

# MID-TERM EVALUATION

## LOCAL FINANCE INITIATIVE (LFI) GLOBAL PROGRAMME

### *APPENDICES*

**November 2017**

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## Appendix 1: LFI Resource and Results Framework and Results, 2012-2016

Outcomes and Outcome Indicators	Outcome Targets	Reported Results	
		LFI-T Phase 1 (2012-15)	LFI-T Phase 2 / LFI-U / LFI-B (2015-16)
Outcome 1: Improved capacities of local governments as well as public and private project developers to identify and develop small-to-medium sized infrastructure projects required to accelerate local development			
	LFI-T Phase 1: 50% change in the number of LED projects identified and developed.	Developed 5 new tools (Project Identification and Development Guidance; LFI Project Screening Guide, Project Introduction Sheet, LFI Process Flow and Due Diligence Methodology and Individual Project Management Tool) (2013)	TZ: New tools developed for sector underwriting and project management
1.1. Number of public and private stakeholders participating in the Programme, using new processes and tools	GLOBAL (Yr 1-2): LFI PROGRAMMES DESIGNED AND ADOPTED IN 3 COUNTRIES IN ASIA AND AFRICA.  Countries: LFI programmes designed and adopted All: Methodology and process flows developed and adopted.	Call for Proposal (CFP) process designed LFI tools shared with public and private stakeholders in various events (2014-15) (See 1.2)  Project Finance Workshop in Dar es Salaam for public sector (2014) ALAT Local Government Week (2015) Local Development Finance Workshop (2015)	UG and BE: Original tools adapted to new country programmes  LFI tools shared with public and private stakeholders in various events in all countries TZ: Framework for scaling up LFI approach in local governments submitted to government and awaiting review  UG: 217 public sector participants in project development workshop BE: 47 public and private sector beneficiaries received coaching or training  Work in progress to establish the national platform that will continue to carry out the work of LFI beyond the programme.
1.2. Number of projects essential for LED identified initially for screening	GLOBAL Yr 1-2: AT LEAST 20 PROJECTS ARE IDENTIFIED, SCREENED AND A FEW PASS INITIAL SCREENING PROCESS  Countries Yr 1: At least [*] projects are identified, screened and a few pass initial screening process (Tanzania: 10, Uganda: 6, Benin: 10).  Countries Yr 2: At least [*] projects are identified, screened of which [*] pass initial screening process and continue to additional due diligence (Tanzania: 25/15, Uganda: 15/12, Benin: 10).	30 active projects in the pipeline as of end of Phase 1; 8 Tier 1 projects  No CFPs in Phase 1	TZ: 9 LGAs supported  TZ: 24 private sector developers supported

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Outcomes and Outcome Indicators	Outcome Targets	Reported Results	
		LFI-T Phase 1 (2012-15)	LFI-T Phase 2 / LFI-U / LFI-B (2015-16)
1.3. Success rate of projects financed (in financial terms and in terms of their transformative impact as indicated during the appraisal phase)	<p><i>GLOBAL Yr 1-2:</i> AT LEAST 2 PROJECTS REACH FINANCIAL CLOSURE OR ARE SUBSTANTIALLY COMPLETE.</p> <p><i>Countries Yr 1:</i> At least [*] projects reach financial closure or are substantially complete. (Tanzania: 2, Uganda: 2, Benin: 2)</p> <p><i>Countries Yr 2:</i> At least [*] additional projects reach financial closure or are substantially complete. (Tanzania: 2, Uganda: 2, Benin: 2)</p>	NA	<p>TZ: 33 projects added to pipeline and reviewed as part of CFP;</p> <p>UG: 227 projects received/reviewed in CFP; 25 projects added to 3 pilot projects for 28 projects total</p> <p>BE: 94 project received/reviewed in CFP; pipeline is 30 projects total</p>
<b>Outcome 2: Increased ability and willingness of domestic financial sector to provide financing for small to medium-sized infrastructure projects</b>			
	LFI-T Phase 1: 50% change in the number of LED projects financed.	See 3.1	TZ: Governance structure developed for commercially viable LGA investment projects
2.1: Number of stakeholders participating in the programme, using new processes and tools	<p><i>GLOBAL Yr 1-2:</i> 3 SCANS CONDUCTED OF LOCAL ECONOMY AND LED INVESTMENT OPPORTUNITIES, ETC.</p> <p><i>Countries Yr 1:</i> Enhance existing processes of identifying and developing LED projects.</p> <p><i>Countries Yr 2:</i> Repeat updating and introducing new tools</p>		
2.2: Number and type of institutions engaged in PPP finance and project finance	<p><i>GLOBAL Yr 1-2:</i> 20 DEVELOPERS FROM PRIVATE, PUBLIC AND LOCAL GOVERNMENTS ENGAGED IN PROJECT DEVELOPMENT.</p> <p><i>Countries Yr 1:</i> [*] developers from private, public and local governments engaged in project development. (Tanzania: 20, Uganda: 20, Benin: 20)</p> <p><i>Countries Yr 2:</i> One technical workshop for developers, bankers, LGAs.</p> <p>Training sessions conducted for raising awareness and outreach events on LED investment opportunities and financing modalities to release investment by domestic financial institutions.</p>	<p>More than 120 participants in project finance workshop for project developers and bank officials (2014)</p> <p>Participants received training manual</p>	

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Outcomes and Outcome Indicators	Outcome Targets	Reported Results	
		LFI-T Phase 1 (2012-15)	LFI-T Phase 2 / LFI-U / LFI-B (2015-16)
2.3: Number of stakeholders participating in the programme, using new processes and tools	<p><i>GLOBAL Yr 1-2:</i> LFI STAKEHOLDER GROUPS PARTICIPATE IN TECHNICAL FORUMS FOR PROJECT FINANCE AND SME FINANCE IN 3 COUNTRIES</p> <p><i>Countries Yr 1:</i> 4 (each) LFI stakeholder groups participate in technical forums for project finance and SME finance</p> <p><i>Countries Yr 2:</i> Identified 2 potential providers of private finance and credit enhancement in domestic resource mobilization efforts</p>	Training held for key stakeholders of the Kalemawe Agricultural Dam development project in the Same district.	<p>TZ: 90 entrepreneurs trained on project finance with Tanzania Private Sector Foundation</p> <p>UG: 217 participants in project finance workshop</p>
2.4 (Global): Number of LED investment projects financed (Tanzania): Evaluation of the impact to the communities resulting from the establishment of LED infrastructure projects. Not included in Uganda or Benin RRF	<p><i>GLOBAL:</i> [NO TARGET]</p> <p><i>Tanzania Yr 1:</i> Assessment of the impact of LED infrastructure projects.</p> <p><i>Tanzania Yr 2:</i> Enhance assessment of the impact of LED projects in LDCs.</p>	NA	[No impact evaluations carried out]
<i>Seed capital grants awarded</i>		Grants of \$660,000 awarded. (From 5.1)	TZ: \$632,000 in seed capital grants disbursed (2016)
<i>Completed loan applications submitted to banks /other source and approved</i>		16 projects submitted for financing 6 projects approved by lenders.	<p>TZ: 9 projects submitted for financing</p> <p>TZ: 5 projects approved for financing</p> <p>UG: 3 projects submitted for financing</p> <p>UG 1 project approved for financing</p>
<i>Loans disbursed (# and value)</i>		5 projects completed	<p>TZ: 4 projects in construction (Maguta Hydro Power, Mpale Solar, FJS Starch, and Lupali Small Hydro)</p> <p>TZ: 1 project completed (Ileje community radio station)</p>
<i>Funds mobilized from development partners for assisted projects</i>		\$1.8 million funding raised from development agencies for projects assisted by LFI. [Lupali Small Hydro, Maguta Hydro Power, Ileje Community Radio, Ijangala Small Hydro] <sup>1</sup>	

<sup>1</sup> Project funding raised from development agencies for projects assisted by LFI

## UN Capital Development Fund

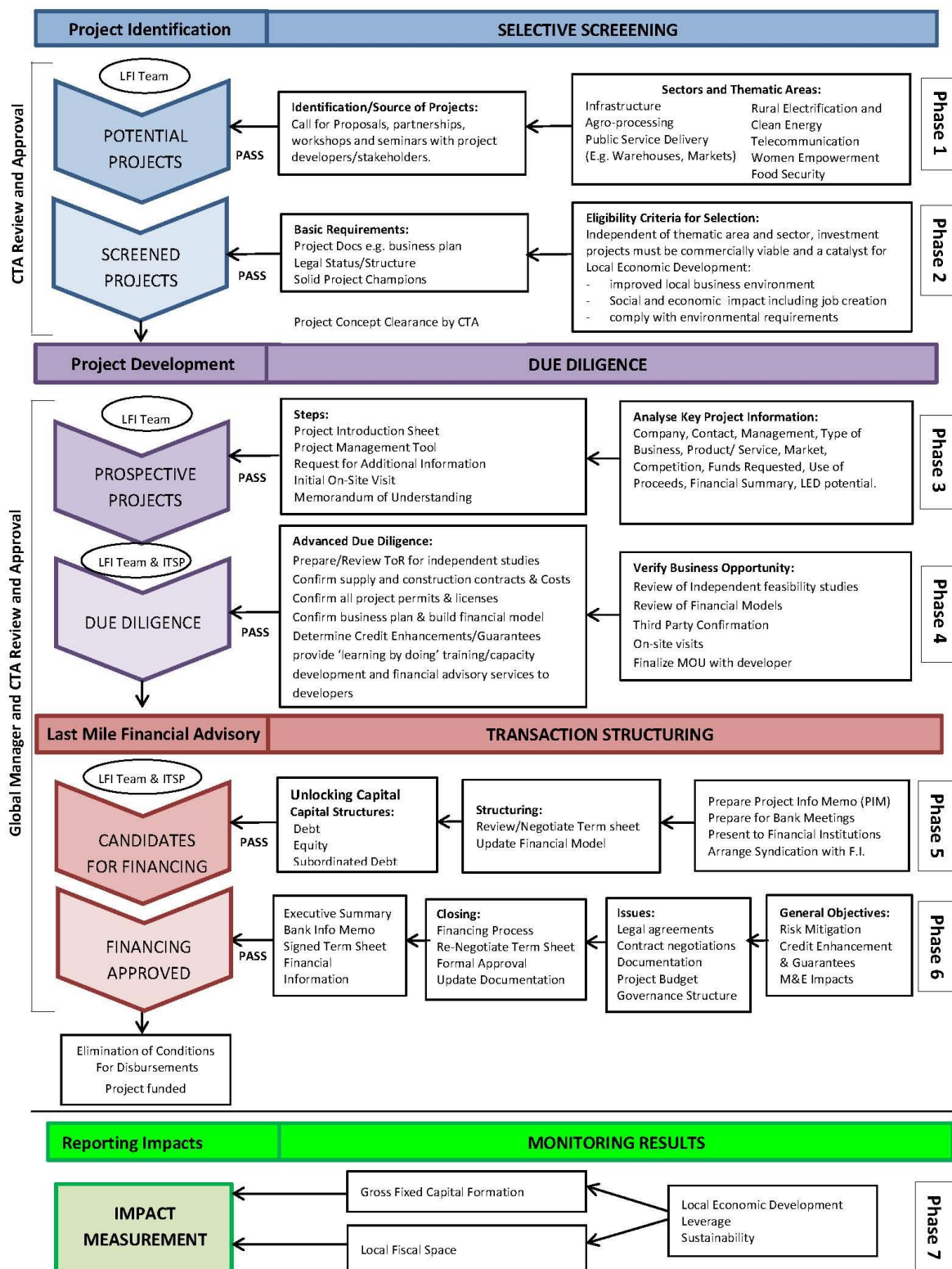
Outcomes and Outcome Indicators	Outcome Targets	Reported Results	
		LFI-T Phase 1 (2012-15)	LFI-T Phase 2 / LFI-U / LFI-B (2015-16)
Additional LFI-T Phase I Outcomes and Outputs			
Outcome 3: Improved Tanzania business-enabling environment for domestic resource mobilization for inclusive LED, ensuring integration into existing government processes, programmes, and structures.			
Number and impact of the changes effected in national policy, legal, regulatory and operational frameworks to facilitate domestic government processes, programmes, and structures	All major changes are effected in national policy, legal and regulatory frameworks by Year 4.	[No activities identified.]	
Outcome 4: Increased interest and support of the development community for Tanzania inclusive LED project development and finance.			
Number of new partnerships, programmes, and services with the support or participation of the international development community	At least five new national and/or local partnerships (programmes, services) established.	LFI prepared marketing materials for LFI LFI conducted outreach to donors and other UN agencies Phase 1 report states that \$4.2 million was mobilized from partner organizations.	
Outcome 5: Increased effectiveness and leverage of limited public sector funds, both of the host government and development partners, by mobilizing significant levels of private sector finance for catalytic LED projects.			
5.1: Rate of disbursement of the LFI-T Fund	100% rate of disbursement of the LFI-T Fund	Grants of \$660,000 awarded.	
5.2: An increase in the amount of bank finance mobilized	100% increase in the amount of bank finance mobilized (minimum of \$8 million)	LFI established contacts with financial institutions who reviewed project packages.	
5.3: An increase in the amount of institutional investor finance mobilized	100% increase in the amount of institutional investor finance mobilized (at least \$2 million)	[No activities identified.]	
5.4: Debt service performance (debt coverage ratio) of LFI-T projects	Debt service coverage ratio of at least 1.0 of LFI-T projects	Debt financing was not disbursed for any project assisted by LFI in Phase 1.	

Project	Description	USD
Lupali Small Hydro	UNIDO grant for electromechanical equipment	\$ 420,000
Lupali Small Hydro	REA-performance grant	\$ 729,500
Lupali Small Hydro	USADF-Power Africa Challenge grant	\$ 100,000
Maguta Hydro Power	USADF-Power Africa Challenge grant	\$ 100,000
Ileje Community Radio	UNDP	\$ 96,591
Ijangala Small Hydro	UNIDO grant for electromechanical equipment	\$ 410,467
	<b>Total</b>	<b>\$ 1,856,558</b>



## Appendix 2: LFI Financing Methodology

## LFI Financing Methodology (Project Finance)

*Process for Identification, Development and Financing of Projects*

## Appendix 3: LFI Detailed Financial Tables

Table A: LFI Budget Amounts from Programme Documents and Country Framework Agreements (in million US dollars)

Programme	Budget	Funded	Unfunded	Credit enhancement gap	Leverage from capital markets
Tanzania Phase 1	\$5.10	\$4.50	\$0.60	\$20.00-\$40.00	--
Tanzania Phase 2	\$9.05	\$3.96	\$5.09	\$14.00	\$29.00
Uganda	\$2.65	\$1.65	\$1.00	\$5.00	\$20.00
Benin	\$3.87	\$0.29	\$3.58	\$5.00	\$10.00
Total countries <sup>2</sup>	<b>\$20.67</b>	<b>\$10.40</b>	<b>\$10.27</b>	<b>\$83.00</b>	<b>\$59.00</b>
Global <sup>3</sup>	\$30.52	\$3.15	\$27.37	--	--

Source: Consultant data compiled from LFI Programme Documents

Table B: Comparison of RRF Budget, AWP Budgets and Actual Expenditures by Year (in US dollars)

	2012	2013	2014	2015	2016	Totals	% of RRF Budget
Budgets as per RRF	1,107,096	2,161,190	1,185,248	2,346,965	3,616,000	<b>10,416,499</b>	100%
Budgets as per AWP	1,107,096	817,112	1,017,000	3,772,000	2,535,000	<b>9,248,208</b>	89%
Actual expenditures	495,034	695,529	1,017,063	1,996,002	1,871,069	<b>6,074,697</b>	58%

Source: Consultant calculations based on LFI data

Table C: Use of LFI Funding by Country, 2012-2016 (in US dollars)

	2012	2013	2014	2015	2016	Total	% of total
Tanzania	495,034	695,529	1,017,063	1,996,002	1,673,960	5,877,588	<b>97%</b>
Uganda	-	-	-	-	86,500	86,500	<b>1%</b>
Benin	-	-	-	-	110,609	110,609	<b>2%</b>
Total	<b>495,034</b>	<b>695,529</b>	<b>1,017,063</b>	<b>1,996,002</b>	<b>1,871,069</b>	<b>6,074,697</b>	<b>100%</b>

Source: Consultant calculations based on LFI data

<sup>2</sup> Includes budget amounts beyond 2016. See **Error! Reference source not found..**<sup>3</sup> The Global programme budget is assumed to include the other programmes' budgets, but this was not confirmed.

