

Section 3: Terms of Reference (TOR)

Mid-Term Evaluation *Making Access to Finance more Inclusive for Poor People Programme*

Programme name: Making Access to Finance more Inclusive for Poor People (MAFIPP)

Countries: Lao PDR

Executing Agency: United Nations Capital Development Fund (UNCDF)

Programme Timeframe: 2010-2017

BACKGROUND

Making Access to Finance more Inclusive for Poor People – MAFIPP programme - was initiated with seed funding from UNCDF and UNDP. The programme is currently being funded by the Australian Aid and implemented by the Bank of Lao (BoL), Financial Institutions Supervision Department (FISD), on behalf of the Government of the Lao PDR (GOL). The programme was intended to contribute to improved and equitable access to land, markets and social and economic services, as well as to an enabled environment for growth with equity. It is specifically seeking to increase access to financial services by low-income households and micro-entrepreneurs on a sustainable basis to an additional 408,000 active users of financial services by end 2017, with a minimum of 300,000 additional active users. To achieve this, the programme has adopted a sector-based approach to deliver change at the macro, meso and micro levels through three mutually reinforcing programme outputs including:

- a. **Macro-level Output: Policy makers more able to improve the policy and regulatory environment in line with operational realities of financial service providers nationally and accepted good practice internationally.**
- b. **Meso-level Output:** The financial sector development infrastructure more capable to meet the needs of financial service providers.
- c. **Micro-level Output:** Financial service providers more responsive to the financial service needs of poor households and micro-entrepreneurs.

This programme was intended to give practical expression to the Vientiane and Paris Declaration by establishing a pooled funding mechanism to facilitate donor coordination, provide a framework for more coherent programming, which will provide strategic capital and technical assistance to:

- a. BOL to strengthen its capacity to act as a channel for consolidating sector recommendations and facilitating dialogue among regulators and multiple stakeholders.
- b. Financial institutions and business support service providers in order to help scale-up delivery of sustainable credit and non-credit products to poor households and micro-entrepreneurs.
- c. Microfinance working group to transform it into a formal association for microfinance providers, enabling retailers to make a positive contribution to the overall development of the sector.

THE AUSTRALIAN DEPARTMENT FOR FOREIGN AFFAIRS AND TRADE (DFAT)

Australia has had a long-standing development cooperation engagement in the Lao PDR. Australian aid has focused on basic education, trade and investment facilitation and rural development.

The Laos Australia Rural Livelihoods Program (LARLP) – LARLP is an A\$43 million livelihoods program launched in January 2014. The goal of the LARLP is to increase the economic security and resilience of poor women and men in rural areas by providing improved access to social protection, financial services, productive assets and capacity to generate income. It consists of four components:

- Social Protection and Sustainable Livelihoods,
- Financial Inclusion, which consists of two sub-components, both with BoL/FISD as national partner: GIZ implemented Access to Finance for the Poor (AFP) and MAFIPP;
- UXO clearance and awareness;
- A Learning Facility.

Australian total Official Development Assistance to the Lao PDR in 2014-15 is an estimated A\$55.6 million. The country program allocation is A\$34.3 million, with an additional A\$18.4 million in regional and global funding. Other Australian Government agencies also provide assistance programs for their Lao counterparts valued at more than A\$6 million per year, including the Australian Centre for International Agricultural Research (ACIAR), Australian Federal Police, and the Departments of Defence and Immigration and Border Protection.

MAFIPP support is aligned with the Financial Services for the Poor Strategy for Australian Aid Program (2010-15), which aimed at achieving four outcomes: (i) A policy and regulatory environment that allows institutions offering financial services to the poor to enter the market and grow; (ii) Financial services providers and infrastructure that have the capacity to provide high quality financial services to the poor; (iii) Innovative models of financial service provision that are used effectively to extend outreach to underserved regions and group; and (iv) Increased capacity of clients to understand and utilize financial services effectively.

ALIGNMENT WITH GOVERNMENT PRIORITIES

Financial Inclusion has been an important issue for Government over the last decade, though not raised to a development theme in its own right. The 'National Growth and Poverty Eradication Strategy' (NGPES)¹ in 2003 was a benchmark for the government's economic policies for the years to come. In its conclusions regarding financial sector development, it set a clear course towards a self-sustaining, market-oriented financial sector by improving the performance of State-Owned Banks (SOB), phasing-out of policy lending and enabling a vibrant Microfinance sector. However if SOBs went down the path of commercialization, policy-lending was not sidelined as evidenced by the foundation of the Nayoby ('Policy') Bank (NBB) in 2007. The present Seventh National Socio-Economic Development Plan (NSEDP)² 2011-15 calls for strengthening the management in the financial sector, and for a sharp increase in national savings as well as in lending to businesses, and for 'providing more opportunities for local people to be able to access the banking system' (p.137). It emphasizes the importance of raising capital for development³.

The Eighth NSEDP 2016-2020 calls for modernizing the financial sector: '**Finance-Banking**: Uplift the business banks and institutions efficiency to regional and international standards to engender smooth and speedy financial business in order to promote the socio-economic development.' (p.93 of 5th draft) so that more efficient credit being channeled to agriculture 'Apply financial and banking policies that support producers,

¹ Government of Laos, 2003 p. 118ff.

