

Evaluation of the UTZ coffee program in Honduras, Nicaragua and Guatemala (2005-2015)

With a focus on outcomes for group-certificate holders/producer organizations, their members and relations in the value chain.

Request for Proposals

Deadline: 04 /12/ 2016

Contact: Henk.gilhuis@utz.org

www.utz.org





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About UTZ

UTZ is a voluntary sustainability standard for coffee, tea, cocoa and hazelnuts. UTZ stands for sustainable farming and better opportunities for farmers, hired workers, their families and our planet. The UTZ program enables producers to implement better farming methods, improve working conditions and take better care of the environment. On the market side, UTZ stimulates and supports retailers, traders and manufacturers to source and trace certified products, and to reward certified produce with a premium.

Producers who adopt the UTZ code of conduct have to comply with a set of improved agricultural, social, environmental and management practices. They usually receive support from traders, NGOs, or other agencies to implement the UTZ standard. Support can consist of trainings on the UTZ code of conducts, setting up an internal management system, or technical assistance to improve agricultural practices. The costs of implementing better practices on the coffee farms are borne by producers themselves, who expect to see returns such as increased yields, improved efficiency and quality and a premium payment from buyers who source certified coffee. Producers and producer groups are audited every year by an external party, and bear the audit costs themselves.

The UTZ theory of change suggests that certification contributes to enhanced productivity, higher revenues, a safer and healthier work place, better working relations, and an enhanced safeguarding of the environment. The theory of change also indicates that demand for certified coffee drives supply, and that premium payment and better trade conditions function as a market recognition for the effort of producers to follow the UTZ standard.

Important elements of the UTZ standard are¹:

- The [Group Core Code of Conduct](#) (for group certification).
- The [coffee module](#), annex to the code of conduct. This annex contains additional requirements for coffee production and processing.
- The [certification protocol](#): This protocol explains the structure and process of certification.

The UTZ coffee program

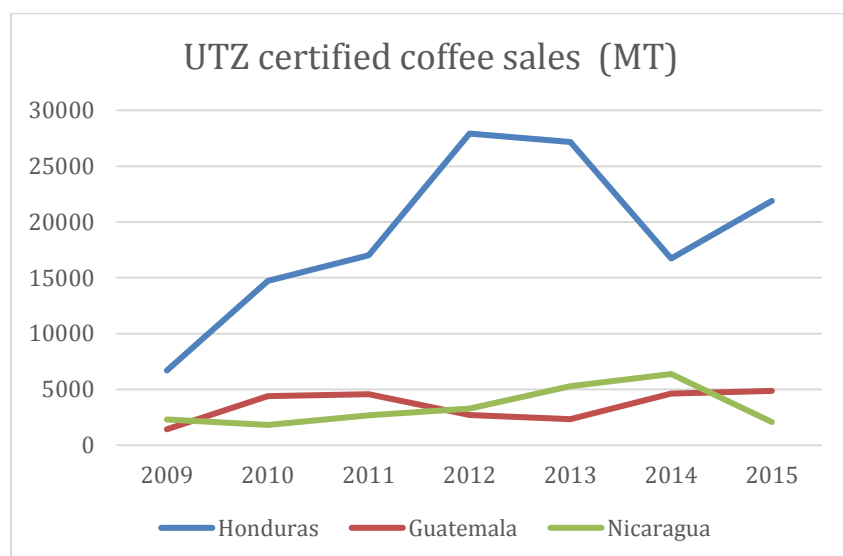
UTZ coffee program started in 2003. UTZ certified coffee is nowadays produced in 23 countries by over 188.000 producers, who employ over 61.000 permanent workers and 195.000 seasonal workers. The majority of the UTZ certified coffee producers are small producers, certified as groups (240 groups in total). In addition, 1679 coffee estates are certified individually or as part of a "multi-site" scheme. The UTZ

¹ A revised UTZ code of conduct is implemented since 2015. For the purpose of this evaluation the previous version of the UTZ code will merely be used as reference document, because the majority of certificate holders in Central America entered the program implementing the new version of the code. These farmers have to comply with the new code by January 2016.



certified coffee is traded by 582 certified supply chain actors, who trade, export and process the certified coffee. Thousands of products (SKUs) carry the UTZ sustainability label.

In Honduras, Guatemala and Nicaragua the certified production and sales figures have evolved as follows, with supply/demand ratios between 20 %-45%:



The yearly external audits are contracted by the certificate holders themselves, and performed by certification bodies authorized and monitored by UTZ.