Table D: Breakdown of LFI Actual Expenditures (in US dollars) <sup>4</sup>

Categories	2012	2013	2014	2015	2016	Total	Share
Grants	-	-	205,000	526,729	566,394	1,298,123	21%
Staff	358,893	333,393	483,042	599,610	824,820	2,599,757	43%
Consultants	30,400	33,787	74,454	46,719	53,364	238,724	4%
Travel	31,736	26,365	34,666	149,259	131,306	373,331	6%
Learning /Workshops	4,587	3,855	32,873	57,319	21,946	120,581	2%
GMS (Fee to UNCDF)	37,002	36,859	95,634	399,558	64,098	633,150	10%
Other Direct Costs	32,416	215,466	58,720	114,867	107,237	528,706	9%
Premises	-	45,804	32,675	101,942	101,904	282,325	5%
<b>Total</b>	<b>495,034</b>	<b>695,529</b>	<b>1,017,063</b>	<b>1,996,002</b>	<b>1,871,069</b>	<b>6,074,697</b>	<b>100%</b>

Source: LFI data

<sup>4</sup> Two data sources provided to the evaluation team contain different figures for total LFI funding for 2012-2016 (\$6.04 million versus \$6.12 million). [to be reconciled]

## Appendix 4: LFI Programme Outcomes and Outcome Targets, LFI-T Phase 1

Programme Outcomes	Outcome targets (Year 4/end of project)
1. Improved capacities of public and private project developer to identify and develop small-to-medium sized infrastructure projects essential for inclusive LED in target developing countries.	50% change in the number of LED projects identified and developed.
2. Increased ability and willingness of domestic financial sector to provide financing for small to medium-sized LED infrastructure projects.	50% change in the number of LED projects financed [10 to 15 LED projects financed to jumpstart the process through "learning by doing" and incentivizing stakeholders. (Output target 2.3)]
3. Improved business-enabling environment for domestic resource mobilization for inclusive LED, ensuring integration into existing government processes, programmes, and structures.	All major changes effected in national policy, legal, regulatory and operational frameworks to facilitate domestic resource mobilization
4. Increased interest and support of the development community for inclusive LED project development and finance.	At least five new national and/or local partnerships (programmes, services) established.
5. Increased effectiveness and leverage of limited public sector funds, both of the host government and development partners, by mobilizing significant levels of private sector finance for catalytic LED projects.	1. 100% rate of disbursement of the LFI-T Fund 2. 100% increase in the amount of bank finance mobilized (minimum of \$8 million) 3. 100% increase in the amount of institutional investor finance mobilized (minimum of \$2 million) 4. Debt service coverage ratio of at least 1.0 of LFI-T projects

**Appendix 5: LFI Programme Outcomes and Targets, Global and Country Programmes, Year 1-2**

Programme outcomes / Outcome indicators	Outcome targets	
	Year 1	Year 2
<b>OUTCOME 1: Improved capacities of Tanzania public and private project developers to identify and develop small-to-medium sized infrastructure projects essential for inclusive LED.</b>		
<b>1.1. Number of public and private stakeholders participating in the programme, using new processes and tools Indicator</b>	<i>Global</i> (Yr 1-2): LFI programmes designed and adopted in 3 countries in Asia and Africa. <i>Countries</i> : LFI programmes designed and adopted <i>All</i> : Methodology and process flows developed and adopted.	Countries: TBD
<b>1.2. Number of projects essential for LED identified initially for screening</b>	<i>Global</i> (Yr 1-2): At least 20 projects are identified, screened and a few pass initial screening process <i>Countries</i> : At least [*] projects are identified, screened and a few pass initial screening process (Tanzania: 10, Uganda: 6, Benin: 10).	<i>Countries</i> : At least [*] projects are identified, screened of which [*] pass initial screening process and continue to additional due diligence (Tanzania: 25/15, Uganda: 15/12, Benin: 10).
<b>1.3. Success rate of projects financed (in financial terms and in terms of their transformative impact as indicated during the appraisal phase)</b> <b>1.3 (Benin) Number of projects financed and completed</b>	<i>Global</i> (Yr 1-2): At least 2 projects reach financial closure or are substantially complete. <i>Countries</i> : At least [*] projects reach financial closure or are substantially complete. (Tanzania: 2, Uganda: 2, Benin: 2)	<i>Countries</i> : At least [*] additional projects reach financial closure or are substantially complete. (Tanzania: 2, Uganda: 2, Benin: 2)
<b>OUTCOME 2: Increased ability and willingness of domestic financial sector to provide financing for small to medium-sized LED infrastructure projects.</b>		
<b>2.1: Number of stakeholders participating in the programme, using new processes and tools</b>	<i>Global</i> (Yr 1-2): 3 scans conducted of local economy and LED investment opportunities, etc. <i>Countries</i> : Enhance existing processes of identifying and developing LED projects.	<i>Countries</i> : Repeat updating and introducing new tools
<b>2.2: Number and type of institutions engaged in PPP finance and project finance</b>	<i>Global</i> (Yr 1-2): 20 developers from private, public and local governments engaged in project development. <i>Countries</i> : [*] developers from private, public and local governments engaged in project development. (Tanzania: 20, Uganda: 20, Benin: 20)	<i>Countries</i> : One technical workshop for developers, bankers, LGAs. Training sessions conducted for raising awareness and outreach events on LED investment opportunities and financing modalities to release investment by domestic financial institutions.
<b>2.3: Number of stakeholders participating in the programme, using new processes and tools</b>	<i>Global</i> (Yr 1-2): LFI stakeholder groups participate in technical forums for project finance and SME finance in 3 countries <i>Countries</i> : 4 (each) LFI stakeholder groups participate in technical forums for project finance and SME finance	<i>Countries</i> : Identified 2 potential providers of private finance and credit enhancement in domestic resource mobilization efforts

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Programme outcomes / Outcome indicators	Outcome targets	
	Year 1	Year 2
<b>2.4 (Global): Number of LED investment projects financed</b> <b>2.4 (Tanzania): Evaluation of the impact to the communities resulting from the establishment of LED infrastructure projects.</b> <b>2.4 not included in Uganda or Benin RRF</b>	<i>Global:</i> [no target] <i>Tanzania:</i> Assessment of the impact of LED infrastructure projects.	<i>Tanzania:</i> Enhance assessment of the impact of LED projects in LDCs.

## Appendix 6: LFI-Assisted Projects with Funding Raised, Loan Agreements or Offers (August 2017)

Project	Project status <sup>5</sup>	Loan amount requested	Loan source	Bank offer/ agreement	Loan status	Equity amount required	Equity source (developer, public, LFI, other grants)	Equity status	Principal actions pending	TA available	TA funding source
<b>Tanzania</b>											
<b>AgroServe</b>	Lender's due diligence	\$200,000	CRDB Bank	Bank loan application	Due diligence stage	\$100,000	LFI \$30,000	Equity available	Completion of lender's due diligence	M & E	UNCDF
<b>Beth Equisolutions Ltd</b>	Lender's due diligence	\$220,000	Bank of Africa	Bank loan application	Due diligence stage	\$40,000	LFI \$25,000	Equity available	Completion of lender's due diligence	M & E	UNCDF
<b>EA Power</b>	Lender's due diligence	\$15,000,000	Stanbic Bank	Indicative term sheet	Term sheet issued	-	Developer	Equity partially raised	Completion of lender's due diligence	N/A	UNCDF
<b>Ijangala Hydro</b>	Lender's due diligence	\$375,000	Bank of Africa	Bank loan application	Due diligence stage	-	REA grant \$303,600 Other development agencies \$830,000	Equity disbursed	Completion of lender's due diligence	M & E	UNCDF
<b>Ileje Community Radio</b>	Commissioned. Total investment \$230,000	N/A. No loan.	N/A	N/A	N/A	N/A	LFI \$106,000	Disbursed	None	M & E	UNCDF
<b>Kibaha Bus Terminal</b>	Project on hold	\$5,680,000	TIB Development Bank	Indicative Offer Letter	offer letter provided	\$1,500,000.	Sponsor	Equity available	Completion of market. Consent to borrow from MOLG.	Yes	UNCDF
<b>Kibaha Market</b>	Project in redesign <sup>6</sup> .	\$7,630,909	TIB Development Bank	Offer Letter	offer letter agreed	\$2,400,000	Sponsor	Equity available	Re-design of project	M & E	UNCDF

<sup>5</sup> Project status: e.g., Fully implemented, on hold, in redesign, technical studies underway, etc.

<sup>6</sup> Original plan has been divided into 2 markets: the first market will continue to be a modern market mainly catering for shoppers and retail stores. The second market, which is currently under construction will be a retail market mainly for small traders and trading agricultural produce. The essence of redesign of remove duplications as some functions which have been shifted to the second market.



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Project	Project status <sup>5</sup>	Loan amount requested	Loan source	Bank offer/ agreement	Loan status	Equity amount required	Equity source (developer, public, LFI, other grants)	Equity status	Principal actions pending	TA available	TA funding source
<b>Lupali Hydro Project</b>	Technical studies, electromechanical equipment and transmission line financed with equity. Project completion depends on developer finding additional grant or lower-cost loan.	\$760,000 (39%)	TIB Development Bank	Offer Letter @ 17% interest not accepted	Offer not accepted	-	Developer Grant from development partner	Equity disbursed (61%)	Project on hold as per the status.	M & E	UNCDF
<b>Maguta Hydro Projects</b>	Civil works and installation of equipment in progress	\$2,700,000	CRDB Bank	Bank loan application	Due diligence stage	-	Rural Energy Agency (REA) grant \$1,500,000 LFI \$204,000 Developer and outside investors \$5,600,000	Equity disbursed	Construction of transmission line by REA	M & E	UNCDF
<b>Moshi Bus Terminal – Ngangamfu muni</b>	On hold pending government consent to borrow.	\$11,648,352	TIB Development Bank	Loan Agreement	Loan Agreement signed	\$1,700,000	Sponsor	50% of equity available balance to be budgeted in next fiscal year.	Obtain consent to borrow from Ministry of Local Government (MOLG)	NA	UNCDF
<b>Mpale Village Mini-Grid (Ensol Ltd)</b>	Commissioned; cost \$474,000	N/A. no loan.	N/A	N/A	N/A	N/A	LFI 124,000	Disbursed	NA	M & E	UNCDF
<b>Mwenge Sunflower .</b>	First phase fully implemented Finance requested for expansion	\$1,000,000	NMB Bank	Loan Agreement	Meeting conditions precedent (CPs)	\$150,000	LFI Grant \$150,000	Approved, in process of disbursement	All conditions precedent met and now fully disbursed.	M & E	UNCDF
<b>TANECU</b>	The project is hold as the sponsor could not raise sufficient equity.	€8,285,653	TIB Development Bank	Offer Letter	Offer letter provided	€7,648,295	Developer, TIB Bank and Private partner (Oltrimare)	€4,588,977 raised. Pending €3,059,318	Raise equity	No.	UNCDF

## UN Capital Development Fund

Project	Project status <sup>5</sup>	Loan amount requested	Loan source	Bank offer/ agreement	Loan status	Equity amount required	Equity source (developer, public, LFI, other grants)	Equity status	Principal actions pending	TA available	TA funding source
<b>Uganda</b>											
<b>Busia Lorry Park</b>	Partners negotiating ownership terms.	-	No loan	N/A Fully equity funded	N/A	\$2,500,000	Agility Africa. Private developers	PPP agreement signed	Agreement on ownership terms.	No.	UNCDF
<b>Farmers Creameries Ltd</b>	Lender's due diligence	\$8,706,061	DFCU Bank & Rabo Bank	Offer letter	Offer letter agreed	\$4,488,939	UCCCU, Rainbow unlimited gmbh	Under evaluation	Raise equity, hire management team	M & E	UNCDF
<b>KACOFA</b>	Lender's due diligence	\$2,442,857	Uganda Development Bank	Offer Letter	Offer letter agreed for \$2.4m.	-	Developers equity \$700K	Equity available	Awaiting lender's board approval & meeting CPs	M & E	UNCDF
<b>NUCAFE</b>	Lender's due diligence	\$1,705,118	Uganda Development Bank	Offer Letter	Offer letter	-	Developers equity \$2.1m LFI \$225,000	Equity available	Awaiting lender's board approval & meeting CPs	M & E	UNCDF
<b>Reparle</b>	Lender's due diligence	\$523,430	Pearl Capital Partners	Offer under review	Offer under review	\$250,000	LFI Grant \$250K	Equity available	Concluding financing modality with the financiers	M & E	UNCDF
<b>Talian <sup>7</sup></b>			AgDevCo	Fully disbursed	Fully disbursed	-	LFI \$195,000 Development partners \$695,000	Equity disbursed	Completed, under construction	M & E	UNCDF
<b>Benin</b>											
<b>CIPTA</b>	Loan terms agreed; developer meeting CPs.	\$360,000	Diamond Bank S.A.	Terms agreed	Offer letter signed	\$300,000	LFI grant \$72,000 Developer \$300,000	Equity available	Partial I loan guarantee from FAGACE	M & E	UNCDF
<b>Santana</b>	Loan terms agreed; developer meeting CPs	\$520,000	Diamond Bank S.A	Terms agreed	Term sheet	\$188,600	LFI grant \$37,000 Developer \$165,000.	Equity available	Partial I loan guarantee from FAGACE	M & E	UNCDF

\*M&E: Project being monitored. Further LFI financial support will depend on the future needs.

<sup>7</sup> <http://markets.businessinsider.com/news/stocks/AgDevCo-Invests-in-Ugandan-Maize-and-Cassava-Miller-Talian-Company-1002270879>



## Appendix 7: List of Documents Reviewed

- Bank of Tanzania. 2017. "Monthly Economic Review, May 2017."
- Bank of Uganda. [No date.] Agricultural Credit Facility. [brochure]
- Bond, Dr. Daniel L., et al. 2012. "Financing Local Infrastructure: The Tanzania Environmental Scan." Prepared for UNCDF by Global Clearinghouse for Development Finance.
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**Appendix 8: List of Field Subproject Site Visits by the Evaluation Team**

Date	Projects Visited	Person(s) Met	Location
26 January 2017	FJS Starch Processing Company Ltd	Ibrahim Hapes, CEO and Co-Founder	Bungu, Tanzania
27 January 2017	Kibaha Market Project and Kibaha Bus Terminal	Mrs. Jenifa Omolo, Town Director	Kibaha, Tanzania Kibaha, Tanzania
30 January 2017	Ileje Community Radio and Luswisi Small Hydro	Malko Chovero, Acting District Executive Director	Mbeya, Tanzania
31 January 2017	EA Power Limited	Kiwira Prison Training College	Mbeya, Tanzania
1 February 2017	Nelwa's Gelato Cocoa Beach	Mercy Kitomari, CEO TIB senior staff	Dar es Salaam, Tanzania Dar es Salaam, Tanzania
14 March 2017	Delight [CHEERS]	Julian Adyeri, CEO	Kampala, Uganda
17 March 2017	Farmer's Creamery Limited	Alex Nhajuna, Head of Finance Department	Mbarara, Uganda

*Note: Focus group discussion held jointly with the executives of Talia and Nucafe.*

## Appendix 9: List of Key Stakeholders Interviewed by the Evaluation Team

Last Name	First Name	Job Title	Company	City	Country
Shamumoyo	Habraham Jacob	Secretary General	Association of Local Authorities of Tanzania (ALAT)	Dar es Salaam	Tanzania
Kavuma	Solomon	Deputy Director Reserves & Investments Management Operations Division Financial Markets Department	Bank of Uganda	Kampala	Uganda
Mugisha	Zephania	Chief Accountant	Bank of Uganda	Kampala	Uganda
Mulema	Stephen	Director Financial Markets Department	Bank of Uganda	Kampala	Uganda
Muliisa	Winnie	Principal Banking Officer Accounts Department	Bank of Uganda	Kampala	Uganda
Baasha	Davis	Regional Director & Senior Advisor	BID Network	Bugolobi	Uganda
Mutabanura	David	Executive Director	Cavendish University Uganda	Kampala	Uganda
Kilua	Samweli	Programme Coordinator	DANIDA	Dar es Salaam	Tanzania
Omalla	Julian	C.E.O	Delight (U) Limited / Cheers	Kampala	Uganda
Sempa	Richard	Relationship manager - Agriculture	DFCU Bank Head Office	Kampala	Uganda
Babu	Hamisi	Senior Programme and Compliance Manager	DFID Tanzania	Dar es Salaam	Tanzania
Chovero	Malko	Acting District Executive Director	District of Mbeya	Mbeya	Tanzania
Iha	Joseph	Managing Director	Equity Bank Tanzania Ltd.	Dar es Salaam	Tanzania
Mukaru	David	General Manager-Credit	Equity Bank Tanzania Ltd.	Dar es Salaam	Tanzania
Nhajuna	Alex	Head of Finance Department	Farmer's Creamery Limited/UCCU	Mbarara	Uganda
Hape	Ibrahim M.	CEO & Co-Founder	FJS African Starch Development Cy Ltd	Dar es Salaam	Tanzania
Ntirundura	Stanford	Head	Kiwira Prison Training College	Mbeya	Tanzania
Kasule-Mukasa	Eng. Paul	Programme Co-ordinator	Ministry of Local Government	Kampala	Uganda



Last Name	First Name	Job Title	Company	City	Country
Paul	Okitoi	Head Economic & Strategic Planning	National Planning Authority	Kampala	Uganda
Richard	Wansambo	Senior Planner-local Government Planning	National Planning Authority	Kampala	Uganda
Sebukeera	Hennerly	Planner, Human Resource Planning and Development	National Planning Authority	Kampala	Uganda
Deus	Nuwagaba	Entrepreneurship Services Manager	National Union of Coffee Agribusinesses and Farm Enterprises (NUCAFE)	Kampala	Uganda
Nkandu	Joseph	Executive Director	National Union of Coffee Agribusinesses and Farm Enterprises (NUCAFE)	Kampala	Uganda
Kitomari	Mercy	CEO	Nelwa's Gelato	Dar es Salaam	Tanzania
Adon Bandissa	Hajayand Dennis		President's Office Regional Administration and Local Government		Tanzania
Nyamohanga	Gisima	Director General	Rural Energy Agency		Tanzania
Källstig	Ulf	Head of Development Cooperation	SIDA		Tanzania
Sahlen	Ola		SIDA		
Oroma	George William	Dairy Advisor, The Inclusive Dairy Enterprise (TIDE) Project	SNV, Netherlands Development Organisation	Mbarara	Uganda
Nyeko	Francis	Managing Director	Talian Company Ltd		Uganda
Mbugi	Rehema	Monitoring & Evaluation/Membership Support	Tanzania Private Sector Foundation	Dar es Salaam	Tanzania
Simbeye	Godfrey	Executive Director	Tanzania Private Sector Foundation	Dar es Salaam	Tanzania
Deogratias	Denis	Advisory Services Officer	TIB Development Bank	Dar es Salaam	Tanzania
Magoma	Allan N. J.	Principal Officer-Business Development	TIB Development Bank	Dar es Salaam	Tanzania
Shayo	Dr. Hildebrand	Manager, Research & Planning	TIB Development Bank	Dar es Salaam	Tanzania
Omolo	Jenifa	Town Director	Town of Kibaha	Kibaha	Tanzania
Emoi	John Peter	Sr. Business Development Officer	Uganda Development Bank		Uganda