² Ministry of Planning and Investment, 2011.

³ '*Allocate funds for the realisation of plans and projects using various sources: government investment fund, people's contribution fund, policy banks, village development funds, asset capitalisation, grants and (foreign) loans, financial institutions, international organisations, non-government organisations (NGO), fund-raising from various business entities (both domestic and international), and domestic and foreign investors.*' (7th NSEDP p.114)

manufacturers and entrepreneurs with access to finance on rationale basis' (p.96).

Bank of Lao PDR sees itself tasked to deepen financial inclusion and is particularly concerned towards rural areas. The National Committee for Rural Development and Poverty Eradication (NCRDPE), the Ministry of Agriculture and Forestry (MAF), and the Ministry of Industry and Commerce are also much concerned by the provision of capital to support economic growth in their respective areas with a common emphasis on MSMEs development.

THE CHALLENGE

Fewer than 25% of the people living in the Lao PDR have access to formal financial services – in developed countries, the percentage is 90% or more. The Rural and Microfinance survey conducted in 2004 indicate that of the 40% households which had borrowed, close to 80% sourced these from informal sources (family, friends, and moneylenders) and the remaining 20% from either a formal supplier (APB) or a semi-formal supplier. The semi-formal suppliers consist of Village Savings and Credit Groups (VSCG), which' funding is based on savings by member villagers, and Village Revolving Funds (VRF), which' funding is based on funds provided by external sources, mainly international development organizations.

The average debt to cash ratio of the households surveyed was only 28%. Cash savings remain prevalent with 90% having cash rather than bank accounts. In addition, non-cash savings, mainly livestock but also jewellery, precious metals, and housing materials accounted for almost 73.3% of total savings. Only 5% of the rural households have a savings account in a bank, while 6% utilize informal savings mechanisms. The survey revealed that almost 30% of households stated their first preference would be to save in the APB or other banks, suggesting that banks could tap into large unmet demand if they expanded and improved services.

One of the most serious constraints in starting and expanding a business in the Lao PDR is limited access to financing. Many businesses are facing common problems such as limited capacity to prepare the financial statements needed for making a loan application or lack of collateral, which make it difficult for banks to assess borrowers' capacity and willingness to repay. A baseline survey done by GIZ in 2006 indicates that access to finance is easier for larger companies and more difficult for micro-companies. Of all survey participants, 48.8% reported having access to finance of some kind. Of these 51.9% received supplier credit and only 7.5% have received financing through banks.

THE MAFIPP PROGRAMME

Making Access to Finance More Inclusive for Poor People (MAFIPP) is a seven-year programme (2010 to 2017), responding to the above-mentioned gaps in the financial sector with activities targeting three sectors. MAFIPP has been developed to support the execution of GOL's policy commitments and the priorities of UNDAF. It is a programme between the Government of Lao PDR and UNCDF, along with other participating donor agencies who wish to contribute towards the development of an inclusive financial sector in Lao PDR.

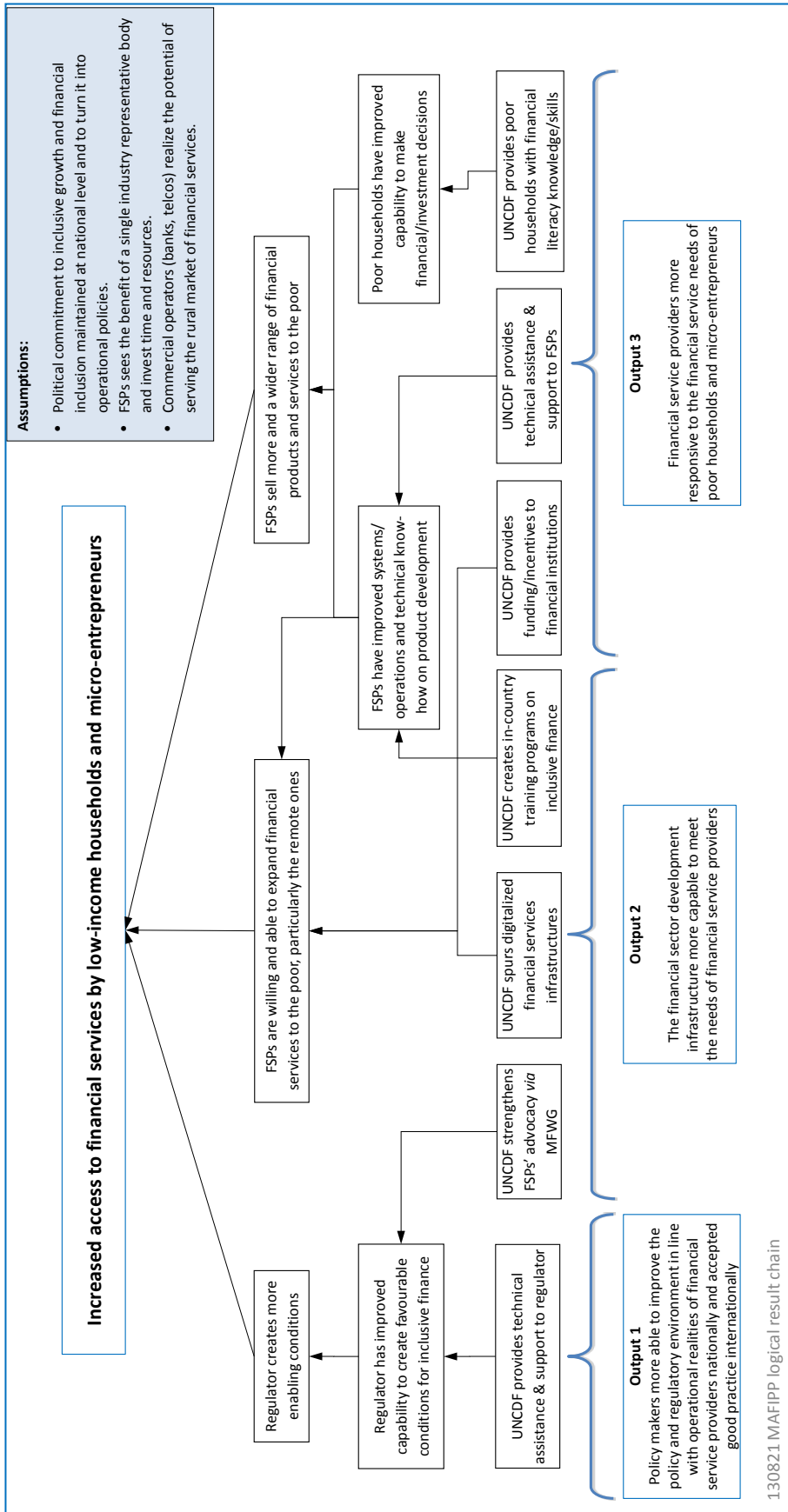
At the macro level, the programme was intended to work with the BOL to build capacity of the regulator to improve the supervisory process; at the Meso level support is targeted toward services providing financial infrastructure to the sector including formalizing the Microfinance Association into an association, supporting independent auditors and other business service providers.

