

Terms of Reference
Request for Consultancy Proposal
Basic Financial Management and Accounting for Cooperative



Introduction

Fairtrade is a strategy that aims to promote sustainable development and reduce poverty through fairer trade. One of the Fairtrade's approaches is empowering farmers to be able to decide for their future and to stand up for their best interests. The translation of this approach in real life is a Fairtrade Standard that requires the farmers to organize themselves into a farmer's organization with a legal standing that is acknowledged by the laws of the farmers' respective country. Fairtrade assumes the farmers organizations will continuously advance to be stronger and more capable. Three Fairtrade producers' networks, NAPP being one of them, have a mandate to provide the capacity building supports to the Fairtrade certified farmers organizations so that the farmers organizations can progress in the sustainable and ethical directions through the implementation of Fairtrade Standard.

Fairtrade NAPP supports and empowers Fairtrade certified farmers and workers across the Asia Pacific region. The producers share a 50% ownership of the Fairtrade system and have an equal voice in all decisions that affect them. Currently, NAPP has 300+ Producer Organizations across 21 countries in Asia and the Pacific Region, supporting more than 260000 farmers and workers. Fairtrade strengthens the position of farmers and workers in the value chain. By offering an alternative approach to trade, NAPP supports producers in securing better markets, contributing to greater sustainable development in the Asia Pacific region under Fairtrade – Network of Asia and Pacific Producers (NAPP).

The operation of PSR of Fairtrade NAPP in Indonesia is divided into two regions: Java and Sumatera, currently provides support to 11 certified small-scale producer organizations: 4 in Sumatera and 7 in Java.

1. Background

One goal of Fairtrade Standard is to provide framework for producers to build thriving farms and organizations, that is all criteria are for this purpose. Fairtrade Development Plan, as management tool to design improvement at farm and organization cannot be separated from good financial management and sound decision making.

Understanding this linkage remains a challenge, especially when cooperative looking at the standard from compliance point of view only. They missed the chance to grow their cooperatives with the Fairtrade system. Another challenge also, they lack of awareness regarding the interconnectedness.

To facilitate overcoming those challenges, workshop related to Fairtrade Development Plan, Financial Management and Accounting is going to be organized in September 2024.

2. Objectives

Main goal of the workshop is for the participants to understand the importance of good financial management, accounting, and budgeting in the context of their organizational goal and development.

3. Topics to be addressed in workshop

To achieve the objectives, the topics should cover – not in particular order:

1. *Introduction to Financial Management*

Objective: Provide an overview of financial management and its importance for organizational success.

Topics Covered:

- Definition and scope of financial management
- Objectives of financial management
- Role of financial management in business sustainability and growth

2. *Basic Accounting Principles*

Objective: Equip participants with foundational accounting knowledge.

Topics Covered:

- Key accounting concepts (e.g., double-entry system, accrual accounting)
- Understanding financial statements (balance sheet, income statement, cash flow statement)
- The accounting cycle (from transactions to financial statements)

3. *Budgeting and Financial Planning*

Objective: Teach participants how to create and manage budgets.

Topics Covered:

- Purpose and types of budgets
- Steps in the budgeting process
- Budgeting tools and techniques
- Monitoring and adjusting budgets

4. *Understanding Business Risks related to Organization Goal*

Objective: Help participants identify and manage financial risks related to their organizational goal

Topics Covered:

- Types of business risks (e.g., market risk, credit risk, operational risk)
- Risk assessment and analysis
- Strategies for risk mitigation
- Role of insurance in risk management

5. *Linking Financial Management to Organizational Growth*

Objective: Illustrate how effective financial management supports business growth.

Topics Covered:

- Financial strategies for growth (e.g., investment, financing, cost control)
- Financial performance indicators (e.g., ROI, profitability ratios)
- Services to members

6. *Developing Development Plan*

Objective: Guide participants in creating a comprehensive organizational development plan.

Topics Covered:

- Components of an organizational development plan (inc FreeTrade Development Plan)

- Setting SMART goals and objectives
- Aligning financial management with organizational goals
- Monitoring and evaluating the development plan

7. *Practical Workshops and Case Studies*

Objective: Provide hands-on experience through practical exercises and real-world examples.

Activities:

- Group work on creating financial statements and budgets
- Analyzing case studies of businesses with good financial practices
- Role-playing scenarios for risk management
- Developing a draft organizational development plan

8. *Tools and Resources*

Objective: Introduce participants to tools and resources for ongoing financial management.

Topics Covered:

- Financial management software
- Online resources and templates

4. Logistic

- Venue and date: The workshop will take place in Yogyakarta on Tuesday – Thursday, September 24 – 26 2024.

5. Participants

The workshop will be joined by 33 participants from 11 Fairtrade fully certified small-scale producer organizations (SPOs) in Sumatera and Java. Each cooperative will send 3 participants: chairperson, treasury and financial manager/staff; who are responsible in decision making, financial management and accounting of the SPOs.

6. Methodology

The workshop will adopt adult learning approach, using case studies, role playing, group activities that is combined with presentation and lectures.

7. Scope of work

1. Coordination with workshop coordinator regarding the logistics arrangement and workshop curricula and delivery methods
2. Development of workshop module and tools, including pre and post-test.
3. Facilitation and delivery of workshop
4. Development of report

8. Deliverables

Outputs expected from the assignments are:

1. Workshop
2. Training materials or handouts (in Bahasa)
3. Workshop report (in English, comprises of workshop process,

9. Working days for assignment: 7 days

10. To apply:

1. Consultant shall express his /her interest through cover letter, technical (inc. CV) and financial proposal by August 25, 2024 to tnapitupulu@fairtradenapp.org with email subject: Basic Financial Management. Documents should be in English. Late proposal will not be considered.
2. Tax shall be borne and paid by individual consultant.
3. Queries related the assignment can be addressed to tnapitupulu@fairtradenapp.org

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