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Last Name	First Name	Job Title	Company	City	Country
Mushi	Aine	UN/NRA Coordination Specialist	UN Resident Coordinator's Office	Dar es Salaam	Tanzania
Rodriguez	Alvaro	Resident Coordinator of the UN System	UN Resident Coordinator's Office	Dar es Salaam	Tanzania
Avergne	Christel	Deputy Director of the Local Development Finance Practice	UNCDF	NY , NY	U.S.A.
Berlin	Anders	Senior Advisor, LDC Investment Platform	UNCDF		New York
Byamungu	Abraham	Finance Specialist, LFI Programme	UNCDF	Dar es Salaam	Tanzania
Damjanov	Ivana	MicroLead Programme Specialist	UNCDF	Dar es Salaam	Tanzania
Djengue	Armel Hervé	Investment Officer, LFI Programme	UNCDF	Cotonou	Benin
Dommel	Henry	Director, Financial Inclusion Practice Area	UNCDF	NY, NY	U.S.A.
Fyfe	Andrew	Head of Evaluation Unit	UNCDF	New York	USA
Gebretsadik	Herte	Partnerships Development Specialist	UNCDF	New York	USA
Jackson	David	Director, Local Development Finance Practice Area	UNCDF	New York	New York
Jensen	Lars	Investment Officer	UNCDF	Dar es Salaam	Tanzania
Mahamba	Lulu	Programme Accounts Associate	UNCDF	Dar es Salaam	Tanzania
Malika	Peter	Chief Technical Advisor & Global Manager of LFI	UNCDF		
Mboowa	Michael	Investment Officer	UNCDF	Kampala	Uganda

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<b>Last Name</b>	<b>First Name</b>	<b>Job Title</b>	<b>Company</b>	<b>City</b>	<b>Country</b>
Muro	Immanuel W.	Senior Finance Specialist	UNCDF	Dar es Salaam	Tanzania
Museru	Malimu	Investment Officer, LFI Programme	UNCDF	Dar Es Salaam	Tanzania
Namfua-Mwombela	Jacqueline	Communication, Partnerships and Resource Mobilization Specialist	UNCDF	Dar es Salaam	Tanzania
Pozhidaev	Dimitry	Chief Technical Advisor	UNCDF		
Shine	Ritta	Finance Specialist, LFI Programme	UNCDF	Dar es Salaam	Tanzania
Tucker	John	Deputy Director, Financial Inclusion Practice Area	UNCDF	NY, NY	U.S.A.
Salla	Ernest	Practice Specialist (Private Sector Development )	UNDP	Dar es Salaam	Tanzania

## Appendix 10: Evaluation Matrix for the Midterm Evaluation of LFI

Evaluation Question and Sub-question	Indicator	Means of Verification	Data Sources
<b>Evaluation Question 1:: Relevance and quality of design of the LFI initiative</b>			
<b>1.1.1</b> How relevant is the Local Finance Initiative (LFI) to the programme countries in which it has intervened?	<ol style="list-style-type: none"> <li>1. Strategic fit of LFI programme in broader national strategies regarding decentralised financing (including revenue collection) at the local level</li> <li>2. Evidence of programme relevant to broader local development interventions through job creation, backward and forward linkages in local areas for inclusive socioeconomic development, without causing distortions in local markets or financial relationships</li> </ol>	<p>Review and assessment of the level of consistency of LFI with the current National Development Plan, decentralisation strategy, LED strategy and/or other strategies for increasing local financing of public and private investment, including revenue collection.</p> <p>Review of programme and project design documents for establishing evidence on job creation, revenue collection, and income opportunities for all stakeholders.</p> <p>Analyze how issue of market distortion has been considered and managed by programme staff.</p>	<ol style="list-style-type: none"> <li>1. Documents: <ul style="list-style-type: none"> <li>• National Development Plan,</li> <li>• LED strategy paper, including financing LED investments by both public and private sectors</li> <li>• Financial decentralisation policy paper for LED</li> </ul> </li> <li>2. Perception/views of government officials, development partners and private sector representatives on role of LFI in LED</li> <li>3. Programme design document</li> <li>4. Project documents</li> </ol>
<b>1.1.2</b> How well is LFI situated in comparison to similar initiatives by other national and international development partners, and what value is it adding?	<ol style="list-style-type: none"> <li>1. Comparative advantage and complementarity with other programmes and initiatives in programme countries, including any distinctive features.</li> <li>2. Assess the programme's additionality, particularly, what the programme gains from the clients chosen and what the clients gain from working with the programme.</li> </ol>	Analyse local finance approaches/models for LED to establish whether LFI duplicates or is distinct from activities of government or donor programs with similar objectives.	<ol style="list-style-type: none"> <li>1. Local finance methodology papers developed by key development partners in LDCs</li> <li>2. Key informant interviews with senior staff at UNCDF responsible for LFI and Financial Inclusion Practice Area (FIPA); government agencies responsible for local finance, and other development partners (e.g. IFC, AfDB, UNDP, UNIDO, DFID and others as relevant).</li> </ol>
<b>1.2</b> How coherent is the programme design to the achievement of overall programme objectives?	<ol style="list-style-type: none"> <li>1. Consistent programme design demonstrated by clear roles and responsibilities of all stakeholders</li> <li>2. Clear results framework and roadmap for achieving objectives, including sound M&amp;E system to monitor and assess programme performance</li> <li>3. Adequacy of resource provision for achieving programme objectives both at the programme and country levels</li> </ol>	Analyse based on review of LFI programme document, country assistance frameworks to assess coherence in design, adequacy of finance and human resources at programme and country levels, choice of partners, and implementation modalities, including selection criteria, financing norms, and impact pathways, market analysis, job creation, and gender and human rights considerations	<ol style="list-style-type: none"> <li>1. Corporate programme document</li> <li>2. Country assistance framework</li> <li>3. Randomly selected project design documents, including feasibility studies, market analysis, impact pathways</li> <li>4. Selection criteria to identify project partners</li> <li>5. Corporate and country budgets and expenditure data</li> </ol>

Evaluation Question and Sub-question	Indicator	Means of Verification	Data Sources
	4. Appropriate choice of programme partners, both for project development and financing		6. Key informant interviews with UNCDF and LFI staff, donor and project partners including government officials and beneficiaries
<b>1.3</b> How well LDCs and development partners at the central and local levels have supported the LFI programme objectives?	1. Country ownership demonstrated by commitment to implement Country Framework Agreements 2. Ownership by local governments, financing agencies, and developers to adhere to programme objectives 3. Donor support demonstrated by commitment and disbursements to support LFI programme in line with Addis Ababa Action Agenda and new international development framework	Assess LFI programme ownership by LDCs and development partners in terms of understanding the degree to which central and local government officials and development partners understand the goals of LFI and what they are doing to support them.  Review LED programmes and budgets are realistic to leverage additional finance  Assess the consistency of LFI and partner programs with AAAA and new international development framework	1. Document review <ol style="list-style-type: none"> <li>LFI establishment agreement and UNCDF Governing Board decision minutes</li> <li>Country Framework Agreements</li> <li>Project development and finance agreements</li> </ol> 2. Key informant interviews with <ol style="list-style-type: none"> <li>Donors and development partners supporting LFI programme</li> <li>LDC Government officials</li> <li>Local government and LED developers in LDCs</li> <li>Financing institutions in LDCs</li> </ol>
<b>1.4</b> How well designed is the LFI programme with a view to later transition, expansion and replication in line with UNCDF's maturity model?	1. A clear results framework with the provision of an active monitoring system capturing financial, economic, social, and environmental outcomes at the level of investment 2. A clear results framework with the provision of an active monitoring system capturing policy reforms and institutional capacity at the national and local levels 3. A clear knowledge management strategy in place or roadmap to actively disseminate results and support LFI programme expansion	1. Review of project and programme documents on monitoring and knowledge management systems 2. Evaluate quality and use of monitoring system(s), including SMART indicators 3. Analyse level of clarity in knowledge management strategy or approach to properly supports the implementation of planned activities.	1. Documents <ol style="list-style-type: none"> <li>Baseline data</li> <li>Monitoring indicators</li> <li>Monitoring mechanism/protocols and outputs</li> <li>Progress reports</li> <li>Data use framework</li> <li>Knowledge dissemination approach/strategy paper</li> </ol> 2. Key informant interviews with relevant senior UNCDF and LFI programme staff and government officials
<b>1.5</b> 5 To what extent programme design sufficiently took into account crosscutting issues?	Clear protocol and evidence to ensure <ol style="list-style-type: none"> <li>Integration of UN gender human rights principles into LFI programme design</li> <li>Economic empowerment of women in LFI project designs</li> </ol>	Assess programme and project design and strategy documents from gender, human rights, and social and environmental safeguards lenses to ensure compliance with UNCDF requirements	1. Documents <ol style="list-style-type: none"> <li>Programme design document</li> <li>Country Framework agreements</li> <li>Sample project documents</li> <li>LFI strategy paper</li> </ol> 2. Key informant interviews with:

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Evaluation Question and Sub-question	Indicator	Means of Verification	Data Sources
	3. Compliance with environmental and social standards (safeguards) in LFI project design		<ul style="list-style-type: none"> <li>a. LFI Programme and government staff</li> <li>b. Project developers</li> <li>c. Project sponsors</li> </ul>
<b>Evaluation Question 2: Efficiency</b>			
2.1 What is the quality of programme management and how well has the initiative delivered its expected results to date?	<ul style="list-style-type: none"> <li>1. Timely implementation of programme deliverables</li> <li>2. Transparent and efficient RFA processes to select LFI partners, including sponsors, developers and financial institutions</li> </ul>	<ul style="list-style-type: none"> <li>1. Assess how the programme is meeting the benchmarks (timing commitments) agreed with stakeholders.</li> <li>2. Review decision making and criteria applied in allocating human and financial resources to individual projects</li> <li>3. Review programme benchmarks against the actual timing of deliverables, at corporate and country program levels, and for a sample of projects.</li> <li>4. Review RFA documentation for Tanzania and Uganda and assess the procedures used and time taken to conduct RFA process against programme guidelines.</li> </ul>	<ul style="list-style-type: none"> <li>1. Project records <ul style="list-style-type: none"> <li>a. Benchmark document/norms</li> <li>b. RFA documents</li> <li>c. Time elapsed at different stages from application to final completion of investment</li> <li>d. Funding leverage acquired</li> </ul> </li> <li>2. Key informant interviews with: <ul style="list-style-type: none"> <li>a. SIDA</li> <li>b. Government officials</li> <li>c. UNCDF staff</li> <li>d. LFI project developers</li> <li>e. LFI project sponsors</li> </ul> </li> </ul>
2.2 What is the quality of programme outputs delivered to date?	<ul style="list-style-type: none"> <li>1. High-quality technical assistance provided by the LFI team to participants in each stage of the investment process</li> <li>2. Relevant and high-quality advice given to institutional partners active at the policy level</li> <li>3. High quality sectoral and project management in project teams under LFI programme</li> <li>4. Sustainable partnerships developed with private and public sector actors</li> </ul>	<ul style="list-style-type: none"> <li>1. For sample LFI projects, assess the competency of technical assistance providers against their requirements</li> <li>2. Assess the responsiveness of technical assistance providers to developers and sponsor's requirements</li> <li>3. Analyse usefulness of technical assistance/advice providers from the perspectives of institutional partners</li> <li>4. Analyse whether TA providers are qualified and whether institutional partners judge their advice to be useful</li> </ul>	<ul style="list-style-type: none"> <li>1. Document review <ul style="list-style-type: none"> <li>a. Feedback reports from the sponsors and developers on usefulness of technical assistance provided by LFI (if available)</li> <li>b. Client satisfaction survey report/data (if available)</li> </ul> </li> <li>2. Key informant interviews with the: <ul style="list-style-type: none"> <li>a. Sponsors and developers</li> <li>b. Institutional partners</li> <li>c. SIDA representative</li> <li>d. UNCDF staff</li> </ul> </li> </ul>

Evaluation Question and Sub-question	Indicator	Means of Verification	Data Sources
2.3 What is the current and likely performance of investments financed at the local level in LFI programme countries?	1. High-quality project proposals based on results obtained or expected in terms of likely financial, economic, and social impacts of investment projects supported by LFI	<ol style="list-style-type: none"> <li>1. Assess the process whereby projects are selected or accepted for programme assistance.</li> <li>2. Assess the validity of assumptions in project proposal designs</li> <li>3. Review project forecasted financial results and other projections of impact on actual outcomes to date for a sample of LFI projects.</li> <li>4. Compare current and expected project results against original projections and assess the magnitude of deviations.</li> </ol>	<ol style="list-style-type: none"> <li>1. Document review <ol style="list-style-type: none"> <li>a. Sample project proposals</li> <li>b. Sample project results/progress reports</li> </ol> </li> <li>2. Secondary data on parameters used for financial and economic analysis and forecasted financial results</li> <li>3. Key informant interviews with sponsors</li> </ol>
2.4 What is the quality of programme monitoring systems? (To what extent is it possible to capture the likely results of these investments on the local economies in terms of financial, social and environmental impact?)	<ol style="list-style-type: none"> <li>1. Clear economic, social and environmental performance metrics embedded within agreed projects</li> <li>2. Clear mechanisms for ongoing monitoring of economic and social performance of investments once they have begun</li> <li>3. Clear mechanisms in place to capturing the effects on local economic development through job creation, revenue collection and forward and backward linkages</li> </ol>	<ol style="list-style-type: none"> <li>1. Analyse the protocol, coverage, and quality of programme monitoring system for capturing and reporting: <ol style="list-style-type: none"> <li>a. Costs</li> <li>b. Outputs and prices</li> <li>c. Economic performance,</li> <li>d. Social performance</li> <li>e. Environmental performance</li> <li>f. Job creation</li> <li>g. Revenue collection</li> <li>h. Indirect impacts (linkages)</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. Document review of programme and sample project documents</li> <li>2. Guidance/framework document for monitoring and reporting results</li> <li>3. Key informant interviews with UNCDF and LFI programme staff responsible for monitoring and evaluation</li> </ol>
2.5. How well are partner contributions/involvement in programme implementation working?	<ol style="list-style-type: none"> <li>1. Well-functioning steering committee at the programme and country levels providing timely strategic oversight and guidance for programme implementation</li> <li>2. Clear ownership of the initiative by development partners and national partners with a view to replication and scaling up</li> </ol>	<ol style="list-style-type: none"> <li>3. Assess the performance of the steering committees at the programme and country levels against their envisaged roles and responsibilities</li> <li>4. Assess integration of programme concepts in other government programs. Assess intentions of government agencies to continue and scale up LFI activities.</li> <li>5. Assess the impressions of development partner supporting LFI programme</li> </ol>	<ol style="list-style-type: none"> <li>1. Document review <ol style="list-style-type: none"> <li>a. Programme design document</li> <li>b. Country Framework Agreements</li> <li>c. Minutes of steering committee meetings</li> </ol> </li> <li>2. Key informant interviews with: <ol style="list-style-type: none"> <li>a. SIDA representative</li> <li>b. Government agency staff related to local development finance</li> <li>c. Selected members of steering committees</li> </ol> </li> </ol>

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Evaluation Question and Sub-question	Indicator	Means of Verification	Data Sources
<b>Evaluation Question 3: Effectiveness (organisational change at the level of key programme counterparts)</b>			
To what extent is the initiative on track to contributing to the improved capacity of public and private project developers to identify, develop and manage investment projects targeting local economic development in the programme target countries?			
<b>3.1</b> How far is the programme contributing to improvements in capacity and changes in the behaviour of public and private sector project developers to identify and develop small - to medium-sized infrastructure projects at the local level in programme countries? <b>3.2</b> How far is the programme contributing to the improved capacity and changes in the behaviour of the domestic financial sector to providing financing for small- to medium-sized infrastructure projects at the local level in programme countries?	<b>1.</b> Increased awareness amongst project financiers in programme countries of structured project finance approaches <b>2.</b> Increased capacity in national and local governments and in the local private sector to identify and develop small and medium size infrastructure projects <b>3.</b> High demand for local finance for small and medium infrastructure projects (public and private sector) demonstrated by the portfolio of pipelines of proposed projects in programme countries	<b>1.</b> Assess increased awareness (relative to baseline) about LFI among project developers and financiers for local small and medium infrastructure projects <b>2.</b> Evaluate quality of publicity and programme communications for their effectiveness in raising awareness about the LFI programme.] <b>3.</b> Assess the quality of LFI projects compared to similar projects supported and financed by other development partners or governments' internal resources <b>4.</b> Compare the quality of sample project proposals to determine any improvement in the quality of proposals for LFI support <b>5.</b> Quantify the number of programme inquiries, responses to project solicitations and proposals received by LFI programme office.	<b>1.</b> Document review <ul style="list-style-type: none"> <li><b>a.</b> Awareness raising promotional materials in hard and soft forms</li> <li><b>b.</b> Sample proposals for LFI support (early vs. more recent ones)</li> <li><b>c.</b> Records of public inquiries made and associated purposes</li> </ul> <b>2.</b> Key informant interviews with: <ul style="list-style-type: none"> <li><b>a.</b> A group of LFI training participants/ project developers and financiers</li> <li><b>b.</b> Government officials in programme countries</li> <li><b>c.</b> LFI staff</li> </ul>
<b>Evaluation Question 4: Impact on broader policy, financing and economic systems</b>			
<b>4.1</b> To what extent is the programme on track to supporting the building of an improved policy and institutional enabling environment to channel resources (both domestic and international) to financing local level infrastructure in LFI target countries	<b>1.</b> Improved enabling environment for domestic (and international) resource mobilisation (e.g. policy, laws, regulation) by national and local governments <b>2.</b> Small and medium infrastructure finance relevant policies are reformed to encourage investment in local economic development projects	<b>1.</b> Analyse factors contributing to improved business environment in LFI programme countries and determine investment climate for local finance supporting small and medium infrastructure <b>2.</b> Assess implementation status of any reforms to enable business environment	<b>1.</b> Document review <ul style="list-style-type: none"> <li><b>a.</b> Local finance-related policy analysis papers/reports by LFI and UNCDF staff, other development partners, government agencies, think tanks and others</li> </ul> <b>2.</b> Secondary data <ul style="list-style-type: none"> <li><b>a.</b> Cost of doing business in programme countries</li> </ul> <b>3.</b> Key informant interviews with: <ul style="list-style-type: none"> <li><b>a.</b> LFI Programme staff</li> </ul>



