to reflect on how best seize the development opportunities that are offered and keep up the momentum, building on collective experience and efforts. But there is also a strong relevance to look at this from an income generation and income gap closing perspective, given the interest of WCF to achieve a sustainable livelihood through income diversification for cocoa farming households. The income gap is understood to be the difference between average household income from all sources, including cocoa, and what is popularly understood and defined as a living income for cocoa farmers. Already a number of institutions have conducted



living income surveys of cocoa growing regions<sup>1 2</sup> In fact this effort has resulted in a recently announced Living Income Differential to be added to the prevailing international price of cocoa in Cote D'Ivoire and Ghana.

The idea is, through a sound operational research work, to extract key lessons learned and identify the specific and general contribution that VSLAs make to tackling poverty and closing the income gap, while also contributing to the individual sustainability strategies of WCF member companies.

To address these issues, WCF is seeking qualified consultants to help research and establish then the business and income case for VSLA programming.

### **Purpose:**

The purpose of this consultancy is to develop an analytic report that will provide clear answers to a set of business and income perspective questions related to VSLA in order to have a better idea of the business and poverty alleviation rationale of VSLA. The analytic report is intended to facilitate better understanding of VSLA potential across CocoaAction and WCF members companies' programming and inform further deployment of the approach by companies.

### **Scope of Work:**

The desired analytic report note will develop the WCF VSLA business case (what do WCF company members' VSLA data tell us?) and outline its poverty alleviation contribution and potential, including by using best practices coming from other origins than Cote d'Ivoire and Ghana (e.g. Indonesia) based on some specific questions including:

- What do any existing research and/or studies / data show on how much VSLA on average contributes to closing the income gap?
- Do we know from research in tandem with other income generating activities what is the expected result? In other words, what is the marginal contribution of VSLAs when combined with other income generating activities? What are those complementary activities?

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#### **<sup>1</sup> Ghana**

The study "[Analysis of the income gap of cocoa producing households in Ghana](#)" (KIT) estimates a Living Income Benchmark in rural cocoa growing areas of Ghana to be GHS 21,100 (USD 4,742) per year for a typical male-headed household (up to 4 ha of productive land) of 3.5 adults and 2.5 children. Female-headed households of 3 adults and 2 children have a Benchmark of GHS 17,806 (USD 4,001) per year. Male-headed households with large land size (more than 4 ha of productive land) composed of 3.5 adults and 3 children have a Benchmark of GHS 22,799 (USD 5,123) per year.

The study "[Living Income Report Rural Ghana](#)" (University of Ghana) estimates a Living Income in rural cocoa growing areas of Ghana (Ashanti, Central, Eastern, and Western Regions) to be GHS 1,464 (\$329) per month for a typical family of two adults and three children.

#### **Côte d'Ivoire**

The study "[Analysis of the income gap of cocoa producing households in Côte d'Ivoire](#)" (KIT) estimates a Living Income Benchmark in rural cocoa growing areas of Côte d'Ivoire to be CFA 3,759,281 (USD 6,517) per year for a typical male-headed household (up to 4 ha of productive land) of 3.5 adults and 3.5 children.

The study "[Living Income Report Rural Côte d'Ivoire](#)" (CIRES) estimate a Living Income in rural cocoa growing regions of Côte d'Ivoire (Gôh, Loh Djiboua, Nawa, Mé, Agnéby, Tonkpi, Indénié-Djuablin, Sud-Comoé and San-Pedro) to be CFA 262,056 (\$454) per month for a typical family of two adults and four children.

<sup>2</sup> **Cocoa Farmer Income** (Fairtrade International) - The household income of cocoa farmers in Côte d'Ivoire and strategies for improvement, April 2018



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- What does the existing research / data tells us about the real or perceived Return On Investment (ROI) of VSLA and ROI compared to other income / savings generating activities?  
Does research and data exist that compares VSLA to other savings approaches in terms of effectiveness, efficiency, impact and value for investment? (For example, savings automatically taken after the sale of the beans at the coop level?) It would be interesting to benefit from a literature review and maybe deeper study on this.
- Are there differential impacts based on household size, level of female participation, or specific technical approaches to VSLAs that are identifiable?

### **Methodology:**

The successful consultant will propose a relevant methodology for the development of the analytic report, based on an appropriate mix of desk research, stakeholder consultation, analysis, and document production.

### **Deliverables and Duration of the consultancy:**

The consultant is requested to submit a Word version of the draft analytic report in English. The draft analytic report should be an evidence-based business case for VSLA in cocoa and therefore be comprised of:

- Quantified ability / potential of VSLA to close the income gap in cocoa farming communities;
- A documented comparative analysis of VSLA with other savings approaches, with regards to (but not limited to) effectiveness, efficiency, impact and value for investment (including Roi both for WCF companies and groups' members);
- Concrete recommendations to improve the business rationale of VSLA, both from a company and individual group member perspective.
- Identification of specific gendered elements of VSLA success that warrant wider consideration.

Prior to the draft report, the consultant should prepare and share within 3 weeks an inception report which lays out the key questions, a literature review and a broader framing of the work.

The draft analytic report will receive comments and suggestions from WCF and company members. Based on the comments and suggestions received, the consultant will produce a final PDF version of the analytic report in English. The final report will also be accompanied by a complete PowerPoint presentation summarizing the narrative report. Additionally, consultants will be required to submit all databases and survey instruments to WCF

The consultancy is to be completed within 32 working days, including a maximum 10-day review period. The consultant will propose the relevant break down of the allocated time between data collection, processing and analysis, writing a first draft, integration of comments, and finalization of the analytic report. The consultancy will be completed no later than November 30<sup>th</sup>, 2019.



### **Required Skills and Experience:**

The successful applicant will possess an expert-level experience with development economics, micro savings models, proven experience in similar roles, and solid knowledge of the cocoa sector of West Africa, especially in relation to sustainability issues. Specific requirements are:

- Education
  - Master's degree in economics, agricultural economics, development or any relevant field;
  - Additional training or proven capacities rural savings is highly desirable.
- Experience
  - A minimum of ten (10) years dedicated experience in savings and poverty issues in rural and agricultural areas;
  - Experience in economic data for development analysis; and
  - Working knowledge of the cocoa sector and its major sustainability issues, especially with regards to sustainable income and livelihoods in West Africa.
- Languages:
  - Excellent oral and written English and French communication skills.

### **Evaluation Process:**

#### *Technical Evaluation*

A technical evaluation of submitted proposals will be conducted by WCF in conjunction with a subset of its company members to shortlist applicants. Key components that will be assessed are:

- Technical expertise in savings, poverty, income and development issues in agricultural value chains (25 points);
- Relevance of the proposed methodology (20 points);
- Analytic documents development experience (20 points);
- Working experience and knowledge of the agricultural commodities sector (10 points); and
- Cost (25 points).

#### *Financial evaluation*

Only shortlisted applicants will be contacted for the development of financial proposals.

### **Proposal Submission:**

Interested and eligible contractors are requested to submit technical proposals to <https://worldcocoa.egnyte.com/ul/KWLN70PfMo> no later than **October 04<sup>th</sup>, 2019**. Please address proposals to “Contracts” and name your files with your first initial and full last name (for example, “J.Smith”).

The selected bidder will be expected to execute a service and non-disclosure agreement with WCF.