



Section 5. Terms of Reference

Final Evaluation of the Shaping Inclusive Finance Transformation in the SAARC Region – Component: Merchant development driving rural markets in Bangladesh (MDDRM)

Countries to be covered by the evaluations:

SHIFT SAARC: Bangladesh

Executing Agency: United Nations Capital Development Fund (UNCDF)

Timeframe of programme implementation to be assessed

SHIFT SAARC: July 2016 – July 2021

Initial approved budget: SHIFT

SAARC: US\$20,022,870

Total committed budget to end Q4 2020:

SHIFT SAARC: US\$ 9,145,914

SHIFT MDDRM: US\$5,310,289.20

Total disbursement to end Q4 2020

SHIFT SAARC: US\$ 1,859,760

SHIFT MDDRM: US\$3,479,855.97

Funders:

SHIFT SAARC: Bill and Melinda Gates Foundation, UNCDF

SHIFT MDDRM: European Union

Timing for the evaluations:

- **SHIFT MDDRM:** i) Inception phase: November - December 2020 ii) Country visits: December – January 2020/1 iii) Write up phase and final report: February - March 2021

Evaluation during a crisis: COVID-19

As COVID-19 spreads globally, it is a massive health, humanitarian, and development crisis. UNCDF Evaluation Unit remains operational and is adapting the way it works and manages evaluations. Our priority is the safety of our staff, consultants and stakeholders while trying to ensure that UNCDF continues to benefit from high quality evaluative evidence to support its strategic learning and accountability. The text boxes “Evaluation during a crisis: COVID-19” throughout these TOR provide additional information, including on how the conduct of this evaluation will be affected by COVID-19.

1. THE SHIFT PROGRAMME IN BANGLADESH

Evaluation during a crisis: COVID-19

- *As of July 9, 2020, Bangladesh had reported 172,134 confirmed cases of COVID-19 with 2,197 deaths¹.*
- *From May 30, The Government of Bangladesh has made wearing masks and social distancing mandatory when outside the home.*
- *The public transit system is running in a reduced capacity and is subject to health and hygiene directives. From July 1- August 3, no one will be allowed outdoors from 10 p.m. to 5 a.m. except to receive medical services, to go to work, or to buy or sell medicine. Stores can remain open until 7 p.m.*
- *The Government of Bangladesh has authorized the resumption of limited international commercial flights.*
- *To avoid the further spread of the COVID-19 pandemic, the Civil Aviation Authority of Bangladesh announced until further notice all international commercial passenger flights from Bahrain, Bhutan, Hong Kong, India, Kuwait, Malaysia, Maldives, Nepal, Oman, Saudi Arabia, Sri Lanka, Singapore, Thailand, and Turkey shall not be allowed to land at any airport in Bangladesh.*
- *From June 1, domestic commercial passenger flights have resumed on a limited scale².*

UNCDF’s Evaluation Unit will continue to monitor the situation in Bangladesh during the conduct of the evaluation following strictly instructions from the UN Bangladesh country team regarding the deployment of consultants.

¹ Bangladesh_ WHO Coronavirus Disease (COVID-19) Dashboard _ WHO Coronavirus Disease (COVID-19) Dashboard. Available at <https://covid19.who.int/region/searo/country/bd/>

² COVID-19 Information _ U.S. Embassy in Bangladesh. Available at <https://bd.usembassy.gov/covid-19-information/>

1.1. SHIFT SAARC – CONTEXT

SAARC Regional Socio-economic context

The SAARC region has a population of 1.7 billion people across eight nations. The SAARC economy, with a GDP of US \$2.4 trillion, has achieved sustained growth and is projected to continue growing strongly over the next 10 years. The region has experienced a dramatic reduction in the share of the population living in poverty, but the region is quite varied in terms of the level of development and the size of individual economies. Additionally, there are widening inequalities in economic opportunities and incomes across SAARC, which impacts women in particular. Gender inequalities are persisting in areas of political and economic participation which can result in lower levels of growth and social welfare.

SAARC Region Financial Inclusion Context

Financial inclusion through the access to and use of formal financial services (i.e. regulated financial services) is thought to support low-income people's movement out of poverty. The level of financial inclusion in SAARC remains low, at about 50 percent on average, but with wide variation across the region depending on income level, education level and gender, among other variables. Businesses within the region, particularly small or women-owned, have low access levels to formal credit. Female business ownership is also low at 18%.

Bangladesh Socio-economic context

Bangladesh's economy has grown at a strong pace for the past ten years, accompanied by a decline in the poverty rate and improvements in human development indicators. The Government of Bangladesh is pursuing strategies to achieve Middle Income Country (MIC) status by 2021. The latest figures indicate that 14.8% of the 164.7 million population live on less than \$1.90 a day (2011 PPP),³ down from 19.6% in 2010.

Bangladesh Financial Inclusion context

Financial inclusion is key objective of the Bangladesh government. The Bangladesh Bank has expressed its commitment to financial inclusion, and has been an active member of the Alliance for Financial Inclusion (AFI) since 2009 and has been a member of its Board of Directors since 2016. From the time of the Maya Declaration in 2011, the Bank has achieved 16 out of 55 of its financial inclusion targets, including formulating comprehensive consumer protection guidelines.

With the growth in the country's economy, financial inclusion in Bangladesh has improved over the past few years, although it remains relatively low. Between 2013 and 2017, the share of Bangladeshis with formal financial services accounts rose from 20% to 37%. Financial inclusion among the rural poor grew particularly quickly and stood at 34% in 2017. This growth in accounts reflects an increase in the number of registered mobile account holders (18% in 2017 versus 13% in 2016). Twenty percent of adults had bank accounts, which was relatively unchanged since 2013, while 9% had accounts at nonbank financial institutions (NBFIs), mainly Microfinance Institutions (MFIs), down from 20% in 2014. Account holders at NBFIs are more likely to be women living in rural areas and living below \$2.50/day⁴.

There is an important distinction between access to financial accounts, usage of financial accounts, and usage of over-the-counter (OTC) financial services. In Bangladesh, OTC money transfers and payments have predominated. Use of OTC transactions removes the customer's need to have their own account as they use the services via an agent's account. The agent system prevents most users from taking full advantage of advanced products and services, such as savings or loans. Of all mobile money users, 61% are OTC users and only 39% are registered with

³ <http://povertydata.worldbank.org/poverty/country/BGD>

⁴ <http://finclusion.org/country/asia/bangladesh.html>

mobile accounts.

A much higher percentage of males own a mobile phone (81% compared to 53% of women), and mobile phones are critical to using a mobile wallet. Intermedia, a communications-as-service company, found a significant gender gap (9%) between male and female active basic users of mobile money. In 2017, 10% of adults were active basic mobile money users (6% of women and 15% of men).

1.2. BACKGROUND INFORMATION

The Shaping Inclusive Finance Transformations programme framework for the SAARC⁵ countries (SHIFT SAARC) is a regional market-facilitation initiative that seeks to stimulate investment, business innovations, and regulatory reform to expand economic participation of and opportunities for low-income people, especially women, and small and growing businesses to be active agents in the formal economy. SHIFT in SAARC will work primarily through FSPs to address both demand and supply-side constraints in interlinked financial and real economy markets. This is expected to contribute to increased growth in income and employment, reduced vulnerability to shocks and lower poverty levels.

A 60-month programme period was approved by UNCDF in June 2016 with initial funding of \$3,968,090, a major contribution of which came from the Bill and Melinda Gates Foundation (BMGF) with key programmatic focus on policy advocacy, research and capacity building of regulators in Bangladesh.

In February 2017, a micro- merchant centered ‘real sector’ component was added with support from the European Union (EU). This additional component aims at fostering business growth and financial inclusion of micro-merchants in Northern Bangladesh through facilitating capacity building and business innovation. This component is the main focus of this final evaluation. Annex 1 – SHIFT SAARC Programme Contribution and Annex 2 for SHIFT SAARC Theory of change.

1.3. SHIFT SAARC IN BANGLADESH

To date, the SHIFT in SAARC programme is implemented only in Bangladesh and focuses on accelerating the use of DFS.

In Bangladesh, SHIFT works through two projects as mentioned above. One is funded by the BMGF and one by the EU. The programme has also received UNCDF core funding. The BMGF-funded project (which has stopped) focused on promoting an enabling environment for DFS, while the EU-funded project (**subject of this final evaluation**) focuses on improving the real economy market system for micro-merchants (shopkeepers) in the FMCG industry in order to improve incomes and build demand for DFS.