Evaluation Question and Sub-question	Indicator	Means of Verification	Data Sources
			<ul style="list-style-type: none"> <li>b. Development partners</li> <li>c. Government officials</li> <li>d. Investment Boards</li> </ul>
<b>4.2</b> To what extent programme activities can be linked to increases or decreases in the domestic and/or international resources set aside for infrastructure development at the local level?	<ul style="list-style-type: none"> <li>1. Increased current or likely increases in domestic resources (both public and private) being leveraged by the programme and channelled to local infrastructure spending linked to programme—induced changes in the policy and regulatory environment</li> <li>2. Increased current or likely increased financial support by the international development community for local economic development project development and finance in LFI countries</li> </ul>	<ul style="list-style-type: none"> <li>1. Assess increase (if any) in level of funding earmarked by the government for LED projects due to LFI in programme countries</li> <li>2. Assess the share of private financing leveraged by the LFI programme over time and analyse the trends</li> <li>3. Assess the amount earmarked by LFI donors over time and analyse the trends</li> </ul>	<ul style="list-style-type: none"> <li>1. Time series programme and Project finance data from project records</li> <li>2. Interview with relevant:               <ul style="list-style-type: none"> <li>a. Government officials</li> <li>b. Financial institutions</li> <li>c. Development partners</li> </ul> </li> </ul>
<b>4.3</b> To what extent is the LFI programme likely to contribute to initiating or sustaining broader economic development in the localities where it is present?	<ul style="list-style-type: none"> <li>1. Stable government policy and financing environment to promote LED through local financing</li> <li>2. Lower transaction time and cost</li> <li>3. High-quality investment projects</li> <li>4. Effective functioning of an LFI national platform or equivalent</li> </ul>	<ul style="list-style-type: none"> <li>1. Assess policy framework and institutional structure conducive to local financing of LED projects, including small and medium infrastructure</li> <li>2. Assess feasibility of establishing or strengthening an institutional setup to promote LED through local financing</li> <li>3. Assess the sustainability of the Advisory Committee or feasibility of establishing other sustainable stakeholder platform.</li> </ul>	<ul style="list-style-type: none"> <li>1. Policy documents on local financing for LED, including small and medium infrastructure in programme countries</li> <li>2. Key informant interviews with:               <ul style="list-style-type: none"> <li>a. Government officials in programme countries</li> <li>b. Investment Board representatives</li> <li>c. Programme staff</li> </ul> </li> </ul>
<b>Evaluation Question 5: Sustainability of programme results within the broader policy environment</b>			
<b>5.1</b> To what extent are changes in the policy and institutional level supported by the programme likely to continue over time?  <b>5.2</b> What are the prospects for continued financial and social performance of the portfolio of LFI – supported investment projects over time?	<ul style="list-style-type: none"> <li>1. Stable policy and financing environment foreseen evolving to meet the needs of the sector</li> <li>2. Effective functioning of an LFI national platform or equivalent</li> <li>3. Likelihood of continued operational performance of investments including guaranteed revenue streams</li> <li>4. Investments are on a full cost-recovery path</li> </ul>	<ul style="list-style-type: none"> <li>1. Assess policy framework and institutional structure conducive to local financing of LED projects, including small and medium infrastructure</li> <li>2. Assess feasibility of establishing or strengthening an institutional setup to promote LED through local financing</li> <li>3. Assess the sustainability of the Advisory Committee or feasibility of establishing other sustainable stakeholder platform</li> </ul>	<ul style="list-style-type: none"> <li>1. Key informant interviews with:               <ul style="list-style-type: none"> <li>d. Government officials in programme countries</li> <li>e. Investment Board representatives</li> <li>f. Programme staff</li> <li>g. Development partners</li> </ul> </li> </ul>

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Evaluation Question and Sub-question	Indicator	Means of Verification	Data Sources
	5. Continued adequate liquidity in local financial market 6. Demonstrated positive and continued impact of LFI through LED investments		
<b>Evaluation Question 6: how far has the programme considered gender equality and women's empowerment in its design, implementation and results?<sup>8</sup></b>			
6.1 To what extent is LFI programme aligned with UNCDF's gender mainstreaming strategy and LDCs' national gender-related goals?	1. Evidence supporting a gender need assessment done at the programme design stage 2. Evidence of a Gender Action Plan formulated by UNCDF for LFI	Document review of programme document and gender action plan, if available	Documents: Programme design document Gender Action Plan document
6.2 Did the LFI programme strategically allocate resources (funds, human, time and expertise) to achieve gender-related objectives?	1. Clear resource allocation for gender mainstreaming and empowerment activities	Review of programme document and budget and expenditure analysis	Programme document Budget and expenditure statements
6.3 How women and men are likely to benefit from the LFI project activities?	1. Results on gender achievement demonstrating clear benefits to men and women from LFI activities	Review of project and programme progress reports	Project progress reports Key informant interviews with: project developers, government officials, LFI staff and beneficiaries
6.4 Are the gender-related outcomes likely to be sustainable?	1. Indication of gender-related outcomes are likely to be sustainable	Analysis of gender impact results	Review of progress reports and gender-related publications by LFI Key informant interviews with: Government staff Project beneficiaries Project sponsors

<sup>8</sup> Based on principles outlined in the United Nations Evaluation Group's Guidance on Integrated Human Rights and Gender Equality in Evaluation.  
<http://www.uneval.org/document/detail/980>

**Appendix 11: Template for Preparing a Project Profile Summary****LFI Project Profile**

<b>Project Description</b>	
Project Code	Text
Project Name	Text
Tier (current status)	Text
Developer type	Text
Sector	Text
Location	Text
Country	Text
Source of contact	Text
<b>Key Dates</b>	
Initial contact by developer with UNCDF	Date
Proposal submitted	Date
Delivery of commitment letter (or other formal commitment of LFI assistance)	Date
Commencement of feasibility study	Date
Completion of feasibility study	Date
UNCDF-LFI funding approval	Date
First disbursement by UNCDF-LFI	Date
Last disbursement by UNCDF-LFI	Date
Initial contact with financial institution	Date
Funding approval from financial institution	Date
First disbursement by financial institution	Date
Last disbursement by financial institution	Date
Close-out date	Date
Most recent follow-up	Date
Another date (to be determined)	Date
<b>Project Financing</b>	
Sources of funding	
Loan (lender)	US\$
UNCDF-LFI capital grant	US\$
Owner/sponsor contribution	US\$
Another source (specify )	US\$
TOTAL	US\$
<b>Uses of funds (principal expenditures)</b>	
Land	US\$
Machinery/ equipment	US\$
Technical expertise	US\$
Inventory	US\$
Other use (specify)	US\$
TOTAL	US\$

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UNCDF Technical Support	
Feasibility study	US\$
Market study	US\$
Consultant services	US\$
Other (specify)	US\$
TOTAL	US\$
Project Summary	
Short description of the project (type and age of business, description of public works), a short description of sponsor/owner, current status (active/inactive, reason for inactivity), the reason for rejection, infrastructure in use /status of the business operation, etc.	
Nature of social/environment impacts, if any	
Expected LED outcomes [from menu of indicators to be agreed]	

Information current as of (date): \_\_\_\_\_

**Appendix 12: Case studies of selected LFI subprojects****A. Farmers Creameries Ltd., Uganda**

<b>PROJECT</b>	<b>FARMERS CREAMERIES LTD DAIRY PROCESSING PLANT</b>
Developer	Farmers Creameries Limited (FCL), a subsidiary of Uganda Crane Creameries Cooperative Union (“UCCCU”)
Sectors	Private (cooperative) / Agro processing
Location	Mbarara, Western Uganda
Source of contact	Project identified by GDF advisors during Uganda pilot
Tier	1 (Programme database, January 2017; also LFI-U report June 2016)
Project size (LFI database)	US\$13.2 million: US\$8.2 million (debt) + US\$5.0 million (equity)
Project size (LFI profile)	US\$13.2 million: US\$8.2 million (debt) + US\$5.0 million (equity)
<b>Key Dates</b>	
Initial contact with developer	2012
Developer proposal submitted	NA
LFI MOU signed	2012 (with Global Clearinghouse for Development Finance)
LFI funding approval	Grant agreements signed in 4/2015 for US\$50,000 (UCCCU); 2/2017 for US\$23,318 (UCCCU) and 2/2017 for US\$25,800 (FCL).
First disbursement LFI	4/2015
Last disbursement LFI	2/2017
Initial contact with banks	Q4 2014 (see Back to Office Report, Peter Malika and Abraham Byamungu, Kampala-Uganda, Nov 2014)
Bank financing approval	Expressions of interest and indicative term sheets received from Rabobank (7/2016) and DFCU (8/2016). No loan approval yet.
Most recent follow up	April 2017
<b>Project Financing</b>	
<b>Sources of Funds</b>	
Strategic Partner (equity)	US\$ 1,546,000
UCCCU (equity)	US\$ 3,494,000
Rabobank (debt)	US\$ 5,700,000
DFCU Bank (debt)	US\$ 2,455,000
TOTAL	
Total	US\$ 13,195,000
<b>Uses of Funds</b>	
Completion of building & start-up costs	US\$ 1,546,000
Inbound logistics, building, initial interest & fees	US\$ 3,494,000
Equipment, procurement & construction costs	US\$ 5,700,000
Outbound logistics, working capital & maintenance	US\$ 2,455,000
Total	US\$ 13,195,000

Description of Project and LFI Contribution	
Background	
<p>UCCCCU is a tertiary co-operative union that comprises 10 district unions (2nd tier co-operatives), 128 primary societies (1st tier co-operatives) and collectively 18,305 farmers. UCCCCU produces in excess of 300 KL of milk per day, accounting for 13% of the country's total marketed milk production.</p> <p>Rather than continuing to only sell raw milk to producers, UCCCCU decided more than 10 years ago to establish a dairy processing plant to produce branded pasteurized milk, Ultra-High Temperature (UHT) processed long-life milk and yoghurt. The processing plant will provide a secure off-take, competitive pricing and increased control of the dairy value chain for the farmers.</p> <p>In 2007, UCCCCU acquired the land for the processing plant site, for which it has land title deeds. An environmental study was conducted for the plant and UCCCCU received an EIA certification in 2008. UCCCCU received a building permit in 2009.</p> <p>Through member contributions UCCCCU raised USD 1.9m and initiated the construction of a factory for the establishment of the processing plant before its involvement with LFI. A portion of the building is used for storage.</p> <p>In 2013, FCL completed a raw milk supply analysis and a market study, and received input on both from LFI. FCL also completed a detailed engineering design and plant layout with UNCDF funding in 2013 and later a draft branding guide paid for by other partners.</p> <p>In May 2013, UCCCCU created a separate limited liability company, Farmers Creameries Limited (FCL) to own the processing plant. FCL is currently wholly owned by its members and governed by an elected Board of Directors.</p> <p>InSpire South Africa was hired by UNCDF in October 2014 to provide project finance advice and ascertain whether the cooperative had a bankable business model. InSpire's TORs also included approaching investors to seek expressions of interest. The consultants' work was delayed by the lack of management counterparts in FCL. InSpire (Michael Feldner) completed a financial model in 2015 and provided project advice. Soon after InSpire completed its work in April 2016, two expressions of interest and term sheets were received from banks.</p> <p>As the result of receiving US\$7 million from ABI Trust in 2015 (½ grant, ½ soft loan), UCCCCU was able to establish a cold chain for 100 kl of refrigerated milk/day by acquiring more than 100 cooling units and 10 bulk transport tankers. The cooling units and generators are utilized at various milk collection centers. Expressions of interest received in 2016 from Rabobank and DFCU are for equipment and working capital, respectively. They total approximately US\$ 8.2 million. The lenders are awaiting receipt of consolidated financial statements of UCCCCU and its member coops prepared by a credible audit firm before due diligence can be carried out.</p> <p>Meanwhile, FCL is courting various investors and development organizations to raise the required equity of US\$ 1.5 million.</p>	
LFI support	
<p>Business development advisory services: LFI has provided technical support to both UCCCCU and FCL since 2013. LFI helped supervise and review the raw milk supply analysis and the market study. A business plan was commissioned by [ LFI] in 2013.</p> <p>Grant: US\$99,118 to hire a project manager in 2015 and 2017 and to conduct audit.</p>	
LFI Budget <sup>9</sup>	
LFI technical support	
LFI services	(No valuation)
Consultant services (manager)	US\$ 25,800
Audit	US\$ 23,318
Other studies?	

<sup>9</sup> Technical support entailed out-of-pocket expenditures for the hiring of consultants and auditors.

Total	US\$ 99,118
<b>LFI financial support</b>	
Seed capital grant	US\$ [Amount to be determined]
Total	US\$
Grand total LFI support	US\$ 99,118
<b>Reason for selection</b>	
<p><i>Food security:</i> Sale of pasteurized and UHT milk is key to increasing the distribution of milk with a higher shelf life, which is critical in communities lacking access to reliable refrigeration.</p> <p><i>Women economic empowerment:</i> 1,831 (10%) female UCCCU members will have guaranteed offtake for their milk and access to higher value markets.</p> <p><i>Livelihoods:</i> Increasing household incomes of 18,305 UCCCU farm families and over 30,000 dairy farmers total through linkages to the market with increased income. UCCCU shareholder should receive increased dividends as coop members. The project will create 75 new direct jobs at the processing plant and 1,000 new indirect jobs along the dairy value chain, according to data prepared for the business plan.</p> <p><i>Improvement in public health:</i> FCL's pasteurized milk contains no illness-causing bacteria due to the nature of its processing.</p> <p><i>Economic development:</i> The project will increase the productivity and efficiency of dairy processing in the Mbarara region. The government has also agreed to expand the electricity network to Mbarara which will benefit other industries.</p> <p>New entrepreneurial opportunities along the dairy value chain e.g. cheese, ice-cream production etc. will create a more dynamic economy in Mbarara District. Taking into consideration the multiplier effect, the project is expected to contribute over US\$150 million to Uganda's Gross Domestic Product in the first 5 years of operations, according to the business plan.</p> <p><i>Increase in fiscal space:</i> The project will generate US\$ 20 million in direct and indirect taxes over the first 5 years for Mbarara District Council and central government, compared to US\$ 200,000 in annual direct taxes being paid now. Export earnings could reach US\$ 13 million over a five-year period.</p> <p><i>Environmental standards:</i> The project aims to promote environmentally sustainable production along its supply chain. UCCCU trains and supports its farmers to use environmentally sustainable animal husbandry practices.</p>	
<b>Financing and project status</b>	
Awaiting bank due diligence and commitment once audit is completed. Need to secure commitments of equity investments. Other pending actions (as per LFI):	
<b>Next steps</b>	
<ul style="list-style-type: none"> <li>• Reach financing agreements with banks</li> <li>• Raise equity financing of US\$3.1 million (50/50 UCCCU and strategic equity investor)</li> <li>• Procure and negotiate contracts with equipment and civil works contractors</li> <li>• Procure services of (i): project contractor, (ii) consulting engineer (project supervisor); (iii) legal counsel to develop UCCCU/FCL supply contract and negotiate equity and debt agreements; and (iv) sales/marketing manager to develop marketing strategy and marketing/merchandising media</li> <li>• Recruit plant processing management, finance and administration management</li> <li>• Develop operational systems / procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Complete plant building</li> <li>• Procure and install processing equipment</li> <li>• Cold commissioning / hot commissioning</li> <li>• Launch brand and products on the market</li> </ul> <p>Other possible steps identified by evaluation team:</p> <ul style="list-style-type: none"> <li>• Update market study and supply study (both 4 years old), financial model (2 years old) and (possibly) environmental study (~10 years old)</li> <li>• Design and mobilize financing for civil works to provide truck access to the site, if not already designed (including engaging local government and possibly environmental authorities; may involve resettlement of squatters)</li> <li>• Undertake phytosanitary certification, if FCL plans to export its products.</li> </ul>

**Evaluation team observations**

The FCL project is an ambitious undertaking for UCCCU and a challenge for LFI as well. UCCCU has received assistance from various partners (SNV to improve dairy farming practices and ABI Trust to establish the raw milk cold chain). However, FCL seems to have relied only on LFI to advance the dairy processing plant. When LFI has been unable to provide the needed support, the project has faltered. It's unclear whether either LFI or FCL has the necessary resources to get the project over the finish line.