Thanks to MAFIPP support, BoL has shown its attention to operational realities of domestic FSPs by launching the "Making Access to financial services Possible" (MAP) process for evidence-based and consensual policy-setting and further structured the dialogue process with multiple stakeholders exemplified by the organization of quarterly meetings with Digital Financial Services providers. The status of the MicroFinance Association (MFA) has been reinforced thanks to BoL support for its official registration; the MFA is now starting to deliver a structured training to existing managers of MFIs.

Thanks to support from MicroLead and initial investment from MAFIPP Fund for Inclusive Finance, some FSPs have developed more suitable products and delivery channels for poor and rural people; but replication throughout the rest of the industry is slow.

See annex 1 for more details on the main results of MAFIPP major achievements so far.

Figure 1 : MAFIPP Results Chain



PURPOSE, SCOPE AND OBJECTIVES OF THE MID-TERM EVALUATION

In line with UNCDF's evaluation policy⁴, the overall objectives of the midterm evaluation are:

- To assist DFAT and UNCDF to understand the relevance, efficiency, effectiveness, and likely impact and sustainability of MAFIPP programme to date;
- To provide an independent assessment of the strengths and weaknesses of the MAFIPP programme looking at the results achieved to date and the likelihood of achieving the end objectives on the basis of current implementation;
- The evaluators should also consider the key conditions necessary for the scaling-up and replication of the model in the future and/or recommendations on where an extension of the programme should focus (for example, expanding the Fund for Inclusive Finance etc);

More specifically, the evaluation is expected to provide preliminary early evidence on progress towards MAFIPP end-of-program outcomes as well as an assessment of the programme's current and likely contribution to advocating for a more inclusive financial system putting the needs of consumers at the center, and to the reinforcement of the FSPs to effectively and efficiently address consumer needs.

In doing this, the evaluation will assess the extent to which the programme is on track to:

- Strengthening the performance and resilience of FSPs as a result of developing and rolling out savings-focused products. To do this, the evaluators should focus on changes in the organisational and financial performance of UNCDF-supported FSPs in providing savings-focused financial and non-financial services for low - income people in underserved areas. The expected organizational changes vary from improved reporting standards, stronger staff capacity and new savings product development, outreach focus and ability to scale up and introduce innovations (i.e. product diversification, rural expansion, alternative delivery mechanisms...).
- Supporting impact at client level. Here the focus should be on attempting to assess the likelihood of changes in the financial behaviour of the clients of the MAFIPP-supported FSPs and the use that clients are making of the new financial products and services being provided.

As part of this section of the assessment, the evaluators should also assess if the programme theory of change, hence its setup, were right to focus on access by very large numbers of beneficiaries and to assume that the impact of greater access would be naturally positive. They should also assess

⁴ As an associated Fund of UNDP, UNCDF is party to UNDP's Evaluation Policy: <http://web.undp.org/evaluation/policy.shtml>. The Policy is operationalized through bi-annual Evaluation Plans. In line with UN Evaluation Group Norms and Standards for Evaluation, the Plan is implemented by UNCDF's Evaluation Unit which sits apart from the rest of the organization and reports directly to UNCDF's Executive Secretary and through her to the Executive Board of UNDP.

whether the programme should do more to capture the current or likely impact on end-clients of the new products supported by the programme in its measurement systems, including aspects such as enhanced productivity, increased client resilience, women’s empowerment. As part of this, it will be important to assess the quality of the existing data measurement systems to capture this type of information and to provide recommendations for improvement to ensure that the programme gathers meaningful data at the client level.