1.4. SHAPING INCLUSIVE FINANCE TRANSFORMATION (SHIFT) IN SAARC: MERCHANT DEVELOPMENT DRIVING RURAL MARKETS IN BANGLADESH (MDDRM)

In February 2017, a micro- merchant centric real sector component was added to SHIFT SAARC in Bangladesh with supports from the European Union (EU). This additional component aims at fostering business growth and financial inclusion of micro-merchants in Northern Bangladesh through facilitating capacity building and

⁵ South Asian Association for Regional Cooperation. The members include: Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka. The members are joined by observer countries, including Australia, China, the European Union, Iran, Japan, Mauritius, Myanmar, South Korea and the United States of America

business innovation. Following the Logical Framework part of the grant agreement with the European Union, the Merchant development driving rural markets in Bangladesh (MDDRM) has the overall objective of *reducing poverty through increased consumption and employment, and reduced gender disparities in economic participation and financial access in Bangladesh through pro-poor private sector development of off-farm distributive trade markets in rural economies.*

The following table summarizes the expected outcomes and outputs of the SHIFT MDDRM component:

Objectives	Description
Overall objective	Reduced poverty through increased consumption and employment, and reduced gender disparities in economic participation and financial access in Bangladesh through pro-poor private sector development of off-farm distributive trade markets in rural economies.
Outcome	Greater growth and competitiveness of retail merchants in the distributive trade sub-sector in rural Bangladesh through tighter vertical integration with Fast Moving Consumer Goods (FMCG) value-chains and stronger horizontal integration with financial services value chains, especially through digital payment and m-commerce platforms.
Output 1	Relevant information and data sets about micro – merchants are available and accessible to policy makers and private sector actors for information, action and formulation of policies and business decisions.
Output 2	Capacity building tools, information and support services are developed and provided to micro-merchants for improvement of their skills, business operations and practices.
Output 3	Awareness, education and advocacy events are provided to consumers, policy makers and private sector players for strengthening of knowledge about products, services, rights and responsibilities.
Output 4	Innovative Business models are piloted with FMCG and DFS providers utilizing micro – merchant networks reaching rural low-income consumers through retail -level value chain innovation challenge funding.

Governance

SHIFT in SAARC Board: Comprising of representatives from UNCDF FIPA, UNCDF Asia Regional Office and the EU, the Board has oversight of programme implementation; provides strategic direction and advice to staff; approves annual work plans (AWPs) and budgets; takes decisions on approving programme plans and revisions, and; provides guidance and oversight on programme risks and mitigation measures. Board meetings are held twice each year.

PSC: Meeting on a semi-annual basis and more frequently based on the needs of the MoF (Ministry of Finance), the PSC includes representatives of the MoF, the Bangladesh Bank (the central bank), and the Bangladesh Telecommunication Regulatory Commission. The PSC is responsible for providing policy guidelines, for monitoring implementation progress, and providing guidance on achieving synergies with related development initiatives in Bangladesh.

Government Partners: SHIFT in SAARC is implemented through a Direct Implementation Modality in Bangladesh. The relevant ministry is the Financial Institution Division of the MoF. The government implementing partner is the Bangladesh Bank and the cooperating partner is BTRC.

Implementing Partners

SHIFT in SAARC in Bangladesh has three formal partners (referred to as co-applicants) with which it has formed a consortium to implement the EU-funded Merchants Development Driving Rural Markets (MDDRM) project: Dnet, BDMS and the FBCCI.

- **Dnet** is a not-for-profit social enterprise established in 2001 with considerable experience in developing innovative ICT solutions to promote women entrepreneurship. Its methods are rooted in participatory development approaches gained by working at grass root levels. For SHIFT in SAARC, Dnet is responsible for research and data, training of micro-merchants and Kallyani women entrepreneurs, and conducting part of the community awareness activities.
- **BDMS** is a trade association representing the retail sector. Its network is national and focuses on advocacy as well as on building capacity among retailers on legal and financial issues. BDMS has a strong experience with organizing, supporting and training micro – merchants. All micro-merchant shopkeepers are members of BDMS through local associations. In this programme, the role of BDMS is to build the capacity of local level business associations and micro-merchants.
- **FBCCI** is the apex trade organization with considerable experience in private sector development. Founded in 1971, FBCCI brings the strength of the 79 Chambers of Commerce and Industry and over 377 Trade and Industrial associations. Among these associations are also FMCG and DFS retail chambers of commerce relevant to this action. FBCCI has solid experience in stimulating investment, developing trade, commerce, industry sectors and organizing large symposiums, trade fairs and conferences. As the apex trade body, it plays a pivotal role in supporting the formulation of commercial, industrial and fiscal policies in Bangladesh working with Ministerial Committees and other related bodies.

SHIFT in SAARC also works with other United Nations initiatives, including the UNDP-supported Access to Information initiative (a2i) and alongside the Better Than Cash Alliance to promote digital financial inclusion.

Beneficiaries

SHIFT in SAARC in Bangladesh aims to benefit four different groups, while maintaining a focus on low-income consumers, women, small and growing businesses, and people living in rural areas:

- **Government of Bangladesh** including policymakers and regulators from the central bank, Ministry of Finance and the BTRC;
- **Financial service providers and real economy businesses in the FMCG sector** including key stakeholders in the DFS market;
- **Market enablers** (i.e. industry apex organizations and business associations) including the partners FBCCI, BDMS and Dnet; and
- **Low-income people**, specifically micro-merchants (shopkeepers) and Kallyani women entrepreneurs (micro-franchisees of the InfoLady programme), based in four poor northern districts of Bangladesh (Jamalpur, Sherpur, Tangail and Sirajgonj) and low-income rural consumers in the same districts.

1.5. MERCHANT DEVELOPMENT DRIVING RURAL MARKETS (MDDRM) COMPONENT IMPLEMENTATION STATUS (OVERVIEW)

Output 1: Relevant information and data sets about micro – merchants are available and accessible to policy makers and private sector actors for information, action and formulation of policies and business decisions. Disbursement: USD 453,421.59 as of January 2020

The objective of activities under this output is to generate essential data about distributive retail markets (micro – merchants) to identify trends and opportunities within this sub sector and thereafter to be used by the regulators and private sector actors to formulate appropriate actions to address market barriers or leverage market opportunities.

The MDDRM component financed by the European Union has conducted and commissioned a number of studies:

- *Micro Merchants Landscape Assessment (MMLA) in Bangladesh;*

The MMLA aimed to describe the location, socio – economic characteristics, business size and conditions, access to financial services, digital financial services uptake and use, and overall uptake and understanding of digital information technologies for business growth among micro merchants⁶. The data set of the MMLA Study has been made available for public usage through the data portal titled ‘Microentrepreneurs Asia’⁷.

- *Consumer behavior among Micro Merchants;*

This qualitative study undertaken by Dnet, was the basis for the development of training and educational materials for micro merchants. The consortium undertook needs assessment among micro merchants to identify their knowledge and skills gaps and used those findings to develop a training curriculum.

- *Participation of Women in the Economy Realized (PoWER);*

UNCDF undertook the development of a country strategy on women’s economic empowerment in Bangladesh, using the UNCDF PoWER framework⁸, conducting country specific research on Financial Services Access, Usage and Agency for Women’s and Girls’ Financial Inclusion, including women led small and micro-businesses.

- *Landscape Assessment of Retail Micro-Merchants in Bangladesh: A Closer Look at Jamalpur, Sherpur, Sirajganj and Tangail Districts;*

This report is essentially a “deep – dive” look at the circumstances of micro-merchants across the four project districts. The data for these districts were gathered in the overall MMLA study, and in 2019 a special publication was prepared to highlight these four districts.

- *Gender Centrality of Mobile Financial Services in Bangladesh – A Consumer Behaviour Research;*

This research was initiated to recognize and capture meaningful patterns of the drivers of MFS use among women and make recommendations for policy decision-makers and financial services providers (FSPs).

- *Digital Transformation of MFIs in Bangladesh: Opportunities, Challenges and Way forward;*

⁶ <http://www.uncdf.org/article/3986/micro-merchant-research-into-action-series-landscape-assessment-of-retail-micro-merchants-in-bangladesh>.

⁷ <http://microentrepreneurasia.com>

⁸ <https://www.uncdf.org/article/4144/power-country-assessment-workshop-report> & <https://www.uncdf.org/article/4137/power-definitions-and-framework>

This research aimed to answer the question of how and why MFIs should make a switch to digital technologies to better meet their customers' needs, particularly to retail micro-merchants.

- *Hrishipara Financial Diary Research (2017 – 2019)*

The Financial Diary research in Hrishipara village, Gazipur was initiated to get a better understanding of the way low-income households use financial tools and services available in rural/peri-urban Bangladesh.

Once completed, SHIFT MDDRM has focused on disseminating the research throughout the project period.

In addition, SHIFT – MDDRM conducted a data hackathon in 2019. A two-day “Financial Inclusion Data Hackathon” event was organized, inviting various people (from business, universities, regulatory bodies, non-government organizations, bi/multilaterals) to collaborate (using data – sets such as Micro – merchants dataset on microenterprises) with a goal of creating a functional idea/product to advance financial inclusion and inclusive growth in Bangladesh by the end of the event. Ideas varied in themes and scale, but the most common solutions focused on: a) utilizing tech to solve financial inclusion barriers (such as SMS services, mobile money services, savings); b) enticing consumer behaviour through rewards (such as mobile money reward systems, discount services); and, c) advancing knowledge through social marketing (such as awareness campaigns and programmes).

Output 2: Capacity building tools, information and support services are developed and provided to micro-merchants for improvement of their skills, business operations and practices. Disbursement: USD 1,002,646.41 as of January 2020

The objective of activities under this output, is to build capacity, skills and knowledge of micro – merchants and business development service providers on digital technologies which is intended to enable easy uptake and usage of these technologies and advance business performance among micro – merchants. The approach to capacity development builds and utilizes national Master Trainers as well as IT technologies.