Observations of the evaluation team:

*Funding for start-up phase.* As a large-scale start-up project, the risks are enormous for all involved. They may also be increasing as the result of delays. For instance, the market is now more competitive than when project studies were prepared, with more processing plants opening, possibly making the project less feasible. LFI has committed to pay the manager's salary for 6 months. However, the project will not be generating revenue 6 months from now. Adequate resources are needed for the start-up period until conventional financing is available, perhaps as long as 2 years.

*Critical need for stable management.* The previous general manager resigned due to lack of funding for his salary and another is soon to be hired for 6 months with LFI support. No single person can bring this project to completion. The financing plan mentioned above should provide for a team that includes various areas of expertise including planning, management, operations, finance, etc. that would stay until the plant is in operation.

FCL has taken some dubious decisions in the past, especially to construct the plant with 100% equity before a financing plan was in place. It may have been more logical to lease a building and a sale and lease-back might still be considered as an element of the financing plan.

The plant is now practically inaccessible due to the lack of an improved road to the site. It is not clear whether arrangements have been made with local government or another public agency to build the road, and whether designs are prepared and approvals received. Building the road may entail resettling squatters, depending on the route selected. This situation should be analyzed and planned for well in advance, if it has not been already.

The project illustrates how difficult it is for developers without the necessary expertise to maintain the momentum needed to start up new projects, especially in a competitive private environment. While UNCDF's support has been valuable, it has not been adequate to overcome the challenges of this huge complex project. The situation is similar to the Kibaha market – impossible to complete unless the start-up process is adequately staffed and financed, but with very limited resources to fund this phase. The two cases force the question of whether start-up projects of this scale are appropriate for LFI.

**B. FJS Africa Starch Company Ltd., Tanzania**

PROJECT	FJS AFRICA STARCH COMPANY LTD
Developer	FJS Africa Starch Development Company
Sectors	Private sector: Agro-processing/Food security
Location	Rufiji/Kibiti District, Pwani Region, Tanzania
Source of contact	Referred by Tanzania Investment Bank (TIB)
Tier	1 (1st reported December 2015)
Project size (LFI database)	US\$5.7 million (debt) + US\$1.0 million (equity) = US\$6.7 million (database)
Project size (LFI profile)	Bridge financing of US\$400,000; 100% equity
Key Dates	
Initial contact with developer	March 2015
Proposal submitted	May 2015 (letter to UNCDF from Executive Director)
LFI MOU signed	[Unsigned]



LFI Grant Agreement signed	May 2016
First disbursement LFI	June 2016
Last disbursement LFI	September 2016
Initial contact with banks	(TIB) Prior to contact with UNCDF
Bank financing approval	N/A. TIB agreed to suspend foreclosure due to default on previous debt and allow for UNCDF intervention
Most recent follow up	January 2017
<b>Project Financing</b>	
Sources of Funds	
LFI seed capital grant	US\$ 225,000
Owner/sponsor contribution	US\$ 175,000
Total	US\$ 400,000
Uses of Funds	
Land	US\$ 0
Machinery/ equipment	US\$ 400,000
Vehicles	US\$ 0
Inventory	US\$ 0
Other use (specify)	US\$ 0
Total	US\$ 400,000
<b>Description of Project and LFI Contribution</b>	
Background	
<p>The Pwani/ Coast Region borders the Indian Ocean and surrounds Dar City. It is renowned for its cassava farming potential, yet it is the poorest region in Tanzania. The annual cassava production in the region is estimated at 500,000 MT, approximately 10% of the country's annual production. Cassava is both the main staple food and cash crop. Due to limited access to technology, the crop is used largely as food for the poor. Processing would both add value by extending shelf life and reducing post-harvest wastage. FJS was operating a starch factory that was failing financially and at risk of going into default on a loan from TIB when TIB advised FJS to contact UNCDF for assistance in March 2015.</p>	
LFI Support	
<p><i>Business development advisory services</i> (completed): LFI developed a turn-around strategy that will allow FJS to diversify into cassava flour production, allowing FJS to (a) service its debt with TIB (incurred to finance start-up of starch production) and (b) later borrow to expand and diversify into a starch operation. The advisory work included financial projections and technology due diligence.</p> <p><i>Grant</i> : US\$ 245,000, used to purchase equipment and start up cassava flour production (disbursed)</p>	

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LFI Expenditures/Commitments		
LFI technical support	Value	Disbursed (Y/N)
LFI in-house technical support	No valuation	Ongoing
Supply Study	US\$ 58,092	Yes (2013)
Market Study	US\$ 56,601	Yes (2013)
Project and staffing Costs to operationalize FCL	USD 50,000	Yes (2015)
Project Finance Consultant	USD 86,852	Yes (2014-2015)
FCL CEO recruitment and wages (To be disbursed in 2017)	US\$ 25,800	No
Audit Fees (To be disbursed in 2017)	US\$ 23,318	No
<b>Total</b>		
<b>Grand total LFI support to date</b>	<b>US\$ 300,664</b>	
Reason for selection		
<p><i>Poverty reduction:</i> The project will help 500 poor small holder farmers to better plan their cassava production and secure a better market price.</p> <p><i>Food security:</i> Reduce post-harvest loss and waste thus ensuring food security in the district and region. e</p>		
Financing and project status		
<p>TIB suspended foreclosure of its loan to allow UNCDF to assist FJS with turn-around strategy. Grant disbursed; equipment purchased and being installed; preparing to start up flour operation. Developer in discussion with potential investors regarding medium-long term plan of diversifying into starch processing.</p>		
Next steps		
Assistance has been delivered. LFI remains in contact with FJS.		

Evaluation team observations
<p>LFI involvement prevented the foreclosure of a promising agro processing facility with the potential to increase income for a large group of farmers, if successful. TIB did not benefit, but only agreed to suspend calling their loan. The economic benefits of the FJS project succeeds appear to be significant in terms of both employment generation and creating a market for local cassava, compared to other opportunities in the area.</p> <p><i>A few questions arose in visiting the project and analyzing this case:</i></p> <p><i>Grant reimbursement.</i> The IRR for the project is high, so it would seem reasonable for the grant to be reimbursed, even if the reimbursement were conditioned on FJS securing long-term financing for expansion.</p> <p><i>Repayment.</i> There are also no conditions in the grant agreement under which the grant would have to be repaid, such as fraud, liquidation of the business, etc. that might be included in future grant agreements.</p> <p><i>Development concessions.</i> The grant agreement asks FJS to submit progress reports. It does not ask for any development-related consideration such as seeking out women producers to buy from, hiring women employees, paving local roads, crediting LFI on its promotional material, etc.</p> <p><i>Food security.</i> The project could have poverty reduction benefits by creating employment and a market for local produce, but it's not clear how the plant contributes to food security unless it brings down the cost of a food item that is already being consumed. On the contrary, the plant could compete for raw cassava and raise local raw cassava prices in the short run. More clarity is needed on what constitutes a food security project.</p>

**C. Kibaha Modern Market, Tanzania**

<b>PROJECT</b>	<b>KIBAHA MODERN MARKET</b>
Developer	Kibaha Town Council
Sectors	Public sector / Municipal infrastructure project (future PPP)
Location	Kibaha District, Pwani Region, Tanzania
Source of contact	LFI outreach (“Legacy project”)
Tier	1 (Tier 1 since December 2013)
Project size (LFI database)	US\$10.1 million: bank loan US\$7.3 million, equity US\$2.8 million
Project size (LFI profile)	US\$10.1 million: bank loan US\$7.3 million, equity US\$2.8 million
<b>Key Dates</b>	
Initial contact with developer	Early 2013
Developer proposal submitted	Early 2013
LFI MOU signed	December 2013
LFI Grant Agreement signed	November 2015
First disbursement LFI	December 2015
Last disbursement LFI	Pending, while awaiting project decisions.
LFI analysis started	~
LFI analysis completed	June 2014
Initial contact with bank	August 2014
Funding approval from bank	March 2015
Most recent follow up	January 2017
<b>Project Financing</b>	
<b>Sources of Funds</b>	
Loan (lender)	US\$ 7,000,000
UNCDF-LFI capital grant	US\$ 250,000
Owner/sponsor contribution	US\$ 2,500,000
Other	US\$ 315,449
<b>Total</b>	<b>US\$ 10,065,449</b>
<b>Uses of Funds</b>	
Land	US\$ 121,212
Civil works	US\$ 9,004,843
Technical studies/consultants	US\$ --
Inventory	US\$ --
Provision for VAT and Taxes	US\$ 939,394
Other	US\$ --
<b>Total</b>	<b>US\$ 10,065,449</b>

Description of Project and LFI Contribution		
Background		
<p>Located in Kibaha District, Kibaha Town is the administrative headquarters of Pwani Region. Its proximity to the country's commercial hubs including Dar es Salaam (35kms) and Morogoro (159km) makes Kibaha a centre of growth in the region as evidenced by increased immigration into the area.</p> <p>Despite its growing population and strategic location, Kibaha Town lacks a well-structured formal market to meet the current and anticipated demand for agricultural products and consumer services. In response, Kibaha Town Council (KTC) started working on the development of a modern market in 2004. The Regional Commissioner also supports the project.</p> <p>An independent legal project company (special purpose vehicle) would develop and operate the Kibaha Modern Market. KTC will appoint the board of directors of the project company.</p> <p>All cash flows of the market would be ring-fenced for the purpose of servicing the loan and project assets will guarantee the loan. Initially KTC may own 100% of the company, however they will look for private investors.</p> <p>In order to relocate vendors from project site, KTC started working with vendors in 2016 to develop a temporary market, which it now realizes will be adequate for a while.</p>		
LFI support		
<p>Project development advisory services: Including establishing legal and governance structure for the project and preparing bank documentation (financial models and info memorandums/business plans). Facilitated KMC's presentation of the project to TIB.</p> <p>Grant. Seed capital of 252,160.</p>		
LFI Expenditures/Commitments		
LFI technical support		
<b>Total</b>		
LFI financial support		
Seed capital grant	US\$252,160	
Total	US\$252,160	
<b>Grand total LFI support to date</b>	<b>US\$252,824</b>	

Reasons for selection
<p><b>Poverty Reduction:</b> The project will create jobs by hiring local labor during the construction and those who will serve in it after the commissioning. Market operations should increase household incomes and therefore reduce poverty. Wholesale market would also lower costs at the wholesale level.</p> <p><b>Women Economic Empowerment:</b> The market will facilitate the increased engagement of women in the local economy by providing local farmers (predominantly women) with a market to sell their produce.</p> <p><b>Improvement in Hygiene and Waste Management:</b> The market will properly manage and dispose of sewage and solid waste in an environmentally friendly manner, which is currently lacking in the area.</p>

**Financing and project status**

KTC completed all preliminary studies needed to ascertain the commercial and technical viability of the project including the technical feasibility and detailed project design, environmental and social impact assessment study (ESIA), feasibility study and business plan.

All necessary licenses and permits including building permits were secured.

The project was submitted to TIB and a loan offer was made (contains 25 conditions precedent).

The Council considers the project to be too expensive and has decided to redesign it to reduce costs. It may be converted to a wholesale market. Also, Kibaha is expecting to participate in a World Bank project that may provide some or all of the financing. Discussions regarding redesign are ongoing.

**Next steps (combines LFI and evaluation team inputs)**

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Redesign / update project studies</li> <li>• Update financial analysis</li> <li>• Ensure KMC has sufficient equity/cash</li> <li>• Clarify role of World Bank financing</li> <li>• Fulfil loan conditions precedent</li> </ul> | <ul style="list-style-type: none"> <li>• Tender for construction contract and consulting engineer</li> <li>• Hiring law firm to establish the project company (Special Purpose Vehicle, SPV)</li> <li>• Establish project company; hire management</li> <li>• Build market and put in operation</li> </ul> |
|---|--|

**Evaluation team observations**

Kibaha Town Council had been working on the idea of building a modern market since 2004 when LFI identified the project during Phase 1. At over US\$10 million, the project is a huge undertaking for the municipality, with a population of about 140,000 and 2011/12 revenues of around US\$5 million.

*The evaluation team identified a number of concerns, including:*

*Value of technical studies.* The externally-prepared business plan, market study and architect's presentation do not seem to have been done in a logical sequence (e.g. business plan was prepared before market study), the preliminary design and project cost estimates appear to have been done last. The three studies are quite preliminary and may not be consistent. The market study contains caveats that the consultants were not given enough time to collect all the necessary data, for instance. All studies are now at least 3 years old. (The cost of the studies and source of funding were not determined.)

*Municipality's financial contribution.* The project files do not show an analysis of the municipality's own finances or ability to raise US\$2.5 million, nor any study of the willingness/ability to pay of the users of the market, which are two fundamental aspects of feasibility. The term sheet requires the municipality to cover losses, in spite of the existence of the SPV.

*Adequacy of project development capacity.* LFI identifies another key challenge as: "Limited project development capacity and lack of dedicated project team on the side of the LGA project developer." A project of this kind could require soft costs (management, studies, etc.) of 10-20% or more, which tend to increase as a proportion of project cost when there are delays or when the developer is inexperienced. LFI has provided an "equity grant" to KTC of US\$252,160, but the October 2015 version of the "Final Grant Agreement" (unsigned) does not show whether it is to be used for project management or to complete/update studies, which are the activities on the critical path. The decision to redesign the project, and potentially to convert it to a wholesale market, will require significant revisions to the design and all other inputs to the financial model.

*Moving from financial offer to implementation.* The project is not moving smoothly toward implementation, due to changes in LGA management and council members and changing ideas about the scope and costs. KTC has a financial offer from TIB that includes 25 preconditions. KTC has major items on its "to-do list" (e.g. design and installation of site access roads and infrastructure connections), some of which have been pending since 2013.<sup>10</sup> LFI states that delays have resulted less from the lack of financial resources, and more from government approval procedures, issues to do with "internal drive

<sup>10</sup> See LFI, August 2013, "KTC Bus Terminal and Market Building Development Project, Status of Project Development and Schedule for Securing Finance" power point presentation (in project files).

from the developer” and change of project teams of both the lender and the developer. However, it is not clear that adequate project management resources (financial and human) are available. If this project is ever to be completed, additional resources appear to be needed for technical support (meeting conditions precedent, procuring construction contractors and operating services, mobilizing vendors, etc.) and to ensure the financial capacity of the municipality.

#### D. Luswisi Hydro Power Project, Tanzania

PROJECT	LUSWISI HYDRO ELECTRIC POWER PROJECT
Developer	Bwelui Limited (Ileje District Council and Kikundi cha Mazingira Ileje Mashariki)
Sectors	PPP / Rural electrification/ Clean energy
Location	Mbeya Region, Tanzania
Source of contact	Referral from Rural Energy Agency (REA)
Tier	1 (LFI database); 2 (prior to December 2015)
Project size (LFI database)	US\$11.5 million: US\$9.2 million (loan), US\$2.3 million (equity)
Project size (LFI profile)	US\$ 14.0 million: US\$9.8 million (loan), US\$ 4.2 (equity)
<b>Key Dates</b>	
Initial contact with developer	2013
LFI MOU signed	[None]
Developer proposal submitted	April 2016 (Request for grant for detailed engineering study)
LFI Grant Agreement signed	June 2016
First disbursement by LFI	August 2016
Last disbursement by LFI	December 2016
UNCDF-LFI funding approval	October 2014
Commencement of feasibility study	2012 (Pre-feasibility)
Completion of feasibility study	2014
LFI analysis started	[ ]
LFI analysis completed	November 2015 (Project Information Memo completed)
Initial contact with bank	[ ]
Funding approval from bank	NA
Proposal received from equity investor	July 2016 (Brulli Energia)
Most recent follow up	[ ]
<b>Project Financing</b>	
<b>Sources of Funds</b>	
Loan (lender)	US\$ 9,800,000
UNCDF-LFI capital grant	TBD
Owner/sponsor contribution	US\$ 4,200,000
Other source (specify )	US\$
<b>TOTAL</b>	<b>US\$ 14,000,000</b>

<b>Uses of Funds <sup>11</sup></b>	
Land	US\$ 0
Machinery/ equipment/Civil works	US\$ 14,000,000
Civil works	US\$ 0
Financing costs	US\$ 0
Total	US\$ 14,000,000
<b>Description of Project and LFI Contribution</b>	
<b>Background</b>	
<p>The Luswisi 4.7MW Mini Hydropower Project will be located in Bwenda Village of Ileje District, Mbeya Region in Tanzania. The Project will supply electricity to the national grid (TANESCO) through an interconnection point 8.2 KM from the project site at Ikuti. It will also supply electricity directly to businesses and households in 22 surrounding villages with more than 4,000 residents near the plant through a mini-grid.</p> <p>The Project will operate under a Special Purpose Vehicle, Bwelui Limited, (the Developer) a company legally incorporated in September 2013. Bwelui Limited was formed by Ileje District Council and the NGO Kikundi cha Mazingira Ileje Mashariki (KMIM), each with a shareholding of 50%. Bwelui Limited is committed to building a project that will help sustain the livelihoods of the local population in an environmentally friendly manner.</p> <p>In 2010, a pre-feasibility study was carried out with assistance from REA, and land for powerhouse was acquired. In 2013, a full feasibility study conducted by GVEP, which included hydrology, topography, geotechnical and grid studies, confirmed the project's feasibility.</p> <p>The ESIA Study was conducted and NEMC approval obtained from 2013-15. Also in 2013, the Nyasa Water Basin Authority issued the water extraction permit. EWURA approved the power generation license in 2014.</p> <p>The sale of power to TANESCO will be via a Standard Power Purchase Agreement (SPPA) at a tariff with an escalation clause. The SPPA was negotiated in 2015, and is currently with TANESCO awaiting approval.</p>	
<b>LFI support</b>	
<p>Project development advisory services: Guiding the developer to obtain all legal and regulatory compliance documents, developing a financial model, project info memorandum, linking with commercial banks and with Rural Electrification Agency (REA), applying for funding at REA (connection subsidies programme), and supporting Ileje district council form an SPV along PPP framework.</p>	
<b>LFI Expenditures/Commitments</b>	
<b>LFI technical support</b>	
LFI services	(No valuation)
Feasibility study	US\$ 0
Market study	US\$ 0
Detailed engineering study	US\$ 98,000
Total	US\$ 98,000
<b>LFI financial support</b>	
Seed capital grant	US\$ 0
Total	US\$ 0

<sup>11</sup> Detailed engineering study is still underway. Project costs are yet to be established pending the completion of the engineering study.