- Influencing the broader inclusive finance systems in which the programme has intervened. Here the evaluators should consider the extent to which the programme is being successful in influencing changes in the financial systems through its capacity building and advocacy, knowledge and learning activities at both macro- and meso-levels, both in terms of policy as well as intended or unintended market demonstration effects. They should also consider how well the programme is positioned to support replication and up-scaling of its approach by others once this project comes to an end.

EVALUATION METHODOLOGY

The evaluation should be transparent, inclusive, participatory and utilization-focused. It should integrate gender and human rights principles following the United Nations Evaluation Group (UNEG) Handbook to Integrate Human Rights and Gender Equality in Evaluation and adhere to the UNEG Norms and Standards for Evaluation in the UN System and UNEG’s Ethical Guidelines and Code of Conduct . To the extent possible the data should be disaggregated by age, gender, and economic status.

It should follow a theory-of-change approach to comparing results achieved to date against what was intended at this stage in programme implementation, taking into account the influence of external factors on programme results. Where outcome- and impact-level data is lacking, the methodology should allow evaluators to assess the extent to which the programme interventions have contributed to the achievement of those higher- level results.

The evaluation should use a mixed methods approach, drawing on both primary and secondary, quantitative and qualitative data to come up with an overall assessment backed by clear evidence. To the extent possible the data presented should be disaggregated by age, gender, and economic status.

In line with usual UN evaluation practice, the scope of the exercise should cover all five standard evaluation criteria: relevance/appropriateness of design, efficiency, effectiveness, impact and sustainability. In doing so, the focus of the evaluation goes beyond assessing whether UNCDF is currently ‘doing things right’ in programme execution and management, to a broader assessment of whether on the basis of evidence available, the MAFIPP approach, as implemented by UNCDF and in comparison with similar approaches implemented by others, looks to be the ‘right approach’ to achieving the higher-level objectives agreed in the initial phase.

KEY EVALUATION QUESTIONS:

The evaluation should seek to answer the following questions organized according to the UN/OECD/DAC evaluation criteria and in the form of a preliminary evaluation matrix:

OECD/DAC CRITERIA	SUB-QUESTION	POSSIBLE JUDGEMENT CRITERIA
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<p>1. RELEVANCE AND QUALITY OF THE DESIGN OF THE PROGRAMME</p> <p><i>How well designed is the programme to support the development of Lao's inclusive finance sector and meet its broader objective to promote low-income households and micro-entrepreneurs' financial inclusion?</i></p>	<p>1.1. How relevant is the programme to the current stage of financial inclusion in LAO PDR?</p>	<p>Appropriateness of UNCDF's sector development approach – focusing on concurrent macro-, meso- and micro-level support – to this stage in the development of Lao's inclusive finance system.</p> <p>Appropriateness of the ambition of MAFIPP to become a multi-donor platform for financial inclusion going forward.</p> <p>Extent to which programme was designed in accordance with the priorities of the Lao government?</p>
	<p>1.2. How appropriate is programme design?</p>	<p>Likelihood that the internal design of the programme and choice of instruments to be funded maximises the achievement of increased financial inclusion in Lao PDR for the targeted groups (low – income households and micro-entrepreneurs).</p> <p>Appropriateness of the governance, management and implementation structures as designed with a view to the programme achieving its broader objectives.</p> <p>Extent to which the programme was designed with a view to benefit from integration with other UNCDF country programmes and global thematic programmes.</p>
	<p>1.3. How far were cross-cutting issues of women's empowerment, environmental sustainability, financial education and client protection integrated into programme design?</p>	<p>Extent to which programme design pays due attention to the needs of women in all areas of the intervention</p> <p>Extent to which the programme respects UN standards on environmental sustainability.</p> <p>Extent to which programme design pays due attention to the principles of financial education and client protection?</p>

<p>2. EFFICIENCY OF PROGRAMME MANAGEMENT</p> <p><i>How well has the programme delivered the expected results?</i></p>	<p>2.1. To what extent is the programme on track to meeting its immediate and medium-term objectives?</p>	<p>Extent to which programme is providing value for money with outputs delivered on time and against original costs?</p> <p>Efficiency and quality of request for proposals system</p> <p>Quality and efficiency of programme management and monitoring, including the PBA system</p> <p>Extent to which the programme M+E system is able to track and analyze meaningful data at all levels of the results chain</p>
	<p>2.2. What is the relevance and quality of the technical assistance provided by UNCDF MAFIPP team to relevant stakeholders?</p>	<p>Quality of the different types of activity provided by the programme (TA to FSPs, knowledge management activities etc)</p> <p>Extent to which the project is supporting effectively the introduction and promotion of new products?</p> <p>Extent to which the project has supported FSPs in their entry into alternative delivery channels (e.g. digital financial services, agent banking)?</p>
	<p>2.3. Extent to which the governance and management mechanisms of MAFIPP functioning as intended?</p>	<p>Extent to which key national partners are involved in managing the programme instruments and setting in place improved oversight of the financial sector in future?</p>
<p>3. Programme Effectiveness to date</p> <p><i>To what extent is the programme contributing to the improved capacity of</i></p>	<p>3.1. Micro-level organisations</p> <p>To what extent are the financial service providers making use of programme deliverables to promote the financial inclusion of low-income household and micro-entrepreneurs in Lao PDR?</p>	<p>Improved institutional and management capacity within partner organisations</p> <p>Supply of quality and affordable financial products and services, including use of alternative delivery channels to low-income people (digital financial services, agent banking) leading to improved growth rates in</p>