More specifically, capacity development focuses on improving knowledge, skill and capabilities so that market actors in Bangladesh can:

- 1) Respond to DFS emerging issues and enact relevant policies and regulations to support the DFS sector growth;
- 2) Learn about new technologies and find ways to use them to solve societal problems (e.g. access to finance) or advance business performance of micro and small enterprise (MSMEs);
- 3) Have access to and use DFS to improve their lives (e.g. women, small business owners, micro-merchants);
- 4) Improve business operations to reach more customers with products and services (e.g. retail micro-merchants).

In 2017, the consortium decided to use a sequential approach in terms of training of micro merchants. The focus was to start by building the capacity of the consortium members, as well as build a pool of women and master trainers who will on train micro merchants in 2018 and expand thereafter to other target groups.

In 2018, based on the research findings, the training modules were finalized, and a pilot version of a mobile app was developed. The consortium started the capacity development training of the micro merchants, women entrepreneurs, BDS providers and business association trainers. This continued throughout 2019.

Output 3: Awareness, education and advocacy events are provided to consumers, policy makers and private sector players for strengthening of knowledge about products, services, rights and responsibilities.

Disbursement: USD 285,801.04 as of January 2020

The objective of activities under Output 3 is to provide greater access to information on expanding choices of Digital Financial Service products. Recognizing the increased complexity as well as shortage of information provided especially in rural areas, this output placed specific importance on consumer education and advocacy targeting private sector and policy makers.

The SHIFT in partnership with Dnet, started with a two-day conference to highlight the importance of developing a long-term vision around financial inclusion through digital pathways, especially targeting the last mile customers, micro-merchants and small businesses. The consortium organized the **Bangladesh Digital Financial Inclusion Conference** in 2018.

The first round of the SHIFT MDDRM led awareness raising campaign targeted retail merchants in the project districts. It was carried out at national and local level through different modalities. A **National campaign** was carried out through circulation of different printed materials (wall calendar, desk calendar, fact sheet, etc) with messages on the benefit of DFS in business growth of the local micro merchants. This campaign was conducted in partnership with Dnet (iSocial), FBCCI, BDMS and Bank Asia and local business association i.e. local chambers and merchant associations. A **Local campaign** was also carried out in Sherpur and Jamalpur districts in 41 hotspots where people are gathered. This was done through drama theater. 3 theatre actors performed to disseminate messages through their performance, accompanied by one local singer (Baul singer). The purpose was to send messages on the use and benefit of digital financial services/digital transactions as well as messages on protection of consumer rights, responsibilities of micro-merchants and producers as per the Consumer Rights Protection Act 2009.

The next wave of the campaign in 2019 aimed to reach out to FMCG retail merchants, distributors, women merchants and customers, and wider customers in the national level. The community-based awareness events were delivered through community fairs and an innovation fair. Additionally, SHIFT-MDDRM has contracted a firm to undertake an educational campaign about DFS targeting micro-merchants through Facebook. This social media platform was chosen because micro-merchants overwhelmingly use Facebook.

*Output 4: Innovative Business models are piloted with FMCG and DFS providers utilizing micro – merchant networks reaching rural low-income consumers through retail -level value chain innovation challenge funding.
Disbursement: USD 1,312,620.97 as of January 2020*

The objective of activities under Output 4 is to leverage the creative power and commercial instincts of Fast-Moving Consumer Goods (FMCG) and DFS providers by stimulating them to test innovative cross – sector business models and end – customer requisition strategies.

SHIFT started by identifying suitable business models to be piloted with micro – merchants. In total, 6 type of business models will be piloted and will run until end of the project. Conceptualization of business innovation pilots and procuring private sector implementing partners for piloting the models was delayed initially due to delays in conducting the Micro Merchant Landscape Assessment Study (MMLA). The approach to procurement of partners for implementing the business models was also adjusted from earlier planned proof of concept approach (that is procuring those business models/ ideas that are yet to be tested) to procuring those business models that have already been tested/ prototyped and piloted and need to be commercially launched/ expanded. To select and launch implementation of the business models, SHIFT followed a competitive bidding method inviting eligible firms/ institutions apply in response to the call for proposals.

SHIFT finalized the design of the innovation models in 2018 and initiated a competitive procurement process to find private sector implementers. SHIFT then evaluated and contracted 6 innovation models. **The 6 innovation** models piloted with the micro merchants addressing their business needs, were initiated. 1 of those projects, *Implementing Business Model That Digitizes Financial Transaction in Merchant Supply Chain* has been finalized and contract was signed with Bank Asia, Unilever and MicroSave in October, 2018. Other 5 projects have been launched in May of 2019. These models are designed to address the following issues: 1) Implementing business model that inducts merchant as MFS agents and integrates digital transaction, cash management solution and credit facility. 2) Implementing Aggregator Platforms for Micro-Merchant Value Chains Enabling Digital Transactions. 3) Implementing business model that inducts micro merchants as E-commerce Agents and transaction points through aggregator e-commerce platform. 4) Implementing a Mobile loan and digital payments technology anchored business model that enables micro-retailers without collateral and prior credit history to digitally order merchandise from the distributors, and pay for them using a collateral free digital credit line. 5) Implementing a business model that combines the use of a digital platform with training, skilling and business development support to build women business networks thus enabling rural women to become micro merchants providing products and services for women, children and adolescents in their local communities with integration of digital financial services. As of January 2020, SHIFT SAARC in Bangladesh has six innovative business model pilots on-going.

2. EVALUATION OBJECTIVES

Evaluation during a crisis: COVID-19

Considering the COVID-19 pandemic and resultant restrictions, the proposed evaluation methodology may be subject to change. All work of the evaluation team during the field visit shall be done within the guidelines and protocols set by the local and national government of Bangladesh.

2.1. PURPOSE, SCOPE AND OBJECTIVES OF THE EVALUATIONS

The final evaluation of SHIFT MDDRM is being conducted in accordance with UNCDF's Evaluation Plan 2018 – 2021, and in line with UNDP's Evaluation Policy (to which UNCDF is party) which sets out a number of guiding principles and key norms for evaluation in the organization following the standards of the United Nations Evaluation Group.⁹

Amongst the norms that the Policy seeks to uphold, the most important are that the evaluation exercise be independent, and that it provide technically and methodologically credible findings that are useful and relevant to support evidence-based programme management and broader strategic decision making.

In support of this, the evaluation has been designed with the following objectives:

⁹ For more information, please see: <http://web.undp.org/evaluation/policy.shtml>

- To assist UNCDF and its partners understand the relevance, coherence, efficiency, effectiveness, and likely impact and sustainability of the programme in the country in which it is active,
- To consider variation in SHIFT MDDRM's performance at all levels (macro, meso and micro) taking into account differences in implementation modality, the evolution of the programme's strategy and the importance of policy and institutional context on SHIFTS results,
- To provide evaluative evidence on the contribution of SHIFT SAARC's MDDRM component's work to financial inclusion in Bangladesh and to UNCDF's broader financial inclusion strategy
- Situate the programme in its broader development cooperation environment, compared to similar approaches that promote financial inclusion by other development actors, as well as across UNCDF's Financial Inclusion Practice Area.

As a final evaluation, the evaluation team is expected to focus particularly on the effectiveness, likely impact and sustainability of programme results to date. **Critical to this evaluation is an assessment of the relevance and long-term sustainability of SHIFT's MDDRM approach to the development of the micro merchant sub-sector as a driver of rural markets in Bangladesh, as well as SHIFT's MDDRM approach to innovation through investments as a way to enhance diversification and replication of products, services and business models focusing on meeting the needs of low-income people, especially women and small and growing businesses.**

Attention will also be paid to the overall delivery methodology vis-à-vis engagement with policy makers, private sector, FSPs and Micro Merchant, as well as links to the SHIFT SAARC's governance, staffing structure, and effectiveness of the Investment Committee. The evaluation, where appropriate, may give guidance, lessons learned, suggestions for mitigating risks occurred during past programme implementation in a forward-looking fashion – informing any future strategies.

More specifically, the evaluation is expected to provide evidence on the MDDRM component's contribution to:

- **Influencing the broader inclusive digital finance systems – (macro)**

Influence of the programme on policy makers and the broader policy environment and financial inclusion and inclusive digital finance systems as it relates to the distributive retail market. Here the evaluators should consider the extent to which the programme has been successful through its policy advocacy, data/knowledge and capacity/learning activities in beginning to influence the broader inclusive finance systems (policy, institutions and markets) as it relates to the distributive retail market. This aspect will also consider the extent to which the programme is positioned to support replication and upscaling of its approach by others once it comes to an end.

- **Building organisational capacity – (meso)**

Changes in organisational and financial performance of FSPs and DFS providers supporting stronger horizontal integration of the FMCG Value chain through digital payments and M-Commerce platforms (knowledge, institutional, financial, network) of financial service providers, telecom companies, regulators and other key ecosystem actors to develop and facilitate the horizontal integration with the FMCG value chain.