Grand total LFI support	US\$ 98,000
<b>Reasons for selection</b>	
<p><i>Decrease in Energy Poverty:</i> Through the provision of cheaper energy the project will increase access to electricity in the project area and displace other expensive and unhealthy forms of energy e.g. kerosene.</p> <p><i>Women Economic Empowerment:</i> Access to reliable electricity for consumptive and productive use will enable women to shift time spent on unpaid care work dedicated to collecting firewood toward income-earning activities and businesses.</p> <p><i>Reduction of Carbon Emissions:</i> The project will displace the use of fossil and biofuel systems (i.e. firewood, charcoal, kerosene and diesel) which produce carbon emissions with clean renewable energy. Members of the NGO also mentioned a hope that having power will encourage more young people to stay in the community to work and that women will not have to travel so far to give birth.</p>	
<b>Financing and project status</b>	
<p>LFI has providing the funds for a detailed engineering study, which is just getting underway. The study will provide updated costs figures, which will be used to update the financial model, needed to seek the equity investor and lender.</p> <p>Bwelui Limited will seek debt and equity from a lender and an equity investor. Using a non-recourse financial structure, the debt is proposed to cover 70% of total project costs and equity the remainder.</p>	
<b>Next steps (combines LFI and evaluation team inputs)</b>	
<ul style="list-style-type: none"> <li>Undertake costing exercise to produce a verified Bill of Quantities</li> <li>Finalise detailed financial model and Project Information Memorandum (PIM)</li> <li>Identify and engage lender and equity investor</li> </ul>	<ul style="list-style-type: none"> <li>Identify Engineering Procurement and Construction (EPC) contractor for civil works</li> <li>Procure and install electro-mechanical equipment</li> <li>Carry out construction works</li> <li>Begin operations</li> </ul>

<b>Evaluation team observations</b>
<p>The Luswisi Hydro Electric Power Project is another relatively large and complex project, which LFI took on at the request of the government. It appears to be advancing quite successfully, due to the motivation of the developer, and the developer's success at finding the necessary assistance.</p> <p>Other observations from the evaluation process were the following:</p> <p><i>Project benefits.</i> Based on the site visit made during the evaluation, the project could have extremely high social and economic benefits, supporting livelihoods as well as the health and quality of life of the beneficiary villages.</p> <p><i>Value of motivated developer.</i> Given the complexity of this type of project, the progress made to date is a testament to the motivation of the developer.</p> <p><i>Financing risk.</i> The major risk remaining is securing the debt and equity financing. The government of Tanzania has a strong commitment to support these types of projects, and there appear to be various funding options available. Nevertheless, the complexity of securing the financing cannot be downplayed.</p> <p><i>Role of LFI.</i> It was not clear exactly the role LFI will play in supporting the remaining tasks, including securing the financing. LFI appears to have provided some essential support to the project (financial analysis and funding of technical assistance such as the engineering design). It will be important that there are sufficient technical and human resources to see the project through to construction and operations, whether these come from LFI or elsewhere.</p> <p><i>Specialization in hydro power.</i> This is one of several hydro power projects in the LFI portfolio. Given the complexity of these projects, LFI might consider hiring a hydro power expert on staff and/or allowing one staff member to concentrate specifically in the hydro power sector.</p>



**E. Nelwa's Gelato, Tanzania**

<b>PROJECT</b>	<b>NELWA'S GELATO</b>
<b>Developer</b>	<b>Notre H'eritage Company Limited</b>
Sectors	Private / Agro-processing/Food Security (dairy processing)
Location	Dar es Salaam Region
Source of contact	Strategic partnership with Tanzania Chamber of Commerce (Women's division)
Tier	2
Project size (LFI database)	US\$596,000: US\$478,000 (loan), US\$118,000 (equity)
Project size (LFI profile)	US\$ 222,406: US\$ 154,224 (loan), US\$ 68,182 (equity)
<b>Key Dates</b>	
Initial contact with developer	2015
Developer proposal submitted	Submitted business plan dated October 2015
LFI MOU signed	None
LFI Grant Agreement signed	No grant
First disbursement LFI	NA
Last disbursement LFI	NA
LFI analysis started	Early 2016
LFI analysis completed	October 2016
Initial contact with bank	October 2016
Funding approval from bank	NA
Most recent follow up	January 2017
<b>Project Financing</b>	
<b>Sources of Funds</b>	
Loan (lender)	US\$ 154,224
UNCDF-LFI capital grant	US\$ --
Owner/sponsor contribution	US\$ 68,182
Other	US\$ --
Total	US\$ 222,406
<b>Uses of Funds</b>	
Land	US\$ 49,500
Machinery/ equipment	US\$ 132,999
Vehicles	US\$ 16,000
Furniture and fittings	US\$ 13,500
Working capital	US\$ 10,407
Total	US\$ 222,406

Description of Project and LFI Contribution	
Background	
<p>Nelwa's Gelato targets middle to upper-lower and middle class families, selling ice cream and gelato through two kiosks, supermarkets, and restaurants and hotels. Its 2015 revenues were about TSH26 million (US\$12,000).</p> <p>Nelwa's Gelato operated between 2012 and 2015 as a home-based business. In 2016, it opened an ice-cream parlour and production kitchen at the Magomeni Mwembechai – Super Star petrol station.</p> <p>Mercy Nenelwa Kitomari registered her sole proprietorship in November 2012 and started supplying gelato and sorbet to hotels in Dar es Salaam as Nelwa's Gelato Enterprises. In 2014, the company became Nelwa's Gelato Limited Incorporated. In mid-2016 the sole proprietorship became Tanzania Notre H'eritage Company Limited, a Limited Liability Company, with 2 shareholders: Mercy Kitomari (90%), and Aishi Jeremiah Kitomari (10%).</p> <p>At the time LFI prepared an Information Memorandum for Nelwa's Gelato in November 2016, the company had 7 permanent staff responsible for daily production of ice cream (now reduced to 4). Production was at 500 litres per month. Limited production and storage capacity were constraining the production of ice cream, therefore Notre H'eritage has been looking for financing to open a new processing plant (industrial kitchen) with a production capacity of 900 litres of per day. The factory would serve three new kiosks in malls as well as corporate clientele and events.</p>	
LFI support	
<p><i>Business development advisory services.</i> Mercy Kitomari learned about LFI from an event LFI held with the Tanzania Chamber of Commerce (Women's division) in late 2015. LFI began working with Newla's Gelato in early 2016, and prepared financial projections and an Information Memorandum, which were presented to two banks in late 2016.</p> <p>A rudimentary business plan was prepared for Nelwa's in late 2015 that was used as input to LFI's work.</p>	
LFI Expenditures/Commitments	
LFI technical support	
LFI services	(No valuation)
Consultant services (out of pocket)	[Not verified]
Other	US\$ --
Total	US\$ --
LFI financial support	
Seed capital grant	US\$ --
Total	US\$ --
Grand total LFI support	US\$ --
Reasons for selection	
<p><i>Women and Youth Economic Environment:</i> Hiring an all-female team at the Company's current parlour in Mwembechai. With the expansion, it is expected that at least 20 new staff will be hired in all the 3 outlets. The plan is to recruit and train mostly female staff (young single mothers) and orphaned male youth.</p>	
Financing and project status	
<p>The project was presented to Equity Bank Tanzania and DCB for funding. In both cases, it was rejected because it was essentially a start-up project. The project developer was advised to approach Equity Bank after at least another year of operations.</p>	
Next steps	
<p>Project is in a waiting period until the business has a longer track record and may be more attractive to banks.</p>	

**Evaluation team observations**

The evaluation team interviewed Mercy Kitomari, owner of Nelwa's Gelato in Tanzania. She was very complimentary of the assistance she had received from LFI, including the preparation of financial projections and introductions to banks.

Other observations from the evaluation process were the following:

*Need for training.* Ms. Kitomari pointed out that there should be more training for potential entrepreneurs before they submit responses to Calls for Proposals. (Although it appears she did not submit a formal proposal.)

*Small size of business.* Nelwa's Gelato is a woman-owned business processing local dairy products and employing women, so if it grows, it could serve as an important example of women's economic empowerment. However, now it is a micro-business that made US\$12,000 in revenue in 2015.

*Value of services.* LFI's business development services were valuable to her since they provided feedback from banks and helped her understand that it was premature to try to borrow until the business grows and matures.

*Question about LFI time commitment.* Given the very incipient nature of the company, the evaluation team questioned why LFI was not able to advise Ms. Kitomari at the very beginning, before any staff time was invested in the project, that no bank would lend to her given the incipient nature of the business. LFI explained that project was taken on board in anticipation of the IELD programme, although it did not seem that any contact had taken place between the business and IELD. With no records of the time spent by LFI providing business services to the firm, there is no way to quantify the cost of LFI's work.

*Motivation of owner.* Given the strong motivation of the owner--an essential element of a successful start-up--this may prove over time to have been a good investment by LFI.

*Relationship to LFI sectors:* This business raises the question whether ownership by a woman will trump the focus on specific sectors. The company could be considered agroprocessing but would seem to be quite far from the type of agroprocessing business originally envisioned for LFI.

## Supplementary Appendix A: Terms of Reference

### UNCDF's Local Finance Initiative - Mid-Term Evaluation

<b>Programme name:</b> Local Finance Initiative
<b>Countries:</b> Tanzania, Uganda, and Benin
<b>Executing Agency:</b> UNCDF
<b>Timeframe:</b> March 2012 – June 2016
<b>Overall Budget:</b> USD 8,335,000 (Tanzania – USD 7,071,500; Uganda – USD 1,168,000 and Benin – USD 95,500)
<b>Funding Agencies:</b> UNCDF (Core), One UN Tanzania, Non-Core (SIDA)
<b>Previous evaluation:</b> None

#### Background:

United Nations Capital Development Fund and its Local Development Practice Area:

The United Nations Capital Development Fund (UNCDF) has a unique mandate within the UN system serving as the UN's capital investment agency for the world's 49 least developed countries. It works in two thematic areas: inclusive finance and local development finance.

UNCDF's work on local development finance aims at ensuring that people in all regions and locations benefit from development. This means dealing with the specific local challenges of, for example, peri-urban areas and remote rural locations. It means re-investing international and domestic resources back into local economies and local services through, for example, fiscal decentralization, climate finance and project finance. UNCDF focuses its efforts towards strengthening public financial management and local revenue, improving the quality and sustainability of public and private investments and promoting accountability at the local level.

UNCDF invests its seed capital and technical assistance to promote increased capital flows to the local level, reducing inequalities, improving services and increasing opportunities for sustainable economic development – all contributing to sustainable and equitable local development. UNCDF does this through innovation and testing in new public and private financial systems that mobilize, allocate and invest additional resources and promote transparency and accountability in their use. A detailed description of UNCDF's approach to increasing the amounts of finance available at the local level can be found here: <http://uncdf.org/sites/default/files/Documents/ldfp-brochure-web.pdf>

#### 1.2 The private sector and the Sustainable Development Goals

All stakeholders worldwide have recognized the critical role of the private sector in fostering economic growth, poverty reduction, and the attainment of the Sustainable Development Goals ("SDGs") and other internationally agreed development goals. At a time of tight public budgets and the need for local economies to deal with a globalizing world, public funding alone is not a solution; if local development is to be successful and sustainable over the longer term, the private sector needs to be fully mobilized. Yet, despite the commitment of all UN Member States to mobilizing the private sector in the 2002 Monterrey Consensus and many other initiatives, concrete results on the ground have been insufficient. This was again highlighted at the 2015 Third International Conference on Financing for Development in Addis Ababa and the UN 2015 Sustainable Development Summit in New York. Despite the consensus on the critical role of the private sector, the basic financial, legal and fiscal

infrastructure required for private sector development is still widely lacking in many developing countries, arresting private sector development at local and national levels.

The recent global financial crisis has led to additional challenges, given decreases in official development assistance and further reduced availability of finance and risk capital in developing countries. Therefore, the longstanding imperative for mobilizing private sector capital and leveraging limited official sector funds has escalated in importance.

However, private sector capital can be successfully unlocked and mobilized using technical financial structures and instruments that mitigate risk. For example, infrastructure projects in developed countries and some developing countries use the financial approach of non-recourse financing, in which the project is a legal entity with “ring-fenced” revenues that are earmarked for paying debt service. Furthermore, many risk mitigation instruments are already available that have proven successful in leveraging limited official sector support, such as the partial guarantees offered by the World Bank, regional development banks, and many donors such as USAID.

UNCDF is endeavoring to use these financing techniques to mobilize domestic financing for relatively small infrastructure projects that are critical for supporting local economic development and to use these targeted financial interventions hand-in-hand with capacity building mechanisms to empower both government officials and the private sector to scale up local development finance, also improving the business-enabling environment.

### **1.3 UNCDF’s Local Finance Initiative:**

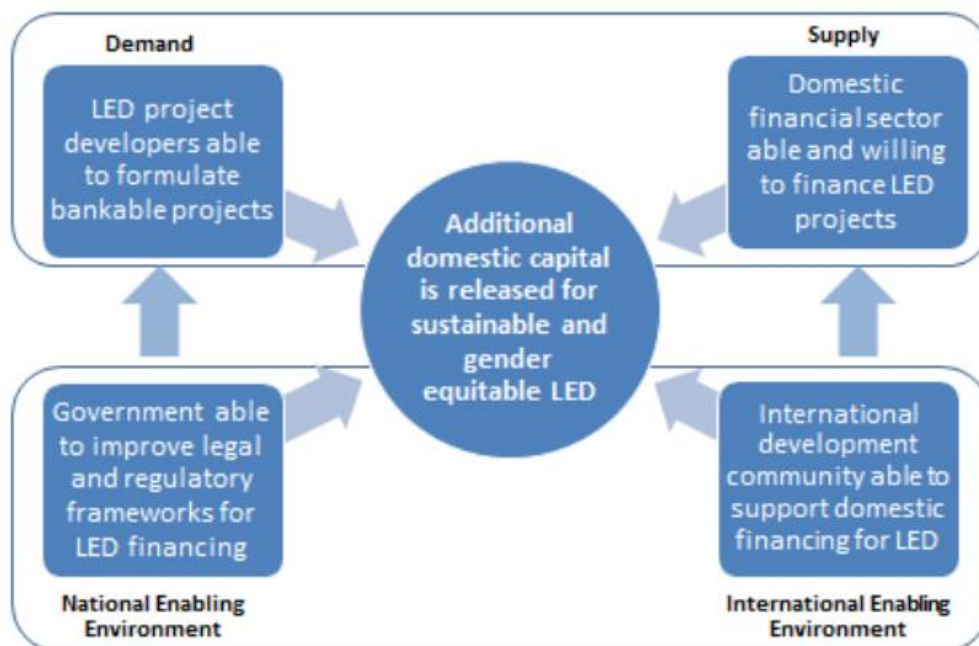
One such UNCDF initiative is the Local Finance Initiative (LFI) which was tested initially in Uganda as part of a broader programme supporting local economic development (Uganda DDP III), then rolled out as a stand-alone programme in Tanzania, before being scaled up into a Global Programme in 2014, and was intended to facilitate investment in productive infrastructure at the local level in LDCs, either by local governments or private sector entities in response to the increased demand for productive investment at the local level.

It does so by supporting the private sector and local government authorities to identify, develop and finance small and medium-sized investment projects into productive areas of the economy such as agro-processing, public sector delivery infrastructure, food security, energy and climate through the introduction of methodologies and tools in project finance, SME finance and public/private partnerships to a select group of projects at the planning and financing stages. It is intended that projects that would otherwise be unbankable are de-risked and taken through all the stages of project development to an investment – ready stage where they are capable of accessing commercial capital. The selection of projects is based on i) impact on local communities, ii) potential for commercial viability and iii) the focus of the projects on areas of priority infrastructure at the local level.

The project strategy consists of bringing the supply and demand of financing of local-level infrastructure to an optimal level by reducing perceived risks and transaction costs of financial services for all LED stakeholders and participants of the finance market. The approach is intended to be systematic and technical in nature, focused on jump-starting the process of mobilizing domestic private sector financial resources in both commercial banks and institutional investors through the selective targeted use of public resources.

The supply side is represented by domestic financial institutions and the demand side is represented by LED project developers which may include private businesses as well as local governments and the non-government sector. Since LED project developers, particularly those dealing with small and medium-scale infrastructure, are unsure about their ability to formulate financially sound and viable projects, the demand for financial services is relatively low. Since domestic providers of financial services are unconvinced about the ability of loan-takers to repay, the costs of providing financial services are high, and supply of such services remains limited.