<i>partner organisations?</i>		<p>outreach</p> <p>Extent to which FSP perceptions of financial services for low-income households, especially women, are beginning to change as a result of MAFIPP activities</p>
	<p>a. Meso-level organisations</p> <p>To what extent is the programme supporting effective change in the meso-level organisations supporting the pro-poor FSPs?</p>	<p>Programme contribution to increased operational performance of meso-level organisations</p> <p>Appropriateness of targeting strategy at the meso level</p>
	<p>b. Macro – level organisations</p> <p>To what extent is the programme effectively supporting increased capacity in the BoL and other agencies concerned with financial inclusion</p>	<p>Programme contribution to strategic and operational performance of macro-level organisations</p> <p>Extent to which international good practice standards are being adhered to</p> <p>Extent to which dialogue with the industry and interested stakeholders is being promoted to feed back into policy formulation</p>
<p>4. LIKELY IMPACT</p> <p><i>To what extent is the programme on track to supporting the broader development of an improved system of inclusive finance in Lao PDR incorporating improved institutional capacity at the macro- and meso-levels and better access to financial products and services at the micro-level for low-income rural populations?</i></p>	<p>4.1 In a broader sense, what is the programme’s likely contribution to a more effective inclusive finance system overall?</p>	<p>Programme-supported improvements in the regulatory environment that it make it more responsive to the realities of the domestic market and attentive to international best practice</p> <p>Programme-supported FSPs finding a value proposition in serving low income populations sustainably</p> <p>Programme-supported meso-level organisations increasingly meeting the needs of FSPs</p> <p>Likelihood of a demonstration effect and replication in the broader financial inclusion market in providing financial services to low-income</p>

		populations and micro-enterprises
	4.2 What use is being made, and to what effect, of the new financial services being provided to low-income clients	<p>Variation in types of clients that are being reached via MAFIPP</p> <p>Different uses (or not) of the financial services being provided</p> <p>Degree of client satisfaction with financial services and the financial institutions being supported.</p>
5. SUSTAINABILITY <i>To what extent are programme results likely to be sustainable?</i>	5.1 To what extent are the changes in capacity of micro- and meso-level organisations supported by the programme likely to continue once the programme comes to an end?	<p>Extent to which the programme has contributed to increased operational and financial performance and therefore sustainability of partner FSPs</p> <p>Extent to which financial and non-financial services, such as business training and financial education, can be offered sustainably and cost-effectively to ensure sustainable economic outcomes for a large number of clients?</p>
	5.2 To what extent is the improved capacity of macro-level organisations likely to be sustained once the programme comes to an end?	Extent to which macro-level organisations supported have clear plans for continued operations once the programme comes to an end
	5.3 What are the major contextual factors that are influencing the achievement of programme outcomes and how can they be best managed?	Extent to which institutional, macro-economic, and organizational factors that were not foreseen at the time of programme design are impacting the programme's impact pathway?
6. CROSS-CUTTING THEME GENDER EQUALITY	6.1 To what extent has MAFIPP been able to provide equal participation and benefits for women and men, boys and girls?	<p>Extent to which client profiles for the different financial products show equal participation and benefits for the different population groups</p> <p>Extent to which MAFIPP has managed through its M+E system to disaggregate all data by gender</p> <p>Extent to which MAFIPP partners have successfully integrated a</p>

		<p>systematic gender dimension in their respective monitoring and reporting systems</p> <p>Variation in active participation in new financial services and products by the different population groups</p>
	6.2 To what extent has MAFIPP been successful in supporting the increased participation of women in economic activities	<p>Variation in active participation in the new financial services and products by the different population groups</p> <p>Use being made by women and girls of the financial services being offered</p>
	6.3 Is MAFIPP integrating significant gender analysis that can support policy making with gender equality objectives in mind?	Extent to which the programme's knowledge outputs are produced on the basis of gender-disaggregated evidence and recommendations.

In putting together the methodological proposal for the evaluation, interested bidders should include:

- a **programme theory of change** paying careful attention to the programme's results chain and relevant assumptions from the proposed programme strategy in the Programme Document and its revision #1 (available at www.unCDF.org/country/projectDocuments?field_all_country_tid=274).