- **Supporting impact at client level –(micro)**

Evidence of any impact to date at client level – micro-merchants – vertical integration of FMCG Value chain as well as customer awareness. distinguishing between impacts on men and women.

- *On micro merchants*, the focus will be on assessing to the extent possible current or likely impact on the growth and competitiveness of retail merchants in the distributive trade sub-sector.
- *On consumers*; the focus will be on assessing to the extent possible current or likely impact on consumer awareness about services, products, rights and responsibilities.

2.2. RECOMMENDATIONS

To support the utility of the evaluation, and in no way restricting the scope of the conclusions that evaluators may come to, UNCDF, UNDP and EU are specifically looking for lessons and recommendations along the following lines:

Overall recommendations sought:

- What are findings and lessons from the final evaluation of the current programme that should influence any decision on a future intervention for UNCDF, UNDP, EU and its partners?
- What are the success factors, including approaches and mechanisms, to keep for the future phase and how can shortcomings be factored in to be prevented in the future?

Specific recommendations sought:

- How could the identified positive or negative external factors be mitigated or exploited further for the next programme phase?
- What lessons from the institutional and implementation arrangements could be retained for future interventions?
- What lessons from the programme management arrangements should be considered for the next programme phase?
- To what extent does the broader policy environment remain conducive to the replication of the lessons learnt from the programme?
- Have key factors (external, programme or partnership related) changed, with respect to those existing at the time of the SHIFT MDDRM design, in a way that needs to be taken into consideration for future programming?
- Within UNCDF, how should the programme be adjusted to support the evolving objectives of UNCDF's *Leaving No One Behind in the Digital Era Strategy*?

2.3. EVALUATION METHODOLOGY:

The evaluation should be transparent, inclusive, participatory and utilization-focused. The overall methodology to be followed should be organized following a theory of change approach, framed by the UN/OECD DAC evaluation criteria , and drawing upon a number of mixed methods (quantitative and qualitative) data to capture direct programme results as well as (likely) contributions to increased growth and competitiveness of retail merchants in the distributive trade sub-sector in rural Bangladesh.

To do so, the methodology should draw as appropriate on established measurement frameworks for capturing these kinds of development outcomes, such as the approaches of the Consultative Group to Assist the Poor

(CGAP)¹⁰ and/or the Donor Committee for Enterprise Development to measuring the development of markets for the poor in situations of complexity.

The approach to the evaluation should also intend to capture progress against UNCDF's 'innovation-to-scale' or maturity model approach whereby UNCDF supported interventions aim to start with piloting/innovation, move to consolidation in additional countries before being scaled up by others in markets and country policy systems more broadly.

In line with good practice in evaluating this type of complex system change-focused intervention¹¹, the overall methodology should be based on three concrete pillars:

- i) the programme's **theory of change and the way this has been operationalized into a set of concrete expected results**;
- ii) the **evaluation matrix** grouping key evaluation questions and sub-questions by broad UN/OECD DAC evaluation criterion allowing analysis of programme results at different levels of its results chain
- iii) a **data collection toolkit** for the evaluation describing the quantitative and qualitative primary and secondary data collection tools that will be deployed to collect and analyse data to answer the evaluation questions.

Theory of change

The main analytical framework for the evaluation is provided by the programme's theory of change which helps organize the evaluation questions according to the programme's expected results at each level of its results chain. In doing so, the evaluation should use as far as possible a contribution analysis¹² approach with a view to understanding the influence of relevant contextual factors, and alternative drivers or obstacles to change at the regional, national and local levels that may have influenced the programme's direct and indirect, intended and unintended results.

In line with UN evaluation practice, the scope of the evaluation should cover all six standard UN/OECD DAC evaluation criteria: relevance/appropriateness of design, coherence, efficiency, effectiveness, and (likelihood of) impact and sustainability. In doing so, the focus of the evaluation goes beyond assessing whether UNCDF and its partners are currently 'doing things right' in programme execution and management, to a broader assessment of whether, given available evidence, and in comparison with similar approaches implemented by others, the programme looks to be the 'right approach' to achieving the higher-level objectives agreed in the initial phase.

¹⁰ http://www.cgap.org/sites/default/files/Technical-Guide-Measuring-Market-Development-Oct-2017_0.pdf

¹¹ See, for example, pages 78 – 79 in the recent guidance published by CGAP on how to evaluate the results of support to complex policy and market systems in financial inclusion: <http://www.cgap.org/publications/measuring-market-development> building.

¹² For more information, please see: http://www.betterevaluation.org/en/plan/approach/contribution_analysis. Please also note the work of the Consultative Group to Assist the Poor (CGAP), the Donor Committee on Enterprise Development (DCED), the Springfield Center and others on this with specific reference to measuring the results of market development for the poor in the area of inclusive finance.

Evaluation Matrix

In proposing how to conduct the evaluation, the evaluators should use an evaluation matrix to operationalize the theory of change and its agreed framework of direct and indirect results into a set of measurable categories of evaluative analysis following the results chain of the intervention. The evaluation matrix should properly address gender equality (GE) and human rights (HR) dimensions, including age, disability, migration, displacement and vulnerability wherever applicable.

The table below presents a set of preliminary questions that the evaluators should address in their proposed approach, following the revised UN/OECD DAC criteria. Bidders are requested to propose a more a more detailed evaluation matrix in their submission to include a set of judgement criteria/performance indicators per question and a set of proposed evaluation techniques (lines of evidence) to answer the evaluation question. The evaluation matrix is expected to be updated during the inception phase on the basis of additional information that will be provided to the evaluators and also to take into account where relevant effects of COVID-19 on the content and progress of programme implementation, including but not limited to impact and limitations.

Criteria	Sub-questions
<p>1. Relevance <i>The extent to which SHIFT MDDRM objectives and design respond to beneficiaries', global, country, and partner/institution needs, policies, and priorities, and continue to do so if circumstances change.</i>¹³</p>	<p>1.1 How relevant and how well designed is the SHIFT MDDRM's approach to the priorities of the government of Bangladesh, considering the programme's intended support to growth and competitiveness of retail micro-merchants in the distributive trade sub-sector in rural Bangladesh?</p> <p>1.2 How relevant is the support provided by SHIFT MDDRM, including capacity building, knowledge sharing and the performance-based country mechanism, to the needs of micro merchants, consumers, FSPs, TSPs and policy decision-makers and other partners?</p> <p>1.3 To what extent does the SHIFT MDDRM design incorporate gender equality (GE), human rights (HR) and other cross-cutting issues?¹⁴</p>
<p>2. Coherence <i>The compatibility of SHIFT MDDRM with other interventions in a country, sector or institution.</i>¹⁵</p>	<p>2.1 How distinct/complementary is the SHIFT MDDRM approach to other programmes and initiatives implemented in Bangladesh by government and/or key development partners, particularly the EU and UNDP, with similar sectoral and outcome objectives?</p> <p>2.2 How compatible is the SHIFT MDDRM intervention to UNCDF's work in Financial Inclusion, Digital Financial Inclusion and MSMEs at the programme and regional</p>

¹³ 'Respond to' means that the objectives and design of the intervention are sensitive to the economic, environmental, equity, social, political economy and capacity conditions in which it takes place.

¹⁴ This includes, but is not limited to, the extent to which the programme is formulated according to international norms and agreements on HR & GE (e.g. The Convention on the Elimination of all Forms of Discrimination Against Women – CEDAW; the Universal Declaration of Human Rights – UDHR; Convention on the Rights of Persons with Disabilities – CRPD) as well as national policies and strategies to advance HR & GE

¹⁵ The extent to which other interventions (particularly policies) support or undermine the intervention and vice versa. This includes internal coherence which should address the synergies the interlinkages between the intervention and other interventions carried out by the same institution/government, as well as the consistency of the intervention with the relevant international norms and standards to which that institution/government adheres. External coherence considers the consistency of the intervention with other actors' interventions in the same context, including complementarity,