**Figure 1** : Local Finance Initiative (LFI): Strategy and Approach



### Programme implementation

The LFI programme is implemented through a number of main programmatic channels against a broader theory of change which is included in Figure 2 below:

Project development activities that enable the identification and development of demonstration projects in each LFI country to create “proof of concept” financing models that facilitate access to the domestic financial sector for investment in strategic, smaller scale infrastructure projects.

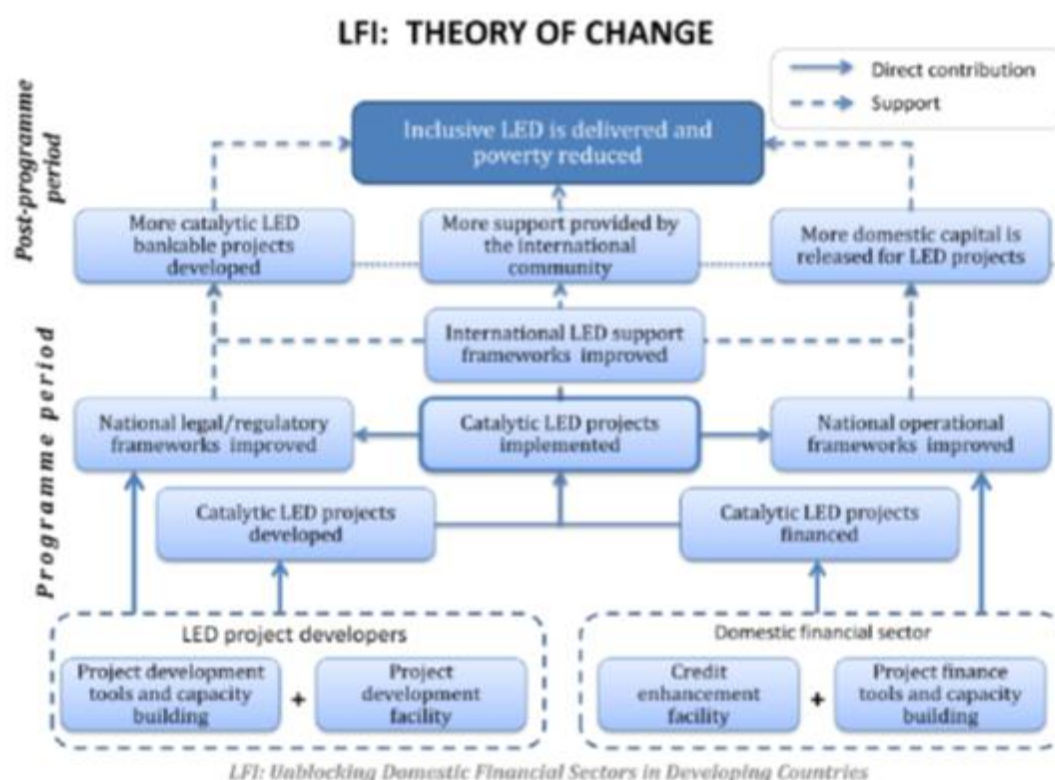
Finance and credit enhancement facilities to help jumpstart the process of project identification, development and deal/ financing structuring.

Capacity-building activities that provide for the training of public and private stakeholders and increase government capacity to facilitate finance, project development, and promote business-enabling environments.

Monitoring and Evaluation and general advocacy efforts to profile the programme approach and results with others.



Figure 2 – LFI theory of change



In implementing the initiative, LFI works with five major institutional groups engaged in local economic development:

**LED project developers:** Private businesses, local governments, domestic non-government sector. This includes farmers and SMEs suffering today from a lack of basic industrial infrastructure, such as warehouses, processing plants, cold storage facilities, and traditional infrastructure services (irrigation, energy, transport, etc.).

**Domestic financial sector and related services:** Commercial banks, institutional investors, such as pension funds, as well as service providers such as public and private credit bureaus, consulting and accounting firms, lawyers and others that are needed to building internal capacity for developing and financing infrastructure projects.

**National governments:** Ministries and agencies defining development and financial policies and regulatory and operational frameworks, such as ministries of local government, finance, investment promotion, investment, trade and commerce, government regulators and others.

**Local governments:** local institutions with a mandate to promote the economic and social development of their territorial jurisdictions

**International development community:** UN family and Bretton Woods institutions, bilateral development partners, multilateral development agencies and international non-government organizations which provide invaluable technical assistance at the local level.

### Expected Programme Results

The various programme documents for the Local Finance Initiatives under review include the following common

<sup>12</sup> expected outcomes and accompanying programme outputs:

**Overall programme outcome:** Increase the effectiveness of financial resources for local economic development through mobilization of primarily domestic private capital and financial markets in developing countries to enable and promote inclusive and sustainable local development.

Outcome 1: Improved capacities of public and private project developers to identify and develop small-to-medium sized infrastructure projects essential for inclusive local development in a targeted number of developing countries

Processes, methodologies, and enabling tools are designed and introduced to identify and develop infrastructure projects essential for inclusive local development. These include tools, instruments and mechanisms for public - private partnerships, project financing (including non- or limited-recourse project finance and SME finance). This will include the issue of Requests for Proposals from potential project sponsors.

Local capacity established to enable stakeholders (national and local government officials and the private sector) to identify and develop infrastructure projects essential for local development with support from development partners.

“Proof of concept” demonstration projects identified, developed and structured in LFI countries to jumpstart process and create a multiplication effect through “learning by doing” and incentivizing stakeholders.

Outcome 2: Increased ability and willingness of the domestic financial sector to provide financing for small to medium-sized infrastructure projects

2.1: An enabling environment is created that includes tools, instruments and mechanisms that can accelerate finance for local economic development infrastructure. These include appropriate regulations and investment vehicles.

2.2 Local capacity is established to increase the ability of the private sector to finance local development projects with appropriate credit enhancements.

“Proof of concept” demonstration projects financed to jumpstart the process through “learning by doing” and incentivizing stakeholders in the financial sector to fund small-to medium-size infrastructure projects.

Outcome 3: Improved enabling environment for domestic resource mobilization in LFI countries enabling the increased leverage of public sector funds – both of the host government and development partners – for private sector financing of catalytic LED projects.<sup>13</sup>

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<sup>12</sup> As is typical with new initiatives experimenting with new concepts and implementation mechanisms in international development cooperation, the Local Finance Initiative has taken various programmatic forms since its ‘birth’ within a broader local development programme in Uganda. Full details of all LFI interventions will be given during the inception phase. For the purposes of this proposal, bidders are invited to consult the LFI – Tanzania Project Document signed in 2012 ([http://www.uncdf.org/sites/default/files/Documents/lfi-t\\_0.pdf](http://www.uncdf.org/sites/default/files/Documents/lfi-t_0.pdf)) which frames the majority of expenditure already spent by the LFI initiative in Tanzania. They should also look at the LFI Global Programme document signed in 2014 ([http://www.uncdf.org/sites/default/files/Documents/prodoccombined\\_0.pdf](http://www.uncdf.org/sites/default/files/Documents/prodoccombined_0.pdf)) and which frames the intended expansion of the LFI approach to multiple countries simultaneously, including Uganda and Benin, which are also the subjects of this evaluation.

<sup>13</sup> While not present formally in the Global LFI document, this result area and accompanying activities do figure prominently in the Tanzania – LFI project document which will make up much of the focus of the current evaluation in view of limited implementation elsewhere. Such activities are also a core element of UNCDF’s work in supporting the scaling up and replication of its work by others in line with its maturity model approach. For more information, please see: [http://www.uncdf.org/sites/default/files/Documents/lfi-t\\_0.pdf](http://www.uncdf.org/sites/default/files/Documents/lfi-t_0.pdf)



3.1 Support to improved national policies, legal and regulatory frameworks to encourage domestic resource mobilization for sustainable and inclusive local economic development

3.2 Support to increasing awareness of LFI approaches with host governments and development partners with a view to increasing the leverage of public sector funds for private sector financing of catalytic LED projects.

### **Programme implementation status in each LFI country**

Progress with LFI implementation varies depending on the country:

#### **LFI Tanzania**

Activities under LFI Tanzania began with the signing of the Local Economic Development Finance Initiative for Tanzania (LFI-T) Project Document in June 2012 and continued later under the LFI Global programme. By June 2016, the LFI Technical Team based in Tanzania had provided targeted technical support in the form of early stage project development and financing to over thirty local development projects in its portfolio. A total of \$1.443 million in seed capital grants (equivalent to TZS 3.16 billion) was approved and most disbursed to project developers. Four projects are under construction and expect to be completed by Q4 2016 and three more public service delivery infrastructures are expected to start construction before end of the year.

#### **LFI-T Programme Analysis and Results**

The LFI Programme has reached the following community and business groups, and public and private enterprises with capacity building interventions. Specifically, LFI has:

- Continued to provide support to the LFI pipeline of projects supporting the development of business ideas into bankable business projects through technical studies, feasibility studies; and establishing suitable governance structures especially for local government authorities' income - generating investments such as SPVs, PPPs, limited companies, trusts etc. for sustainability.
- Supported the development of productive capacity, value additions (processing) collective marketing and branding for projects within the LFI pipeline.
- Supported the Same District to review and provide technical and business feasibility for the Kalemawe Agriculture Dam Project. These efforts are done in consultation with the Same District Engineer for the benefit of knowledge sharing but also incorporating users' needs in the engineering design.
- Continued the process of supporting LGAs to design and implement appropriate governance structures for the operation and management of income-generating investments in partnership with the private sector. The LFI Technical Team is expected to work with the lawyers from the respective LGAs.
- Intervened by coming up with a turn-around strategy to revive the cassava processing plant owned and managed by FJS Starch Processing Company Ltd in Rufiji District, Pwani Region. LFI interventions included supporting the developer to acquire appropriate technology, due diligence and potential financial support. Successful implementation of this strategy will result in the scale up of the cassava processing capacity of the plant, improvements in the revenue streams of the project and its financial position, and lastly the attraction of equity investors interested in starch production which has significant local industrial use and export potential.
- Conducted an SME workshop in collaboration with the Tanzania Private Sector Foundation (TPSF) where 93 SMEs participated. The participants were provided with key information on project preparation and access to finance. Furthermore, the workshop provided an opportunity for identification and

screening of potential projects for LFI technical and/or financial support – a total of five projects were identified.

### **LFI Uganda**

The LFI-U component was launched in November 2015 under the LFI Global programme. It provides targeted technical support in project development and finance to the Local Development Finance pipeline of thematic investments in Food Security, Local Economic Development, Women's Economic Empowerment, Climate Change and Clean Energy. The focus is on infrastructure for local development.

In response to the Call for Proposals published on the 6th of December 2015, 227 project proposals were received of which 33 were from local government authorities (LGA) and 194 from private developers. The process of screening applicants was done in two phases:

#### **Phase 1 - Screening**

The screening phase focuses on identifying projects that are aligned with LFI-U's thematic areas of intervention notably: food security, agro-processing, women's economic empowerment, climate resilience, clean energy and public service delivery.

In addition to being relevant to the thematic focus of the programme, projects are also required to meet LFI -selection criteria of i) being commercial viable; ii) being budgeted at between US\$ 100,000 and US\$ 20m and iii) have the potential to catalyse Local Economic Development (LED) i.e. including improved local business environment, social and economic impact etc.

From the 227 proposals received, a total of 115 Projects were long listed and requested to provide additional information including; a business plan, feasibility study and implementation plan. In addition, all project developers with unsuccessful applications in the first phase of screening were duly informed.

#### **Phase 2 - Screening**

From the longlisted projects, 85 projects submitted additional information for Phase 2 screening. Based on the LFI-U criteria, 26 projects were selected for the LFI-U pipeline and ranked between Tier 1 to Tier 4 based on their respective stage of advancement in the project development cycle. All project developers that did not qualify for inclusion in the final pipeline were notified.

Programme implementation is still in its first year and the project development support is in progress. For more information please see Annex 1.

### **LFI Benin**

The LFI-U component of the LFI Global Programme was also launched during the month of November 2015. It provides targeted technical support in project development and finance to the Local Development Finance pipeline of thematic investments in Food Security, Local Economic Development, Women's Economic Empowerment, Climate Change and Clean Energy. The focus is on infrastructure for local development.

Programme implementation is still in its first year and the project development support is in progress. For more information please see Annex 1.

For more information on the objectives and implementation status of the Local Finance Initiative overall in the three countries, please see: <http://www.unCDF.org/en/lfi>.

#### **Purpose, scope and objectives of the Mid-Term Evaluation:**

This mid-term evaluation of UNCDF's Local Finance Initiative is commissioned at a crucial point in its implementation. A number of country pilots are underway under the current Global LFI programme and

there are plans in the next phase of implementation to shift the initiative to a financing facility which will be mainstreamed across a number of broader multi-country thematic initiatives focused on key sectors for LDC economic transformation including climate change, food security, and women's economic empowerment.

With this shift in mind the objective of this mid-term evaluation is to review initial progress in piloting the initiative in the different countries in which it has been implemented and consider how best the approach can be rolled out across UNCDF's Local Development Finance portfolio more broadly.

The evaluation will pay particular attention to the relevance and performance to date of LFI in Tanzania given that this is the country in which the initiative has advanced the furthest and also in line with commitments made to the Tanzanian government as well as in the programme document for an evaluation of that programme.

More broadly, the evaluation is commissioned in accordance with UNCDF's Evaluation Plan 2014-2015 and its broader Evaluation Policy<sup>14</sup> which sets out a number of guiding principles and key norms for evaluation in the organization.

Amongst the norms that the Policy seeks to uphold, the most important are that the evaluation exercise should be independent, credible and able to provide information that is useful and relevant to support evidence-based programme management and broader decision making.

More specifically, the objectives of the mid-term evaluation are:

To assist UNCDF and its partners to understand the relevance, efficiency, and effectiveness of LFI programme implementation to date

To consider likely impact and sustainability of the LFI approach in the programme countries – and particularly Tanzania - if programme implementation proceeds as planned

To consider the applicability of the LFI approach as a specific instrument within other UNCDF global programmes such as Finance for Food and Inclusive and Equitable Local Development (IELD)<sup>15</sup>

To provide an assessment of how effectively UNCDF has positioned itself with government and other key actors in the development finance space in the countries targeted, with a view to replication and scaling up of the approach at a later date

On the basis of experience to date, consider what are the various minimum conditions in terms of macro-economic, policy and institutional, and administrative capacity at the local level that should be in place for an LFI investment pipeline to be up and running and for a country to be considered ready to receive LFI

### **Evaluation Methodology:**

The evaluation should be transparent, inclusive, participatory and utilization-focused. It will integrate gender and human rights principles following the United Nations Evaluation Group (UNEG) *Handbook to*

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<sup>14</sup>The revised policy of UNDP for evaluation was approved in 2011. The purpose of the policy is to establish a common institutional basis for the UNDP evaluation function. The policy seeks to increase transparency, coherence and efficiency in generating and using evaluative knowledge for organizational learning and effective management for results, and to support accountability. The policy also applies to the associated funds and programmes of UNDP – the United Nations Capital Development Fund (UNCDF) and the United Nations Volunteers (UNV) programme.  
<http://web.undp.org/evaluation/policy.htm#vi>

<sup>15</sup> Please see <http://www.uncdf.org/en/finance-food-f4f> and <http://www.uncdf.org/en/ield> for more information.

*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.*<sup>16</sup>

It should follow a theory-of-change approach to assess the progress of the initiative across the various countries in which it has intervened against the expected end results, taking into account the influence of relevant contextual factors that may have had an effect on the achievement of these results.

The evaluation should draw upon mixed methods of quantitative and qualitative data using both existing secondary data as well as primary data to be gathered during the evaluation itself to come up with an overall assessment backed by clear evidence. To the extent possible, the data should be disaggregated by age, gender, marginalized and vulnerable groups.