- **An enhanced evaluation matrix**, taking the evaluation questions, sub-questions and judgement criteria as above, and adding to it a series of sources of information and evaluation methods – both quantitative and qualitative in approach and comprising both secondary and primary data – to be operationalized in the form of data collection tools, which with a view to supporting triangulation of evaluation findings should represent five different lines of evidence [this evaluation matrix may be subject to further change during the inception phase]

- Finally a plan for **collecting and aggregating this data** in a transparent manner and with a view to answering the evaluation questions within the matrix.

In assessing the methodological proposal, UNCDF will be looking for bidders to explicitly define how the evaluation will incorporate gender equality and human rights perspectives in all stages. For more information please see section 13 in this RFP.

SOURCES OF DATA FOR THE EVALUATION

1.1.1 Existing secondary data

- MAP Laos outputs: FinScope Laos topline findings and data book, MAP Diagnostic report and Synthesis report (and respective presentations)
- Digital Financial Services country strategy for Laos (MM4P)
- Initial applications in response to Request for Application (RFAs)
- Performance-based agreements with FSPs
- Quarterly and annual reports from partner FSPs
- Financial data as required by the Performance-based Agreements
- Baseline for the financial figures on the FSPs
- Quarterly and annual donor reports
- Monitoring mission reports

1.1.2 Additional secondary data

- 8th National Socio-Economic Development Plan (NSEDPP) 2016-2020 –GoL, *draft to be finalized in November 2015*
- BoL regulation related to the MF sector released since 2010 and current advanced drafts
- BoL DFS pilot licensing framework, BoL 1st draft of DFS regulation shared with the industry in March 2015
- Key sector diagnostics and analysis produced by other relevant organizations: “Access to Finance for the Poor” (GIZ-AFP)
- “Poverty Profile in Lao PDR - Poverty Report for the Lao Consumption and Expenditure Survey 2012–2013” – WorldBank, December 2014
- “Two Decades of Rising Inequality and Declining Poverty in Laos” – ADB, September 2015 *preliminary draft*

1.1.3 Primary data

This set of data will be complemented by a set of primary data methods to be applied during the country visits. This should be proposed by the team in the technical proposal and confirmed during the inception phase.

AUDIENCE

The primary audience for this evaluation is the Government of Lao as well as UNCDF and DFAT. It will also help broader MAFIPP partners and stakeholders understand better the challenges and lessons learned around the design and delivery of inclusive quality and affordable financial and non-financial services for low-income people in Lao PDR.

MANAGEMENT ROLES AND RESPONSIBILITIES

To ensure independence and fulfilment of UN evaluation standards, the Evaluation Unit of UNCDF in New York is responsible for the design and management of this evaluation and will hire an independent consulting firm to conduct the evaluation. With a view to ensuring maximum ownership of evaluation findings, the evaluation will be supported by an external Reference Group of key stakeholders (see below for more detail).

The consulting firm should be experienced in providing technical services to international development agencies, particularly in the area of international development evaluation, and should have broad experience of the main sectors of international development cooperation, including private sector development and inclusive finance for the poor in South East Asia. In addition, the evaluation team should present more specific experience and expertise in the areas of 1) evaluation; 2) supporting the development of inclusive finance systems in South-East Asia and 3) supporting local financial service providers develop inclusive finance products for low-income people.

The Evaluation Unit will manage the evaluation process with a specific focus on administrative and methodological support at all stages of the evaluation, including accompanying the evaluation team in selected field visits if judged necessary.

As per UNDP's evaluation policy, to which UNCDF is party, the Evaluation Unit will ensure that the evaluation is conducted according to UNEG Norms and Standards in Evaluation in the UN System, UNEG Code of Conduct for Evaluation in the UN System and UNEG Guidance for Integrating Human Rights and Gender Equality in Evaluation. The evaluation team will also be guided – where relevant - by DFAT M&E Standards 5 (Evaluation Plan) and 6 (Evaluation Reports).

The Reference Group for the evaluation will be composed of representatives from the Government of Lao, the Australian Government as well as senior managers within UNCDF.

The responsibilities of the Reference Group will be to:

- i) review the Terms of Reference
- ii) be available for interview by the evaluators during the course of the evaluation
- iii) review the inception and draft final evaluation reports

Composition of the Reference Group will be confirmed prior to the start of the inception phase of the evaluation.

EVALUATION PROCESS

The evaluation process will have 3 distinct phases:

a) Inception Phase and desk review:

- ✓ Methodological briefing between the evaluation team and the Evaluation Unit to ensure a common understanding of the evaluation methodology, approach and main deliverables as per TOR;
- ✓ Stakeholder Mapping and stakeholders selection for data gathering to be conducted by the evaluation team
- ✓ Validation and agreement of the programme theory of change as set out in the proposed evaluation matrix
- ✓ Inception meetings with key programme stakeholders to familiarize the Evaluation Team with the programme objectives, results to date and expectations for this evaluation.
- ✓ Finalization of the FSP selection;
- ✓ Finalization of the evaluation methodology and tools.

b) In-country phase: It is required that the team visits Lao PDR. The visit should take the form of site visits and key informant interviews of program partners, program beneficiaries and broader relevant program stakeholders in the various parts of the country in which the programme is being implemented. De-briefing sessions with the key in-country stakeholders will be organized to present emerging trends and to build ownership of the findings with program counterparts.