	<p>levels?</p> <p>2.3. How compatible is the SHIFT MDDRM intervention to ongoing initiatives of the UN Country Team in Bangladesh? How coherent is it to needs and interests of all stakeholder groups?</p>
<p>3. Efficiency <i>The extent to which SHIFT MDDRM is likely to deliver results in an economic and timely way.</i></p>	<p>3.1 How well has SHIFT MDDRM delivered its expected results to date, including in terms of budget allocation and cost-effectiveness of activities and in support of financial and development additionality?</p> <p>3.2 What is the quality of outputs (deliverables) provided to date? How appropriate is the programme’s monitoring system to track direct programme results and their broader contribution to the overall objectives?</p> <p>3.3 How well is the programme being governed, through the involvement and contributions of key partners such as the EU and the government counterpart?</p> <p>3.4 How well are resources (financial, time, people) allocated to integrate Human Rights (HR) & Gender Equality (GE) in the implementation of SHIFT MDDRM, and to what extent are HR & GE a priority in the overall intervention budget? To what extent are such resources being used efficiently?</p>
<p>4. Effectiveness <i>The extent to which MDDRM is expected to achieve its objectives, and its results, including any differential results across groups.</i></p>	<p>4.1 To what extent have SHIFT MDDRM activities under Output 1 contributed to informing policy makers and the private sector’s capacity to formulate appropriate policies and business decisions to address market barriers or leverage market opportunities of the distributive retail market (micro-merchants)?</p> <p>4.2 To what extent have SHIFT MDDRM activities under Output 2 contributed to build the capacities, skills and knowledge of micro-merchants and business development service providers on digital technologies to enable easier uptake and usage of these technologies and advance business performance among micro-merchants?</p> <p>4.3 To what extent have SHIFT MDDRM activities under Output 3 contributed to raising awareness of consumers, policy makers and private sector players about products, services, rights and responsibilities on DFS?</p> <p>4.4. To what extent have SHIFT MDDRM activities under output 4 contributed to leveraging the Fast-Moving Consumer Goods (FMCG) and DFS providers by stimulating them to test innovative cross-sector business models and end-customer requisition strategies.</p> <p>4.5 To what extent is SHIFT MDDRM on track towards progress on HR & GE at the level of the organisations supported by MDRRM? To what degree are the results achieved equitably distributed among the targeted stakeholder groups?</p>
<p>5. Likely Impact <i>The extent to which MDDRM is expected to foster growth and</i></p>	<p>5.1 To what extent have SHIFT MDDRM results contributed to a tighter vertical integration with Fast Moving Consumer Goods (FMCG) value chains of the retail merchants in the distributive trade sub-sector in rural Bangladesh?</p>

harmonization and coordination with others, and the extent to which the intervention is adding value while avoiding duplication of effort.

<p><i>competitiveness in the retail merchants distributive trade.</i></p>	<p>5.2 To what extent have SHIFT MDDRM results contributed to stronger horizontal integration with financial services value chains, especially through digital payments and m-commerce platforms of the retail merchants in the distributive trade sub-sector in rural Bangladesh?</p> <p>5.3 To what extent have SHIFT MDDRM results contributed to greater growth and competitiveness of retail merchants in the distributive trade sub-sector in rural Bangladesh through tighter vertical (FMCG value chain) integration and stronger horizontal (Financial Service value chain) integration?</p> <p>5.4 To what extent have SHIFT MDDRM results changed attitudes and behaviors towards HR & GE on various stakeholder groups?</p>
<p>6. Sustainability <i>The extent to which the net benefits of MDDRM are likely to continue beyond the life of the intervention¹⁶</i></p>	<p>6.1 To what extent are any changes in the capacity of micro-merchants, policy - makers and private sector players to foster growth and competitiveness of retail merchant in distributive trade likely to continue over time? To what extent are partners like to institutionalize and scale up?</p> <p>6.2 How sustainable are changes in the FMCG value chain likely to be over time?</p> <p>6.3 How sustainable are changes in the inclusive finance system (at macro, meso and micro-levels) likely to be over time?</p>

Data collection toolkit

Finally, on the basis of the questions included above and the information present elsewhere in this Terms of Reference and on the UNCDF website, the evaluation team should deploy a data collection and analysis toolkit (that includes gender disaggregation and triangulation tools) that will include both existing secondary data as well as new primary data to be gathered during (virtual) field visit¹⁷ which together will be able to answer the initial questions listed above. The toolkit should ensure that evaluation findings can be disaggregated by sex and by other socio-economic groups in line with the instruction for gender- and human rights-responsive evaluation included above.

Evaluation during a crisis: COVID-19

The proposal should outline any adjusted evaluative approaches/ methodologies that

¹⁶ Note that this should include as far as possible an examination of the financial, economic, social, environmental and institutional capacities of the systems needed to sustain net benefits over time, including analyses of resilience, risks and potential trade-offs.

¹⁷ COVID-19 situation will make international travel difficult, considering the in-country restrictions. However, due to the nature of this interventions virtual interviews with micro-merchants will be challenging, therefore national/ in-country consultants should be used to provide the needed support for primary data collection.

may be needed to implement the evaluation effectively, including extended desk reviews, primary use of national consultants and virtual stakeholder meetings and interviews. This will be further detailed in the inception report.

If all or part of the evaluation is to be carried out virtually then remote interviews may be undertaken through telephone or online (skype, zoom etc.). Consideration should be taken for stakeholder availability, ability or willingness to be interviewed remotely.

International consultants can work remotely with national evaluator support in the field if it is safe for them to operate and travel. No stakeholders, consultants or UNCDF staff should be put in harm's way and safety is the key priority.

The combination of primary and secondary tools or separate 'lines of evidence' should number at least five and be designed – as with the rest of the evaluation - with triangulation and complementary assessment of the sub-questions in the matrix in mind.

A preliminary set of possible lines of evidence (which bidders can adjust/complement in line with their broader methodological approach) include:

- Document and literature review;
- Analysis of deliverables and financial reports;
- Structured, semi-structured and/or in-depth interviews;
- Quantitative surveys;
- Direct observations;
- Focus groups including implementing partners

Bidders are requested to focus on how they will measure the results of the SHIFT MDDRM programme to date at the outcome level, using methods built around a contribution analysis approach. Bidders are encouraged to propose additional alternative innovative methods and approaches to ensure credible and useful evaluation findings. In proposing the evaluation methodology, bidders are requested to respect the various quality standards for UNCDF evaluation set out in Annex 4.

The data collection toolkit should be applied in a transparent manner throughout the course of the evaluation with key data used to back up answers to the evaluation questions and the conclusions and recommendations that the team will make.

Case Studies

Interested bidders are also requested to include in their proposal a *proposed approach* to 'diving more deeply' into programme relevance and performance to date by way of 4 to 6 case studies to be divided between investments supported and broader TA to partners. The choice of case studies will be decided during the inception phase and should be chosen to support the broader evaluation approach and sampling strategy.

Gender and Human Rights

The evaluation must include an assessment of the extent to which the design, implementation, and results of the

project have incorporated a gender equality perspective and rights-based approach. The evaluators are requested to review UNEG's *Guidance in Integrating Human Rights and Gender Equality in Evaluation* during the inception phase¹⁸. In addition, the methodology used, data collection and analysis methods should be human rights and gender-sensitive to the greatest extent possible, with evaluation data and findings disaggregated. Evaluators should also review the most recent publications by the United Nations on the seven drivers of women's economic empowerment in the context of the SDG focus on 'leaving on one behind'¹⁹.

The promotion and protection of Human Rights (HR) & Gender Equality (GE) are central principles to the mandate of the UN, and all UN agencies must work to fundamentally enhance and contribute to their realization by addressing underlying causes of human rights violations, including discrimination against women and girls, and utilizing processes that are in line with and support these principles. Those UN interventions that do not consider these principles risk reinforcing patterns of discrimination and exclusion or leaving them unchanged. It is therefore important that evaluations commissioned by UNCDF take these aspects into account.

UNCDF takes seriously its commitments to GE and women's empowerment throughout its programme cycle, including evaluation. In the latest independent review of the quality of UNCDF evaluation reports under the UN's System-Wide Action Plan, overseen by UNEG, its Evaluation Unit was scored as "meeting requirements" and the Unit is committed to guarantee that all the evaluations it designs and manages meet the UNEG GE-related norms and standards and apply the UNEG guidance during all phases of the evaluations.

Management roles and responsibilities

To ensure independence and fulfilment of UN evaluation standards, the Evaluation Unit of UNCDF in New York – supported by M&E colleagues in Bangladesh - is responsible for the design and management of this evaluation and will hire an independent firm (Evaluation Team) to conduct the evaluation.

UNCDF Evaluation Unit: In line with the organisational setup for evaluation at UNCDF, the Evaluation Unit in New York – reporting directly to the Executive Secretary of UNCDF as per UNEG norms on organisational independence of evaluation entities - is responsible for the design and management of this evaluation and for the overall quality of the evaluation report²⁰.

Evaluation Team: An independent firm will be hired by the Evaluation Unit to conduct the evaluation. The Evaluation Unit will provide substantive support, including joining the Evaluation Team in the field visit and supporting the implementation of remote/virtual data collection. The Evaluation Team will be closely working with the SHIFT MDDRM programme team (see below). They will be responsible for arranging all meetings and field visits, with support from the programme team and the Evaluation Unit. The Evaluation Team is expected to

¹⁸ http://www.uneval.org/papersandpubs/documentdetail.jsp?doc_id=980

¹⁹ In addition to the UN Evaluation Group guidance on embedding gender equality and women's empowerment into UN evaluations: <http://www.unevaluation.org/document/download/2107>, please see for information the latest report by the UN Secretary General's High Level Panel on Women's Economic Empowerment: Leave No One Behind – Take Action for Transformational Change on Women's Economic Empowerment <http://hlp-wee.unwomen.org/>

²⁰ The final evaluation report will be assessed externally by UNDP's Independent Evaluation Office (IEO) once the evaluation has been completed. The quality assessment grid, against which the report is assessed, is available at <http://web.undp.org/evaluation/guideline/documents/PDF/section-6.pdf>

organize its own travel, visas, accommodation and local transport. The Evaluation Team shall safeguard the rights and confidentiality of information providers, for example, measures to ensure compliance with legal codes governing areas such as provisions to collect and report data²¹. Furthermore, the Evaluation Team will at all times conduct the evaluation in accordance with the principles outlines in the UNEG ‘Ethical Guidelines for Evaluations’ based on commonly held and internationally recognized professional ideals to conduct themselves in accordance with the highest standards of integrity as enshrined in the Charter of United Nations. The Evaluation Unit takes its responsibilities very seriously in this regard, particularly given the access that will be given to economically vulnerable populations. Finally, the Evaluation Team will need to sign the UNEG Code of Conduct for Evaluation in the UN System and return a copy to the Evaluation Unit.