The evaluation should seek to answer the following overall questions according to the 5 UN/OECD/DAC criteria:

Evaluation criteria and main questions	Evaluation sub-questions (not more than 4 per main question)	Judgement Criteria
Question 1: Relevance and quality of design of the LFI initiative	1.1 How relevant is the Local Finance Initiative to the programme countries in which it has intervened and how well situated is it in comparison to similar initiatives by other national and international development partners?	Programme relevant to broader national strategies regarding decentralized financing of infrastructure at the local level and broader local economic development through job creation, revenue collection and backward and forwards linkages in local economic systems  Programme distinct from other related initiatives in programme countries
	1.2 As presently designed, how coherent is the programme design to the achievement of overall programme objectives?	-Coherent overall programme design with individual results streams appropriately resourced and planned and supporting coherently overall programme objectives  -Appropriate choice of programme partners on both the project development and project financing sides
	1.3 How well are programme objectives supported by LDC partners at the central and local levels as well as by development partners?	-Strong ownership of the LFI approach by LDC partners at the central and local levels  - Relevant to development funders programming strategies in line with objectives of Addis Ababa Action Agenda and new international development framework

<sup>16</sup> UNEG Evaluations Norms and Standards: <http://www.uneval.org/document/detail/21>

UNEG Code of Conduct: <http://www.unevaluation.org/document/detail/102>

UNEG Guidance for Integrating Human Rights and Gender Equality in Evaluation :  
<http://www.unevaluation.org/document/detail/980>

Evaluation criteria and main questions	Evaluation sub-questions (not more than 4 per main question)	Judgement Criteria
	1.4 How well designed is the programme with a view to later transition, expansion and replication in line with UNCDF's maturity model?	<ul style="list-style-type: none"> <li>- Good quality results monitoring system capturing the financial, economic and social outcomes at the level of investments as well as progress in policy and institutional capacity at central and local levels</li> <li>- Clear knowledge management strategy in place or planned to publicise results and support programme expansion</li> </ul>
	1.5 To what extent is programme design sufficiently taking cross-cutting issues into account?	<ul style="list-style-type: none"> <li>- Appropriate integration of UN gender and human rights elements into programme design</li> <li>- Appropriate consideration of how women's economic empowerment can be best served by the intervention</li> <li>- Appropriate consideration of environmental and social standards in design</li> </ul>
Question 2: Efficiency	2.1 What is the quality of programme management and how well has the initiative delivered its expected results to date?	<ul style="list-style-type: none"> <li>- Timely implementation of programme deliverables</li> <li>- Transparent and efficient RFA processes to select LFI partners</li> </ul>
	2.2 What is the quality of programme outputs delivered to date?	<ul style="list-style-type: none"> <li>- High quality technical assistance being provided by the LFI team to participants in each stage of the investment process</li> <li>- Relevant and high quality advice given to institutional partners active at the policy level.</li> </ul>
	2.3 What is the current and likely performance of investments financed at the local level in LFI programme countries?	<ul style="list-style-type: none"> <li>- Evidence of current or likely financial, economic, and social impacts of investment projects supported by LFI</li> </ul>
	2.4 What is the quality of programme monitoring systems. To what extent is it possible to capture the likely results of these investments on the local economies in terms of financial, social and environmental impact?	<ul style="list-style-type: none"> <li>- Clear economic, social and environmental performance metrics embedded within agreed projects</li> <li>- Clear mechanisms for ongoing monitoring of economic and social performance of investments once they have begun</li> <li>- Mechanisms in place to capturing the effects on local economic development through job creation, revenue collection and forward and backward linkages</li> </ul>

Evaluation criteria and main questions	Evaluation sub-questions (not more than 4 per main question)	Judgement Criteria
	2.5 How well are partner contributions/involvement in programme implementation working?	<ul style="list-style-type: none"> <li>- Well - functioning Steering Committees providing strategic oversight of programme implementation</li> <li>- Clear ownership of the initiative by development partners and national partners with a view to replication and scaling up</li> </ul>
<p>Question 3: Effectiveness (organizational change at the level of key programme counterparts)</p> <p>To what extent is the initiative on track to contributing to the improved capacity of public and private project developers to identify, develop and manage investment projects targeting local economic development in the programme's target countries?</p>	3.1 How far is the programme contributing to improvements in capacity and changes in behaviour of public and private sector project developers to identify and develop small - to medium-size infrastructure projects at the local level in programme countries?	<ul style="list-style-type: none"> <li>-Evidence of increased awareness of approaches to structured project finance in programme countries amongst project developers</li> <li>-Capacity established within national and local government officials and the private sector at the local level to identify and develop infrastructure projects</li> <li>-Evidence of current or future pipelines of proposed infrastructure projects by the public and private sector at the local level in programme countries</li> </ul>
	3.2 How far is the programme contributing to the improved capacity and changes in behaviour of the domestic financial sector to providing financing for small- to medium-sized infrastructure projects at the local level in programme countries?	<ul style="list-style-type: none"> <li>-Evidence of increased awareness of approaches to structured project finance in programme countries amongst project financiers</li> <li>-Capacity established within the local domestic financial sectors to provide financing for small – to medium-sized infrastructure projects</li> <li>-Evidence of current or future pipelines of proposed infrastructure financing at the local level in programme countries</li> </ul>
Question 4: Impact on broader policy, financing and economic systems	4.1 To what extent is the programme on track to supporting the building of an improved policy and institutional enabling environment to channel resources (both domestic and international) to financing local level infrastructure in LFI target countries	<ul style="list-style-type: none"> <li>- Improvements to business enabling environment for domestic resource mobilisation (e.g. policy, laws, regulation) by national and local governments</li> </ul>

Evaluation criteria and main questions	Evaluation sub-questions (not more than 4 per main question)	Judgement Criteria
	4.2 To what extent can programme activities be linked to increases or decreases in the domestic and/or international resources set aside for infrastructure development at the local level.	-Evidence of current or likely increases in domestic resources (both public and private) being leveraged by the programme and channeled to local infrastructure spending linked to programme—induced changes in the policy and regulatory environment - Evidence of current or likely increased financial support by the international development community for local economic development project development and finance in LFI countries
	4.3 To what extent is the programme likely to contribute to initiating or sustaining broader economic development in the localities where it is present.	- Programme – supported investments likely to spur increased economic development in the localities where it is present
Question 5: Sustainability of programme results within the broader policy environment	5.1 To what extent are changes at the policy and institutional level supported by the programme likely to continue over time? 5.2 What are the prospects for continued financial and social performance of the portfolio of LFI – supported investment projects over time?	- Stable policy and financing environment foreseen evolving to meet the needs of the sector Effective functioning of an LFI national platform or equivalent - Likelihood of continued operational performance of investments including guaranteed revenue streams

(not applicable in case of individual consultants) : Interested bidders are requested to submit a methodological proposal for the evaluation which should include the following elements:

The **theory of change** for the LFI intervention which is reproduced in figure x above

An **Evaluation Matrix** with four columns and including the evaluation questions and sub-questions, an accompanying set of judgment criteria or performance indicators and the different data collection and analysis methods (or ‘lines of evidence’) proposed. (This will be validated by the successful firm during the inception phase of the evaluation on the basis of additional information to be provided then).

On the basis of the different data collection and analysis methods proposed, a **data collection toolkit** should be presented setting out the approach and content of the various qualitative and quantitative tools that firms propose to use in assessing existing secondary data and generating new primary data to answer the evaluation questions. In proposing the evaluation methodology, bidders are invited to consult the quality standards for evaluation in UNCDF (Annex 1)

In finalizing their proposal, bidders should also explain clearly how the evaluation will incorporate gender equality and human rights perspectives in all stages of the evaluation.<sup>17</sup>

<sup>17</sup> The UNEG guidelines on incorporating gender equality and human rights are a standard resource for designing evaluations with these objectives in mind and stand as a benchmark against which the UNCDF Evaluation Unit will later be judged. For more information, please see: [www.uneval.org/document/download/1294](http://www.uneval.org/document/download/1294)

A proposed sampling strategy of the investments supported by LFI to date which will be finalized during the inception phase

For the efficiency analysis of the performance of the investments themselves, in addition to considering their actual and/or likely financial, economic, environmental/social performance, the team should consider how well the measurement frameworks that are in place are able to capture these different dimensions of performance using international good practice in this area as a benchmark.<sup>18</sup> One element to consider here is the extent to which the Local Finance Initiative is respecting principles of additionality both at the initial selection phase of investments as well as during implementation; in doing so, the evaluation methodology should attempt to consider the counterfactual in the investments sampled and the extent to which the results generated by the portfolio are over and above what would be being generated anyway

The proposal should also include a **detailed and realistic evaluation work plan** showing the overall time commitment to the project, as well as specific tasks and timelines, to be allocated to each individual team member.

In drawing up the proposed work plan, evaluation teams should be given sufficient time to complete: i) a thorough review of programme documentation in the three countries of programme implementation during the inception phase; ii) combined country visits to programme countries of not less than twenty-five days with a majority of time spent in Tanzania; iii) a thorough write up phase of the evaluation report, to include the presentation, analysis and transparent aggregation of the different 'lines of evidence' collected during the preceding evaluation phases into the final evaluation report.

The methodology will be further developed during the inception phase under the supervision of the Evaluation Unit.

### **Audience and Timing:**

The primary audience for this evaluation is UNCDF, the funders of the Initiative as well as LFI's partners in Tanzania, Uganda, and Benin both with the national authorities and the programme funders.

The LFI final evaluation is scheduled to start in December 2016 and be concluded by April - March 2017 with the following proposed timing:

Inception phase:            December 2016 – January 2017

Mission phase:            February – March 2017

Post-mission phase:       April - May 2017

### **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 management of this evaluation and will hire an independent firm to conduct the evaluation.

The Evaluation Unit will provide administrative and methodological support, including joining the evaluation team in selected field visits, and is responsible for the overall quality of the report.

An Advisory Panel for the evaluation will be set up, composed of representatives of UNCDF'S Local Development Practice Area at Headquarters as well as from LFI's partners amongst international

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<sup>18</sup> See for example <https://www.ecgnet.org/content/private-sector-operations>



development agencies and UNCDF's partner governments in the LDCs. The role of the Advisory Committee is to support the Evaluation Unit in managing the evaluation by participating in the following:

- Reviewing the TOR.
- Reviewing and commenting on the inception report.
- Reviewing and commenting upon the draft report.
- Being available for interviews with the evaluation team.

**Evaluation Process:**

The evaluation process has 3 distinct phases:

**Inception Phase and desk review:**

- Methodological briefing between the evaluation team and the Evaluation Unit to ensure clear understanding of the evaluation methodology, approach and main deliverables as per TOR;
- Inception meetings with Advisory Panel and key programme stakeholders to familiarize the Evaluation Team with the programme objectives, results to date and expectations for this evaluation.
- Stakeholder Mapping and stakeholders selection for data gathering.
- Validation of the evaluation matrix and finalization of the broader evaluation methodology and tools, to include a sampling strategy for more in-depth analysis of various aspects of the performance of the initiative as well as a strategy for collecting, analyzing and aggregating different sources of data into the final evaluation report.
- Finalization of the schedule for country visits and stakeholder interviews

**In-country phase:** in-depth data collection and research, including site visits and key informant interviews. De-briefing sessions with the key in-country stakeholders will be organized to present emerging trends and to build ownership of the findings with programme counterparts. The team leader may be asked to debrief the Advisory Panel and Evaluation Unit at the end of the country visits. This with a view to provide a sense of the evaluation team's preliminary findings ahead of the draft reporting phase.

**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 revisions to the evaluation deliverables until they meet the quality standards set by the UN Evaluation Group (UNEG).<sup>19</sup>

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

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19 UNEG Quality Checklist for Evaluation Reports: <http://www.uneval.org/document/detail/607>  
UNEG Quality Checklist for Inception Reports: <http://www.uneval.org/document/detail/608>

Deliverables	Description	General Timeframe
<p>INCEPTION PHASE:</p> <p>Inception Report and Data Collection Toolkit</p>	<p>The inception report will present a refined scope for the evaluation, a detailed and validated outline of the evaluation design and methodology and a complete evaluation matrix with questions, sub-questions, indicators, data collection methods and information sources</p> <p><u>Length:</u> max 25 pages excluding annexes.</p> <p>A template will be provided by the Evaluation Unit at the start of the inception phase.</p> <p><b>Data Collection Toolkit</b> that proposes a set of distinct 'lines of evidence' or data collection instruments (i.e., interview guides, focus group discussion guide, direct observation forms, questionnaires for consultations stakeholders, etc. as well as tools for quantitative analysis) to be employed in the course of the evaluation in line with the UNCDF quality standard for evaluation reports.</p> <p>The inception report should also include templates for brief country reports comparing and contrasting the approach, the background policy and institutional environment and the results of the programme to date in Tanzania, Benin and Uganda.</p> <p>The 1<sup>st</sup> draft of the inception report and data collection toolkit will be reviewed by the Evaluation Unit and revised by the Evaluation Team. The 2<sup>nd</sup> draft will be shared with the Advisory Panel for comments. The Evaluation Team will develop a final Inception Report integrating the feedback received.</p> <p>The evaluation team should maintain an audit trail of the comments received and provide a response on how the comments were addressed in the revised drafts.</p>	<p>October – November 2016</p>
<p>IN-COUNTRY PHASE:</p>	<p>The evaluation team should conduct country visits to all three programme countries meeting with key stakeholders, visiting project sites and interacting with the programme team. Because of the more advanced status of implementation in Tanzania, the team is asked to spend a majority of its time there.</p>	<p>November – December, 2016</p>
<p>POST MISSION PHASE:</p> <p>Draft Evaluation Report</p> <p>(including three rounds of revisions)</p>	<p>The draft report should outline clear evidence-based conclusions and findings, SMART recommendations, and a crisp, clear and compelling Executive Summary.</p> <p>It should be backed up by three brief country reports (maximum 20 pages) comparing and contrasting programme performance and the context in which it being implemented in the three countries.</p> <p>A first draft evaluation report will be shared with the Evaluation Unit for initial feedback. The 2nd draft report will incorporate the Evaluation Unit's feedback and will be shared with the Advisory Panel and technical staff from LDFFP. Comments will be integrated into a final draft report.</p>	<p>December 2016 – February 2017</p>

Deliverables	Description	General Timeframe
	<p>The evaluation team should maintain an audit trail of the comments received and provide a response on how the comments were address in the revised drafts.</p> <p>Length: maximum 50 pages excluding annexes.</p> <p>Template will be provided by the Evaluation Unit at the start of the inception phase.</p>	
Power Point Presentation for HQ debriefing (max 20 slides and 20 minutes presentation).	A PPT summarizing the main findings and recommendations.	
Final Evaluation Report, including an Executive Summary, and organized according to the evaluation sub-question with evaluation findings aggregated and synthesized on the basis of the results of the different data collection and analysis tools.	A final report that incorporates comments received from all partners.	

### Composition of Evaluation Team:

The evaluation team should present a combination of experience in evaluation and technical expertise in the area of development finance for local economic development in the Least Developed Countries of Africa.

The team should be familiar with approaches used to measure the performance of local development finance initiatives by the international financial institutions in the least developed countries and should offer expertise and experience including technical knowledge of development finance and local government reform and experience of introducing new financial mechanisms into domestic financial systems as well as theory-based approaches to performance evaluation incorporating both quantitative and qualitative analysis of both existing secondary data and primary data.

Total members of the team should be a minimum of 3 (including team leader). The evaluation team should also be gender-balanced and include at least one representative from a programme country in which the Local Finance Initiative has been implemented. At least one team member should be able to work in French.

Beyond that, bidders are free to propose whichever team they feel can most adequately fulfil the objectives of the evaluation provided the following roles are adequately covered:

The **Team Leader** is expected to offer expertise and experience in both international development evaluation and local development finance in developing countries. More specifically, we expect the following:

### Corporate Competencies:

- Demonstrates integrity by modelling the UN's values and ethical standards;
- Promotes the vision, mission and strategic goals of UNCDF
- Displays cultural, gender, religion, race, nationality and age sensitivity and adaptability
- Treats all people fairly without favoritism
- Fulfills all obligations to gender sensitivity and zero tolerance for sexual harassment
- Functional Competencies:
  - Strong interpersonal skills, communication and diplomatic skills, ability to work in teams and multi-cultural environments
  - Strong analytical, reporting and writing abilities
  - Openness to change and ability to receive/integrate feedback
  - Ability to work under pressure and tight deadlines
  - Fluency in English; knowledge of French

**Education:** Master's in Economics, Finance, Business or Public Administration or related field. Academic specialization in public finance is an asset.

Experience in:

Evaluation

Proven experience of designing and leading a mix of different types of development evaluation (performance, outcome and/or impact evaluations) and in overseeing the transparent collection, presentation, analysis and aggregation of multi-method lines of evidence; as part of this, specific experience in leading evaluations assessing the results of public and private finance initiatives in developing countries using a range of relevant qualitative and quantitative evaluation tools is also expected.

Demonstrated experience of applying international evaluation standards related to human rights and gender equality and experience in using methods and approaches that allow for differentiated and disaggregated analysis of gender in the evaluation reports being generated

Local development finance

A minimum of fifteen years accumulated experience in international development finance, including experience in designing, managing and assessing the performance of development finance instruments supporting infrastructure development in developing countries at the national and local levels. This experience should include expert knowledge and awareness of different tools and methods to promote local finance (including for example municipal finance, knowledge of public-private partnership mechanisms, knowledge of SME financing); and familiarity with the evolution of the international development landscape including recent agreements on the SDGs and the Addis Ababa financing agenda that accompany them

Knowledge and experience of applying relevant industry performance benchmarks to measure the financial, economic and social impacts of development finance

**Responsibilities of the Team Leader** (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 labour, 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
- Regularly updating UNCDF and donors on the progress of the evaluation
- Quality control for the evaluation report
- Adherence to UNCDF templates and other requirements as specified in this TOR

#### **Profile specifications for Evaluation Team members**

The rest of the evaluation team is expected to offer the same corporate and functional competencies as the Team Leader.

Education:

Team members should have attained the same educational level as the Team Leader namely a Master's in Economics, Finance, Business or Public Administration or related field. Academic specialization in public finance is an asset.

Experience:

Team Members should offer:

Experience and expertise in designing, implementing and/or measuring the results of programmes supporting the developing of new public and private development finance tools supporting infrastructure development – including structured finance - in developing countries in Africa and Asia as well as documented experience of undertaking/participating in development evaluations looking at the performance of interventions targeting economic development in developing countries. Specifically, this experience should include knowledge of how international development assistance can be deployed to catalyse private sector investment in a portfolio of grant and loan-supported investment projects across a variety of sectors in the real economy.

Experience of conducting a variety of different types of evaluations of public and private finance for infrastructure development in developing countries

Experience in applying a gender lense to all stages of a development evaluation, including proven ability to collect, present, analyse and aggregate data in conformity with relevant United Nations Evaluation Group gender norms

**Responsibilities of Team Member(s)** (in addition to all other generic responsibilities and expected deliverables outlined in this TOR) and working under the direction of the Team Leader:

- 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 from the inclusive finance industry
- Leading the presentation of the draft evaluation findings and recommendations for the countries visited
- Responsible for the final 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