A DFAT representative may participate as observer to the visit of the Evaluation Team to Lao PDR. For this reason, the timing of the country visit will be planned in parallel with the DFAT-led evaluation of the LARLP Financial Sector programme that will be organized by LADLF during Q1 2016.

c) Post-Mission Phase: analysis and synthesis stage, interpretation of findings and drafting of the evaluation report.

MAIN DELIVERABLES

The proposed timeframe and expected deliverables will be discussed with the Evaluation Team and refined during the inception phase. The final schedule of deliverables will be presented in the inception report. The Evaluation Unit reserves the right to request several versions of the report before sharing the report with other stakeholders and until it meets the quality standards set by UNEG.

The Evaluation Team Leader will be responsible for preparing and submitting the following deliverables:

Deliverables	Description	General Timeframe
<p>INCEPTION PHASE:</p> <p>Inception Report and Data Collection Toolkit</p> <p>(including up to a maximum of three rounds of revisions)</p>	<p>The inception report will present a refined scope and a detailed outline of the evaluation design and methodology, including a validated programme theory of change and an accompanying evaluation matrix with questions, sub-questions, judgment criteria/indicators, data collection methods and information sources. The template will be provided by the Evaluation Unit at the start of the inception phase.</p> <p>The Inception Report should include in Annex a Data Collection Toolkit that includes a set of data collection instruments for both qualitative and quantitative data collection tools to be used in the course of the evaluation (i.e. for qualitative data: interview guides, focus group discussion guide, direct observation forms, questionnaires for consultations with stakeholders, etc); for quantitative data, relevant templates to assess change in basic financial and operational performance of the FSPs over the period supported by UNCDF). The toolkit should also include a proposal around how the different data sources will be organized and synthesized.</p> <p>The 1st draft of the inception report and data collection toolkit will be reviewed by the Evaluation Unit and revised by the Evaluation Team. The Evaluation Team will develop a final Inception Report integrating the feedback received.</p> <p>The Evaluation Team will maintain an audit trail of the comments received and provide a response on how the comments were address in the revised drafts.</p>	
<p>IN-COUNTRY PHASE:</p> <p>Powerpoint presentation of preliminary evaluation findings</p>	<p>At the end of the country phase, the evaluation team will be expected to make a presentation of preliminary evaluation findings to national stakeholders using a 20 – slide powerpoint.</p>	
<p>POST MISSION PHASE:</p> <p>Draft Evaluation Report including completed Evaluation Matrix</p> <p>(including up to a maximum of three rounds of revisions)</p>	<p>The draft report should outline clear evidence-based conclusions and findings, following closely the structure and logic of the Evaluation Matrix, and including focused, actionable recommendations (SMART), and a clear, stand-alone Executive Summary. The draft report should meet DFAT M&E Standard 6.</p>	

	<p>A first draft evaluation report should be shared with the Evaluation Unit for initial feedback. The 2nd draft report should incorporate the Evaluation Unit's feedback and will be shared with the technical staff from FIPA and DFAT. Comments will be integrated into a final draft report.</p> <p>The Evaluation Team is requested to maintain an audit trail of the comments received and provide a response on how the comments were addressed in the revised drafts.</p> <p>A template for the evaluation report will be provided by the Evaluation Unit at the start of the inception phase. Length: maximum 50 pages excluding annexes.</p>	
<p>A summary of key findings from the different data collection tools should be presented as an Annex to the overall Evaluation report for the interested reader, alongside the original data presented in Excel spreadsheets and Word documents for the use of the Evaluation Unit.</p>	<p>Bidders are expected to propose as part of their bid how they will showcase the aggregated data from the different lines of evidence – both qualitative and quantitative – deployed in Annex to the evaluation as well as strategically throughout the evaluation report.</p> <p>The evaluation team will also be expected to provide the contents of the data from the different lines of evidence to the Evaluation Unit at the time they submit the draft Evaluation Report.</p>	<p>Together with draft report</p>
<p>Power Point Presentation for HQ debriefing (max 20 slides and 20 minute presentation)</p>	<p>A PPT summarizing the main findings and recommendations to be used by the team leader in the final de-briefing to senior managers in Headquarter (and DFAT if requested).</p>	
<p>Final Evaluation Report Executive Summary, completed Evaluation Matrix</p>	<p>A final report that incorporates comments received from all partners. This report should meet the relevant UN and DFAT evaluation standards.</p>	
<p>Innovative presentation of the key findings and recommendations</p>	<p>Evaluation team present to a group of stakeholders (inc. government, development partners and the private sector) on the outcomes of the evaluation (using products developed).</p>	

COMPOSITION OF EVALUATION TEAM

Bidders are free to propose the most appropriate team that will be able to meet the objectives of this evaluation. That said, it is requested that the proposed team includes at least two inclusive finance and evaluation professionals, including a team leader with at least fifteen years of relevant experience in both inclusive finance and evaluation and one Lao national team member with at least seven years' experience in supporting inclusive finance in Lao PDR and neighboring countries.

The evaluation team should have more specific experience and expertise in the areas of 1) evaluation; 2) supporting the development of inclusive finance systems in Lao PDR and 3) supporting local financial service providers in their efforts to develop inclusive finance products for underserved markets including female clients.