SHIFT MDDRM Programme team: The programme staff will provide administrative and logistical support. This will include: timely access to an extensive range of documentation for the desk review; an updated stakeholder list with contact details, including emails, telephone numbers and preferred method of access (if possible); and assistance in scheduling meetings in Bangladesh. The programme staff will also be available for initial briefing and final debriefing in Bangladesh and shall make itself available to answer questions and provide documents. The programme staff may provide office space in Bangladesh for the evaluation team to work upon request.

Advisory Panel: The Panel will be set up and composed of representatives from the National Counterpart and UNCDF, as well as potentially from the EU. The role of the Advisory Panel will be to support the Evaluation Unit in managing the evaluation by participating in the following:

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

²¹ The Evaluation Team will be bound by the UNEG Norms and Standards in Evaluation in the UN System, the UNEG Code of Conduct for Evaluation in the UN System, the UNEG Ethical Guidelines for Evaluation, and the UNEG Guidance for Integrating Human Rights and Gender Equality in Evaluation.

3. EVALUATION PROCESS

Evaluation during a crisis: COVID-19

Considering the COVID-19 pandemic and resultant restrictions, the proposed evaluation schedule may be subject to change. All work of the evaluation team during the field visit shall be done within the guidelines and protocols set by the local and national government of Bangladesh.

The evaluation process will have 3 distinct phases:

- a) **Inception Phase and desk review**
- b) **In-country phase**
- c) **Post-Mission Phase:** analysis and synthesis stage, including:

For more detailed information on the expectations within each phase please refer to the Terms of Reference (TOR) attached to the Long Term Agreement (LTA).

In drawing up the proposed work plan, the evaluation team should be given sufficient time to complete: i) a thorough review of all relevant programme documentation during the inception phase and preparation of the methodological approach to be followed by the evaluation team; ii) field visit, and iii) a thorough write up phase of the evaluation report, to include analysis and transparent aggregation of the different 'lines of evidence' collected during the preceding evaluation phases into investment and TA case studies and then a final evaluation report with relevant annexes.

During the country visit, the expected level of effort for the evaluation should include 5 days (minimum) in country with a minimum of two members of the evaluation team to visit the country. Both team members should be experienced evaluators with relevant technical knowledge of the intervention being assessed. With current pandemic in mind, it is expected that national team members will be key in conducting the country visit and primary data collection. Accordingly, proposed evaluation team composition should include ways to mitigate the constraints imposed by the current pandemic on the country visit.

In total, it is expected that the evaluation will take at a minimum 80 person days to complete, including all team members' contributions to the inception, country visit and write up phases of the evaluation.

The methodology – including the final sampling strategy of parts of SHIFT MDDRM to explore in detail - will be further developed during the inception phase under the supervision of the Evaluation Unit.

1. Audience and timing

The primary audience for this evaluation is UNCDF and key stakeholders (including programme funders) and partners in Bangladesh. The final evaluation is scheduled as follows:

- Inception phase: October 2020
- Country visits: November – December 2020

- Write up phase and final report: January – February 2020

Main deliverables:

The below 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 UNCDF’s Evaluation Unit for evaluation reports (please see Annex 4 for more details). The Evaluation Team Leader is responsible for preparing and submitting the following deliverables:

Deliverables	Description	General Timeframe
<p>INCEPTION PHASE:</p> <p>Inception Report and Data Collection Toolkit</p>	<p>The inception report presenting a fully developed evaluation matrix, methodology, data collection tool kit and a detailed work plan with timeline following a template to be provided by the Evaluation Unit.</p> <p>The report must also detail any adjusted evaluative approaches/methodologies that may be needed to implement the evaluation effectively due to COVID-19.</p>	<p>December 2020 – January 2021</p>
<p>DATA COLLECTION/IN COUNTRY PHASE:</p>	<p>This includes a country visit to Bangladesh to the programme team, stakeholders and primary data collection.</p>	<p>January – February 2020</p>
<p>POST MISSION PHASE:</p> <p>Draft Evaluation Report and organized according to the evaluation sub-question with evaluation findings aggregated and synthesized on the basis of the results of</p>	<p>a. A report presenting the evaluation findings and recommendations for each program/evaluation as a whole (max. 35 – 40 pages) plus in annex i) short (10 page) case study of investments and TA made under SHIFT MDDRM ii) summaries of the findings from each of the minimum five ‘lines of evidence’ used to support the evaluation findings as well as iii) an Executive Summary of maximum 5 pages summarising the main</p>	<p>February - March 2021</p>

the different data collection and analysis tools. (including up to three rounds of revisions)	findings and recommendations in English and French. b. All completed tools and datasets making up the different lines of evidence should be made available to the Evaluation Unit upon request (including <u>transcribed highlights</u> from interviews and focus group discussions, details from quantitative analysis).	
Power Point Presentation for HQ debriefing (max 15 slides and 20 minutes presentation).	A PPT summarizing the main findings and recommendations.	TBD 2021
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.	March 2021

Audience:

The primary audience for this evaluation is UNCDF, the European Union, UNDP as well as partners in Bangladesh.

4. COMPOSITION OF EVALUATION TEAM:

The evaluation team should present a combination of technical expertise in evaluation and experience in designing and managing interventions in the field of financial inclusion, digital financial services and market development relevant to the programmes, with a focus on MSME development – real economy and retail merchants value chain as well as clear experience and expertise in evaluating gender equality in financial inclusion programmes. **Experience in evaluating UN programmes, including UNCDF, is preferred but not mandatory.**

The team should be familiar with approaches used to assess program contribution to market development/systemic changes as well as theory-based approaches to programme evaluation, using both

quantitative and qualitative analysis of existing secondary data and primary data sources. The team should have comprehensive knowledge of inclusive finance industry best practices and experience in applying CGAP benchmarks and DCED standards around good performance of FSPs and business development in developing countries. Evidence of experience with inclusive finance programmes to support women's empowerment and gender equality.

The evaluation team should also be gender-balanced and include representatives from the programme country in which the programme has been implemented.

Bidders should present a team to conduct the above-mentioned evaluation, with team members to be combined in whichever way bidders feel the objectives of the evaluation, can be best addressed.

The teams should also demonstrate the following experience and expertise:

- Proven experience of designing and leading international development evaluations applying mixed methods evaluation approaches (such as theory of change based, utilization focused, participatory, and gender and equity focused evaluations) and looking at a variety of different modalities in international development cooperation;
- Demonstrated experience in integrating gender equality and women's empowerment in evaluations;
- Evidence of formal evaluation and research training, including familiarity with OECD or UN norms and standards for development evaluation as well as the evaluation of market system for the poor approaches, such as that of CGAP;
- Familiarity with evaluating market and system development approaches to poverty reduction;
- Experience in developing relevant program recommendations from in-depth evaluative processes
- Proven experience in regional financial market facilitation, funding facilities and market assessment;
- Demonstrated experience in supporting policy making e.g strengthening of financial policy regulators and regulation of inclusive finance markets
- Experience of multi-pronged market development for the poor approaches; low-income market segments; developing electronic payment systems;
- Proven experience in supporting micro-merchants, particularly in the distributive trade sub-sector with emphasis on Fast Moving Consumer Goods;
- Knowledge and awareness of issues related to establishing the business case for savings-led FSPs, underserved markets (rural and women), alternative delivery mechanisms, Digital Financial Services, and financial education.

It is **requested** that the proposed evaluation team be made up of at least the following roles:

- 1 Team Leader with evaluation/inclusive finance/market development experience
- 1 Team Member(s) with 7 - 10 years relevant experience as per experience and expertise described above.
- The Team Leader or Team member should also have significant gender expertise in financial inclusion programmes and MSMEM development;
- The team should include national consultants with country ecosystem experience to participate in the country visits with knowledge of local language and with the aim of supporting primary data collection.

In order meet good practice in ensuring sufficient coverage of gender equality and women's empowerment in

the evaluation design and conduct, the financial inclusion gender equality expert should support the evaluation team in understanding the distinction between women's financial inclusion versus empowerment, and ensure that the evaluations report this accordingly. The expert should focus on filtering the sex-disaggregated data, and distinguish gender-differentiated impacts at the client level. The expert will have the responsibility for appraising the substance and effectiveness of approaches, products, outcomes and risks of women's financial inclusion.

5. SELECTION PROCESS UNDER THE LTA (LONG TERM AGREEMENT)

Consistent with the principles of fairness, transparency and best value for money prescribed by the United Nations public procurement rules, UNCDF shall “call-off” the services of the LTA holders based on a process of secondary competition. Under the secondary competition, UNCDF will solicit proposals from the LTA holders, and the firm that presents the proposal that achieves the highest combined score will be awarded the call-off in the form of a Purchase Order (PO). The TOR for the call-off shall be attached to the PO.