UTZ does not prescribe in detail how the program should be implemented, apart from what is specified in the code and the certification protocol. As a result, different implementation arrangements have emerged to "deliver" the program to farmers, depending also on how the producers and the market are shaped in each country. In Guatemala, for example, a national federation of coffee cooperatives exports the coffee of coffee smallholders and plays an important role in certification. In Nicaragua and Honduras subsidiaries of international coffee traders have organized part of their smaller and medium sized suppliers into groups for



certification purposes, or have made agreements with established producer groups. This is often combined with the delivery of other services in addition to certification. Other producer groups or cooperatives have adopted the UTZ standard independently, or with the support of development programs managed by (consortia of) NGOs.

UTZ Theory of Change

The UTZ theory of change and M&E framework explain how the expected social, economic and environmental benefits are expected to come about, and which indicators will be used to monitor and evaluate the outcomes.

The UTZ code of conduct requires producers to implement a management system that enables them to systematically monitor risks and identify areas for improvement, and to take appropriate actions. The UTZ code also requires employers to train workers on work safety, knowledge of rights, and about the system that is in place to address grievances. Some control points of the UTZ code are mandatory from the first year of certification, while others are aspirational in year 1 but become mandatory in years 2, 3, and 4. The UTZ code should put certificate holders on a path of continuous improvement.

Since demand is an important driver of certification, the UTZ program connects with coffee buyers and encourages them to source UTZ certified coffee. The program is designed to be scalable. The connection with coffee buyers enables individual producers, producer groups and buyers to implement the practices required by the code of conduct without the necessity for UTZ to intervene. UTZ usually learns about the new certificate holders when they are ready to become audited and certified. The advantage of scalability and autonomous growth has a downside; baseline data of producers are usually not systematically captured. Baseline data are also not systematically collected for certified coffee producers in Central America.

UTZ requires the payment of a premium. The value of the UTZ premium is agreed upon by the certificate holder (an individual or group) and the first buyer. The premium can be used to cover the costs of services provided by groups to their members, but it can also be transferred in cash to the producers.

The UTZ program is funded by a program fee levied from companies who source certified produce, and from earmarked donor grants. Producers do not pay fees to UTZ, but have to cover the costs of the third party audits and the costs of the group management and the farm level improvements necessary to comply with the UTZ standard. The costs of implementation depend on the farm conditions prior to certification, and the changes needed to comply with the standard. The UTZ theory of change indicates that the costs that farmers make to obtain certification should be recouped by intrinsic benefits, such as improved production efficiency as well as by extrinsic rewards, such as premiums and better services from other supply chain actors.

The M&E system of UTZ monitors and evaluates the reach, performance, and outcomes of the program as whole, as well as of specific components. Previous impact evaluations commissioned by UTZ were carried out on coffee in Vietnam (2012), Colombia (2014) and Brazil (2015).



Purpose of the evaluation

The purpose (intended use) of this evaluation is to inform UTZ and stakeholders about the main outcomes of the UTZ coffee program in Honduras, Guatemala and Nicaragua and to draw lessons and recommendations for UTZ and stakeholders. The findings will be used by UTZ to:

- a) test, fine-tune and possibly revise the theory of change,
- b) improve the design and content of the code of conduct and implementing tools, such as guidance documents and training modules
- c) enhance the UTZ strategies aiming at sector wide partnerships and changes in Central America

The goal of the evaluation is to identify, describe and evaluate the most significant contributions of the UTZ program to social, economic and environmental sustainability outcomes in Honduras, Guatemala and Nicaragua. The main stakeholders / supply chain actors whose views need to be included are:

- a) producers/farmers and their workers
- b) producer organizations
- c) traders/exporters
- d) end-buyers (roasters and brands) who source UTZ certified coffee.

The technical assistants, trainers, NGO staff and auditors involved in the certification program are an important source of information for the evaluation as well.

The evaluation should focus on the validity of the UTZ Theory of Change (expected vs. achieved outcomes, pathways of change, assumptions underlying the theory of change). Furthermore, the evaluation team should interpret its findings in the light of important contextual trends in the coffee sector of these countries, as well as important developments within the sector of voluntary sustainability standards (VSS). The evaluation should also take into consideration potential unexpected effects of the program. Finally, the evaluation should also take into account how different organizational arrangements through which the program is implemented influence its outcomes.

UTZ publishes all [commissioned evaluation studies](#), so that stakeholders and researchers can scrutinize our work. For this evaluation UTZ will also publish the inception report. This is meant to enable stakeholders to assess the final report against the evaluation plan. We encourage evaluators to also (re)use UTZ evaluation data for academic publications in peer reviewed journals.