The **Team Leader** should have the following competencies as a minimum:

Evaluation:

- Proven experience of designing and leading a mix of performance, outcome and/or impact

evaluations in the area of international development, applying a variety of mixed-methods evaluation approaches (including theory-of-change-based, utilization-focused, participatory, and gender- and equity-focused evaluations).

- Demonstrated experience in evaluating interventions in the area of inclusive finance (micro, meso and macro levels) including experience using a range of qualitative and quantitative data gathering techniques to assess program results at individual, institutional, sector and policy level.
- Proven experience in evaluating a variety of different modalities in international development evaluation (including standalone projects or programmes, or interventions contributing to broader programmatic interventions conducted by single or multiple partners, including for the UN system).
- Demonstrated experience in integrating gender equality and women's empowerment in evaluation.
- Evidence of formal evaluation and research training, including familiarity with OECD or UN norms and standards for development evaluation.

Inclusive finance:

(Desirable)

- Comprehensive knowledge of inclusive finance industry best practices and experience in applying CGAP benchmarks around good performance of FSPs in developing countries.
- Evidence of microfinance training and experience in providing technical assistance in the inclusive finance sector in developing countries.
- Evidence of experience with inclusive finance programmes to support women's empowerment and gender equality.
- Knowledge and awareness of issues related to the business case for savings-led FSPs, underserved markets (rural and women), alternative delivery mechanisms, Digital Financial Services, financial education.

General competencies:

- Strong interpersonal and managerial skills, ability to work with people from different backgrounds and evidence of delivering good quality evaluation and research products in a timely manner.
- Thorough understanding of key elements of results-based programme management in international development cooperation.
- Experience in policy analysis/ engagement.
- Demonstrated capacity for strategic thinking and excellent analytical and written skills.
- Fluency in English. Knowledge of Laotian is an asset.

Responsibilities (in addition to all other generic responsibilities and expected deliverables outlined in this TOR):

- Documentation review
- Developing and pre-testing the necessary data collection tools (to be presented in the Inception Report)
- Leading/managing the Evaluation Team in planning and conducting the evaluation
- Deciding on division of labor, roles and responsibilities within the Evaluation Team
- Ensuring the use of best practice evaluation methodologies and adherence to ethical code of conduct
- Leading the presentation of the draft evaluation findings and recommendations for the countries visited
- Leading the drafting and finalization of the evaluation report, integrating to the extent possible all comments received from different partners
- Presenting the main findings and recommendations in the debriefing for UNCDF and DFAT
- Regularly updating UNCDF and DFAT on the progress of the evaluation
- Quality control for the evaluation report
- Adherence to UNCDF templates and other requirements as specified in this TOR

The **Lao national Evaluation Team Member** should have the following competencies and experience:

- Minimum of seven years accumulated experience in microfinance
- A minimum of four years of microfinance management and/or consulting experience
- Must have experience of undertaking/participating in evaluations in inclusive finance (micro, meso and macro levels) including experience using a range of qualitative and quantitative evaluation methodologies to assess program results at individual, institutional, sector and policy level
- Knowledge and awareness of issues related to the business case for savings-led FSPs, underserved markets (rural and women), alternative delivery mechanisms, Digital Financial Services, financial education.
- Extensive microfinance training and technical assistance experience
- Comprehensive knowledge of CGAP benchmarks and industry best practices
- Experience at the country wide sector level/understanding of building inclusive financial sectors in Lao PDR
- Experience in policy analysis/ engagement
- Demonstrated capacity for strategic thinking and excellent analytical and written skills
- Fluency in English required

Responsibilities of Team Members (in addition to all other generic responsibilities and expected deliverables outlined in this TOR):

- Documentation review
- Contributing to developing and pre-testing the necessary data collection tools (to be presented in the Inception Report)
- Ensuring the use of best practice evaluation methodologies
- Leading the presentation of the draft evaluation findings and recommendations for Lao PDR
- Contributing to the drafting and finalization of the evaluation report, integrating to the extent possible all comments received from different partners
- Adherence to UNCDF templates and other requirements as specified in this TOR

In terms of level of effort, interested firms are invited to propose a methodology that includes at least 20 days for the country visit, and 25 days total for the inception phase and write up stage for each consultant.

SCOPE OF PROPOSAL PRICE AND SCHEDULE OF PAYMENTS

The technical proposal cannot include any information on costs. The financial proposal should provide a detailed costing for the scope of work and deliverables described above. The Financial Proposal shall list all major cost components associated with the services and the detailed breakdown of such costs, including fees, travel costs, per diem, etc. All outputs and activities described in the offer must be priced separately on a one-to-one correspondence.

Any output and activities described in the offer but not priced in the Financial Proposal shall be assumed to be included in the prices of other activities or items, as well as in the final total price.

In terms of level of effort, interested firms are invited to propose a methodology that includes at least 20 days for the country visit, and an additional 25 days total for the inception phase and write up stage for each consultant.

Schedule of payments:

35% of contract: upon submission of inception report

30% of contract: upon submission of 1st draft report

35% of contract: upon approval of final evaluation report.