During the secondary competition, UNCDF will send the TORs to LTA holders and provide a fixed period (two weeks maximum) to submit a technical and financial proposal. **The technical proposal** -, should include a proposed methodology for the evaluation - **not more than 10 pages** - as well as the names, CVs and roles of the evaluation experts proposed to conduct the evaluation. The LTA holder shall endeavor to draw from the pre-approved experts under the LTA, and that such experts shall comprise all or a majority of teams that will engage under any call-off.

UNCDF shall perform a comparative analysis and evaluate the proposals received using the 70:30 method, with 70% of scores going to the technical proposal and 30% to the financial offer. The LTA holder who achieves the highest combined score shall receive the call-off PO and perform the assignment. The comparative analysis of the technical proposal will focus on the appropriateness of the proposed methodology and team to the evaluation terms of reference. Methodological innovation will be considered an asset²².

The technical proposal shall consist of:

1. A focused proposed methodology, approach and implementation plan no longer than 10 pages.
2. Presentation of the proposed evaluation team (drawn from the pre-approved list of experts in the LTA). For team members sourced outside of the pre-approved list, a complete CV and justification for not sourcing from the pre-approved list will be provided. Please refer to the scoring grid below for more detail.
3. As part of the technical assessment, an interview will be conducted for all proposed team members.

²² For more information, please refer to the original Request for Proposal which describes in detail the objectives of UNCDF's Evaluation Unit in setting up the LTA, including expectations around innovation in evaluation practice in the coming years: <https://www.uncdf.org/article/5715/longterm-agreement-with-a-pool-of-specialised-evaluation-firms-to-implement-evaluations-under-uncdfs-evaluation-plan>

1. Proposed Methodology, Approach and Implementation Plan		Points obtainable
1	<ul style="list-style-type: none"> • Appropriateness of evaluation design to the programme being assessed. This includes but is not limited to: <ul style="list-style-type: none"> ➤ Appropriateness of the overall methodological approach to the evaluation and variety of evaluation methods and techniques/lines of evidence being proposed to answer the evaluation questions, bearing in mind the complex nature of the policy and market systems that UNCDF is seeking to influence and the presence of likely alternative drivers of these changes ➤ Quality and appropriateness of the proposed evaluation matrix including proposed judgement criteria/performance indicators and how the lines of evidence will be deployed to answer the evaluation questions at different levels of the theory of change (at the level of programme execution; at the level of key organisational partners – including MSMEs - that the programme is working with; at the system level; and, if requested in the Terms of Reference, at the programme beneficiary level) ➤ Quality of the data collection strategy to be applied in answering the evaluation questions, including details of the qualitative and quantitative tools that will be used in assessing existing secondary data and generating new primary data to answer the evaluation questions. ➤ Appropriateness of the proposed data analysis strategy, including plans to transform the analysis and aggregation of data into evaluation findings ➤ Appropriateness of the proposed approach to case study analysis that can compare and contrast the results of the different programme instruments being deployed in support of the variety of partners across the portfolio. 	200
2	<ul style="list-style-type: none"> • Extent to which the proposal highlights how the evaluation will apply a gender responsive lense at different stages of the evaluation cycle (inception, data collection, draft and final reports) with a view to generating findings that take into account the perspective of women, rural, and un(der)banked population segments, as well as make use of UNCDF’s Gender Economic Empowerment Framework 	75
3	<ul style="list-style-type: none"> • A detailed evaluation work plan for conducting the evaluation, showing the overall time commitment for the evaluation, as well as specific activities and time allocated to each individual team member. 	75
Total Section 1		350

2. Management Structure and Key Personnel			Points obtainable
1	<ul style="list-style-type: none"> • Responsiveness of the proposed evaluation team to the team composition set out in the Terms of Reference. 		350
	<p>In the event that the LTA holder wants to propose the engagement of experts that are not in the pre-approved list of experts in the LTA, the LTA holder shall : (a) submit a complete CV that UNCDF will review; and (b) paying attention to the specific expert profiles being sought in the evaluation ToR, provide a justification as to why an expert outside of the pre-approved list is being proposed. Both documents shall be reviewed by UNCDF and shall be considered in the determination of rating of the Technical Proposal.</p> <p>The assessment of not pre-approved experts will be based on scoring grid set-out in the LTA on a pass or fail basis, as well as the responsiveness to the team composition set out in the Terms of Reference (see above). For reference, the scoring grid set-out in the Terms of Reference to the RfP²³ sets out a series of expected attributes for each of the following categories of expert:</p> <ul style="list-style-type: none"> • Project Directors and Team Leaders experienced in managing and conducting international development evaluation in relevant areas to UNCDF; • Technical experts with deep knowledge and expertise of UNCDF’s Areas of Work (either Local Development Finance OR Inclusive Finance experts AND MSME Investment Finance experts) in the countries in which we work as well as relevant evaluation experience; • Knowledge and experience of experts of gender-responsive evaluation; • Knowledge and experience of evaluation methodology; • Junior evaluation experts (enumerators, survey designers etc) <p>In case where the non pre-approved proposed experts do not meet the requirements as set-out both in the LTA scoring grid and call-off terms of reference, UNCDF reserves the right to request submission of CVs that meet the both those sets of criteria.</p>		
Total Section 2			350

Only firms totaling > 490 points out of 700 points during the first step of the technical evaluation will be invited

²³ Please see pages 24 – 26 and 39 – 44 for more information.

to the interview.

3. Interview			Points obtainable
1	Clarity of presentation on the proposed methodology and evidence of clear division of labour within the team		150
2	Quality of responses to the questions		150
Total Section 3			300

Annexes

ANNEX 1: SHIFT SAARC PROGRAMME CONTRIBUTION

	Original Contribution (USD)	Revised Contribution (USD)	Approximate Disbursement Status (USD)
BMGF	3,918,090	2,250,000	2,250,000
EU	5,316,137	5,310,289.10	3,862,447.41
UNCDF	50,000	100,000	100,000
Total	9,284,227	7,660,289.10	6,212,447.41

*as of June, 2020

ANNEX 2: THEORY OF CHANGE – SHIFT SAARC

SHIFT SAARC Theory of Change (ToC) depicts how programme activities lead to short (output), intermediate (outcome) and long term (impact) changes. SHIFT SAARC ToC is based on an understanding that markets are of fundamental importance in the livelihood strategy of low-income people, women and small and growing businesses. Markets are where low-income people and women, as employees and businesses owners, earn their income and where, as consumers, they spend their income to buy food, invest in education, housing, retirement. Low income households, particularly women, have diverse livelihood strategies, encompassing a range of activities. For most, using financial services is a key strategy to achieve livelihood goals and interact with real economy markets. Financial services enable households to take advantage of employment, entrepreneurship and investment opportunities. Interacting with financial markets is therefore an important aspect of the livelihood strategies for many low-income households. However, low income people and especially women, for one reason or the other, are unable to equally participate in financial markets and therefore cannot take full advantage of real markets (be employed, start a business for example) and improve their living standards. For these reasons, improved access to financial markets and better use of financial products is critical in assisting low income people and women to fully benefit from real economy markets, and therefore improving market access is an important element of SHIFT SAARC ToC and strategy.

SHIFT SAARC Theory of change

The SHIFT (SAARC) broad programme goal is to contribute to improved livelihoods and reduced poverty among low income people, especially women in SAARC countries by 2021. The programme's intended outcome is to enable at least one million low income people, 65% of whom are women, and 30,000 small and growing businesses access and use financial services to secure opportunities for employment, enterprise development, and increased sustainable consumption.

To achieve intended objectives, SHIFT SAARC is adopting a market facilitation approach in its implementation. This involves looking at the whole eco-system around the delivery and use of financial services and what drives behaviour of market actors - low-income people, businesses and excluded sections within these markets such as women and young people, financial institutions, business development service providers, and regulators. Through this approach SHIFT SAARC attempts to better understand the constraints that prevent the delivery and use of financial services, and also the opportunities that have the potential to transform financial markets and allow low income groups, especially women and small businesses to benefit from and contribute to the delivery and use of financial services.

The ToC (see in Annex 2) hypothesizes that linking real economy markets with financial markets will enable low income people, women and small and growing businesses to access employment, entrepreneurship and investment opportunities to improve their livelihoods.