Scope

The UTZ coffee program in Central America consists of several interrelated components, some of which are managed and delivered by UTZ (e.g. the code of conduct, training of trainers, traceability system, positioning of UTZ on the market) whereas others are mainly implemented by the users of the standard (producers, producer organizations, NGOs and/or traders). The interventions of these partners determine to a large extent how the standard is implemented in specific places and points in time. The evaluation of “the UTZ program” therefore should take its programmatic nature as point of departure. The scope of the evaluation consists of an analysis of the combined interventions and interactions of (and between) UTZ and the implementing stakeholders.

The evaluation will focus on the 44 current UTZ group certificate holders Nicaragua, Honduras and Nicaragua, most of whom are smallholders.



	Group Certificate Holders	Certified Group Members	Certified Area (ha)	Certified Volume (MT)	Permanent Workers	Seasonal Workers
Nicaragua	10	1.603	18.503	21.450	290	9.881
Guatemala	17	1.833	4.796	6.014	221	1.097
Honduras	17	8.245	44.893	74.607	1.000	24.864
Total	44	11.681	68.193	102.071	1.511	35.842

	Members / farmers	Year 1	Year 2	Year 3	Year 4 >	% Multi certified
Nicaragua	1.603	346	83	614	560	40%
Guatemala	1.833	3	0	315	1.554	59%
Honduras	8.245	1.331	931	1.767	4.216	65%
Total	11.681	1.680	1.014	2.696	6.330	
		14%	9%	23%	54%	

See also:

- [UTZ registered coffee producers](#)
- [List of approved certification bodies](#)

In addition to the current certificate holders, the evaluation team may also want to sample certificate holders who have dropped out of the program, to learn why they have left the UTZ program.

Evaluation questions

1. *To what extent and how has the UTZ program contributed to improvements in the economic, social and environmental situation of coffee farmers (male/female) and their workers (male/female) in Honduras, Guatemala and Nicaragua?*

The UTZ theory of change suggests that the program contributes to economic and environmental outcomes mainly through the pathway that links the adoption of a suite of good agricultural practices required for certification to further outcomes along the causal chain of the theory of change. The agricultural practices should contribute to improved productivity, coffee quality, efficiency, income and to the preservation of natural resources (soil, water, biodiversity).

The UTZ theory of change suggests that the program contributes to social outcomes mainly through the pathway that links the adoption of good social practices (e.g. occupational health and safety trainings, use of protective equipment, compliance with existing labor legislation) to further outcomes along the causal chain of the theory of change, such as improved health and working conditions.

Specific questions:

- To what extent has the UTZ program lead to improvements in the agricultural, environmental, and social practices of certified farmers?
- How were requirements of the UTZ code “translated” by certificate to the local context?



- c) What internal and external factors have contributed to (or limited) the uptake of these practices?
- d) How has the adoption of better practices contributed to improved productivity, efficiency, product quality and income?
- e) How has the UTZ certification contributed to the working conditions of permanent and seasonal workers?
- f) How has the UTZ certification contributed to soil fertility, water use/quality, waste management and biodiversity improved as a result of certification?

The analysis should be gender specific and show to what extent male and female farmers are effectively included in and benefitting from the program.

2. *To what extent and how has the program contributed to stronger producer organisation(s), the provision better agricultural services to farmers and to better relations between producers and other value chains actors?*

At the level of the value chain, the program logic suggests that UTZ certification can contribute to engagement between producer organizations and other value chain actors. Buyers are expected to reward the efforts of producers to adopt sustainable practices. Producer organisations are required to set up an internal management system (IMS), implement an improvement plan based on a risk analysis, and to perform internal inspections in preparation of the external audit. Improved internal functioning and improved coordination between value chain actors are expected to result in better services for farmers and better trade conditions for farmer organizations.

Specific questions:

- a) Has UTZ certification contributed to an improved functioning of producer organizations? How? What were the most important contributing or limiting factors?
- b) Has UTZ certification contributed to improved relationships between producer organizations and other supply chain actors? How? What were the most important contributing or limiting factors?

We encourage the evaluation to address these research question using systematic qualitative approaches. Data collection approaches may include in-depth interviews, key informant interviews, focus group discussions, and/or participatory research methods. The evaluation team should develop a systematic sampling approach for the qualitative research. In addition, we require the evaluation team to use the qualitative data to define themes, categories, and theories that emerge from the data and link the qualitative findings to the UTZ theory of change. This may entail the use of software for systematic qualitative analysis (e.g. NVivo, Atlas TI, Sensemaker). An example of a method / tooling that could be employed in this evaluation is the [Inclusive Business Scan](#).

Design and methodology

We encourage the evaluation team to design a rigorous evaluation that aims to establish causality. However, it may not be feasible to conduct a rigorous experimental or quasi-experimental evaluation. For this reason, UTZ welcomes proposals that focus on contribution analysis to determine how the UTZ certification contributes to outcomes along the causal chain of the theory of change. A combination of methods is recommended to enhance the validity and reliability of the evaluation. This can be a combination of qualitative and quantitative methods, or a combination of two or more qualitative methods.

Baseline data of the certified farmers and certificate holders are unfortunately not available. The implementers of certification (producer organizations, service providers and traders) may have socio-economic data about certified producers, but this is most likely probably not systematic nor mutually aligned,



which limits data aggregation and comparisons. In the inception phase the evaluation team will assess which data from UTZ and implementers is available, and which data needs to be collected.

The evaluation team should have an excellent understanding of coffee farming and trade in the 3 countries, of supply chain dynamics and the working of standard systems, and have a proven track record in the design and implementation of qualitative evaluations.

The outcomes of the programme should be contextualized with reference to the overall conditions for different types of producers in the coffee sector of each country. The evaluation team will draw upon its own expertise and consult resource persons in the coffee sector, standard systems, NGOs, service providers, government agencies and businesses.

Deliverables

- Inception report containing detailed research proposal. Subject to approval.
- Validation meeting of preliminary findings and conclusions with local stakeholders
- Draft report
- Final report
- Power point presentation
- Data set (anonymized)

Management and quality control

UTZ adheres to the [ISEAL Impacts Code](#). An account manager (M&E) is responsible to oversee the evaluation process. The account manager liaises with the evaluation team and internal stakeholders.

- To enhance the relevance and uptake of the evaluation findings, an internal reference group of 5 UTZ staff members provides guidance and feedback on the content and process.
- Members of the UTZ coffee program will be informed about this evaluation via the Product Advisory Committee, a consultative body within the [UTZ governance structure](#).
- The inception report and the final report will be published on the UTZ website.
- The overall quality of the evaluation report will be assessed against the IOB quality criteria for external evaluations.
- The evaluation report will published on the UTZ website and disseminated via targeted communication channels.

Time schedule

- Proposals: 4 December 2016
- Selection and contracting: 9 December 2016
- Inception report / full research proposal: February 2017
- Data collection: April - May 2017 (after the coffee harvest)
- Draft report: 30 June 2016
- Validation meeting between 1-15 July
- Final report: 30 July 2017



Budget and payment schedule

Available budget max € 80.000.

- 60% upon signature of the contract / 40% upon approval of final deliverables

Profile of the evaluation team

Proposals can be submitted by legally established organizations (or consortia) with a track record in the design and implementation of evaluation research in the field of international business and / or development. Consortia should designate a leading partner upfront. Joint proposals with national or regional organizations are encouraged.

The expertise of the team shall cover:

- Knowledge and understanding of voluntary standards systems in the agricultural sector
- Knowledge and understanding of coffee farming and of the coffee sector in Honduras, Nicaragua and Guatemala
- Substantial experience with designing and implementing evaluations
- Expertise in using the quantitative and qualitative methods proposed in the design
- Gender awareness and expertise to conduct gender sensitive evaluation research
- Excellent analysis, collaboration and reporting skills
- Languages: English (reporting), Spanish (data collection)

Proposals need to describe how the evaluation team intends to answer the evaluation questions, covering design, methods and planning (a detailed research proposal is part of the inception report). They also need to explain how the proposed design addresses the main validity threats.

Further information (see submission format for details)

- Name, employment / affiliation, place of residence, and relevant evaluation experience of each team member.
- Responsibilities and qualifications of each team member.
- Individual fees and number of days allocated to each team member.
- Budget (in Euro) specifying: personnel costs (daily rates, number of days), travel and accommodation, overhead/administration, others.
- Disclosure of conflicts of interest
- Evaluation standard(s) that the organization(s) adhere(s) to.

UTZ will provide

- Contacts with certificate holders and implementing partners
- Validation workshop with local stakeholders (Fees, travel and accommodation of *evaluators* should be included in the evaluation budget)
- Documentation and available data about the certificate holders
- An account manager (central offices) for this evaluation to ensure timely guidance, input and feedback for the entire evaluation process
- Assistance from the UTZ country representatives in Nicaragua, Honduras and Guatemala to establish contacts with certificate holders.