To achieve intended outcomes and impact, SHIFT SAARC supports four types of interventions:

1. **Data and Analysis** - The SHIFT in SAARC design calls for expanding and improving data availability for regulators, policymakers, FSPs, meso-level organizations and small businesses to address information gaps within the financial services and the real economy market systems. The design assumes that "people are persuaded by data" and that good quality information will lead government and market actors to make evidence-based decisions to support changes in policy and the design of financial services to meet low-income consumers' needs.²⁴ Under this pillar, SHIFT in SAARC in Bangladesh conducts research, assessments and analysis on consumer behaviour, DFS and financial inclusion, sectors and policies, and publishes and disseminates the findings and lessons learned. This pillar's expected results include "to inform DFS practice and policy and to bring Bangladesh's DFS knowledge and experiences to the global arena."²⁵
2. **Capacity Development** - To enable market and government actors to keep up with a rapidly-changing DFS market, SHIFT in SAARC seeks to increase targeted stakeholders' knowledge and skills to increase the development and adoption of solutions, such as new financial products that meet low-income consumers' needs. The programme conducts capacity self-assessments and facilitates the participation of targeted stakeholders in peer-to-peer exchanges, trainings and events.
3. **Policy and Advocacy** - SHIFT in SAARC works to promote new policy and normative frameworks to stimulate innovation among FSPs and real economy businesses within the FMCG value chain to better meet the needs of low-income consumers and micro-merchants. Promotion takes the form of convening workshops and meetings to engage, understand and persuade stakeholders.
4. **Innovation Incentives** - The design aims of SHIFT in SAARC are to increase private sector investment to

²⁴ UNCDF, 2016. Programme Framework Document. p.8

²⁵ UNCDF. 2016h. Annex 8 SHIFT SAARC in Bangladesh. Shaping Inclusive Finance Transformations (SHIFT) Bangladesh: Increased access and use of digital financial services by low income people and women, p. 9.

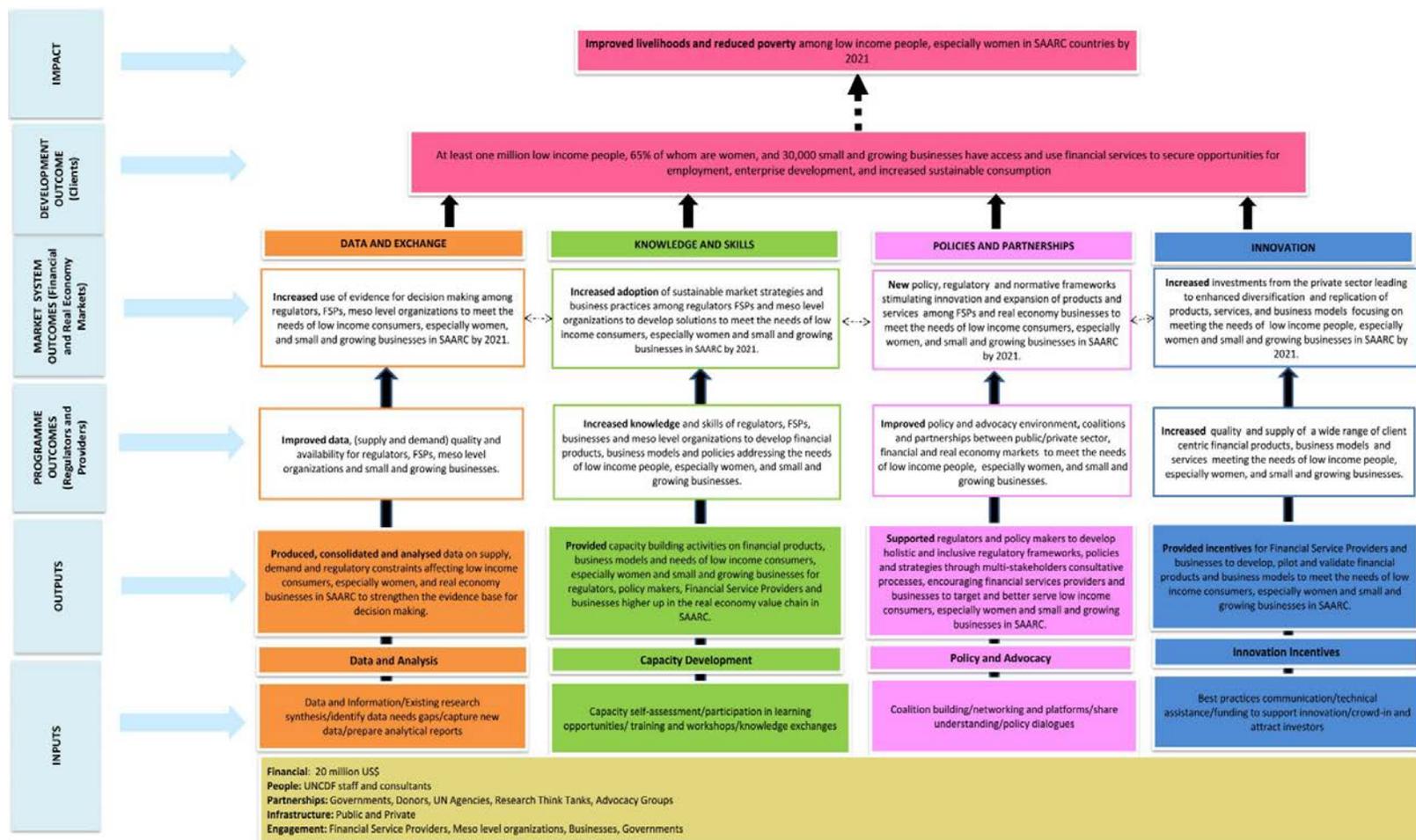
improve the quality and supply of client-centred financial products and business models. It addresses the lack of incentives for FSPs to invest in extending last-mile financial infrastructure to low-income markets through targeted, “smart” grants that can alter the risk-return calculus for private sector actors. In Bangladesh, SHIFT in SAARC is offering innovation grants that address the need for affordable access to finance and that promote collaborative private sector partnerships between the FMCG retail market and the DFS financial market.

The expected outcome of these four streams of intervention under SHIFT SAARC is that at least one million low income people, 65% of whom are women, and 30,000 small and growing businesses have access and use financial services to secure opportunities for employment, enterprise development, and increased sustainable consumption.

Mid-Term Evaluation of SHIFT SAARC

In 2018, UNCDF Evaluation Unit commissioned an independent Mid-term Evaluation. The purpose of this MTE was to assess the relevance and performance of the UNCDF SHIFT programme in the SAARC region to date and to support evidence-based programme management and broader strategic decision making at UNCDF. The timing of the evaluation coincided with the mid-point of SHIFT in SAARC’s 60-month life span. The evaluation assesses the SHIFT in SAARC programme from its launch in 2016 through the end of 2018 in Bangladesh. Among other key findings, the evaluation report, highlighted the role of SHIFT in SAARC in developing and disseminating impactful research on key themes related to financial inclusion, DFS and the micro-merchant sector, improved the capacity and potentially improved policy and regulations promoting financial inclusion for low-income consumer. As well as increased information exchange among regulators, the private sector, and expanded and strengthened DFCG coalition²⁶.

²⁶ The full Mid-Term Evaluation Report, including annexes can be accessed here: <https://erc.undp.org/evaluation/evaluations/detail/9946>



Assumptions:

- Political commitment to inclusive economic growth and financial inclusion is maintained at the national and regional level;
- Political will exists to make necessary regulatory, policy and national strategy changes;
- FSPs, real market businesses show great commitment to expand facilities, products and services to low income people, women and small businesses;
- FSPs, real market businesses show commitment and willingness to address the needs of low income people in their business strategies and models;
- Technology and consumer trends do not shift the prospects for and incentives within the SAARC markets significantly and do not negatively impact the market interest or investment;
- Consumers are willing and able to accept new business models, products and services;

ANNEX 3: SHIFT SAARC OVERALL RESULTS FRAMEWORK

Objective	Description
Programme Impact	Improved livelihoods and reduced poverty among low-income people, especially women in SAARC countries by 2021.
Programme Outcome	At least one million low-income people, 65% of whom are women, and 30,000 small and growing businesses to access and use financial services to secure opportunities for employment, enterprise development, and increased sustainable consumption.
Output 1 Data and Analysis	Produced, consolidated and analysed data on supply, demand and regulatory constraints affecting low-income consumers, women and real economy businesses in SAARC to strengthen the evidence base for decision making.
Output 2 Capacity Development	Provided capacity building activities on financial products, business models and needs of low-income consumers, especially women, and small and growing businesses for regulators, policymakers, Financial Service Providers and businesses higher up in the real economy value chain in SAARC
Output 3 Policy and Advocacy	Supported regulators and policymakers to develop holistic and inclusive regulatory frameworks, policies and strategies through multi-stakeholder consultative processes, encouraging financial services providers and businesses to target and better serve low-income consumers, especially women, and small and growing businesses in SAARC.
Output 4 Innovation Incentives	Provided incentives for Financial Service Providers and businesses to develop, pilot and validate financial products and business models to meet the needs of low-income consumers, especially women, and small and growing businesses in SAARC.

ANNEX 4: QUALITY GRID FOR UNCDF EVALUATIONS

Following UNDP's Evaluation Policy, to which UNCDF is party, all external evaluations commissioned by UNCDF's Evaluation Unit are subject to external quality control by UNDP's Independent Evaluation Office. Bidders are requested to respect the elements of this quality assessment tool in coming up with their proposed approach for the evaluation. Full details of previous UNCDF evaluations can be found here: <https://erc.undp.org/evaluation/units/255>

TOR and Design (Weight 15%)
1. Do the Terms of Reference clearly outline the focus for the evaluation in a logical and realistic manner?
2. Do the Terms of Reference detail timescales and budgets for the evaluation?
3. Does the TOR clearly outline the evaluation's planned approach?
4. Is the proposed outline of the evaluation approach and methodology clearly detailed in the ToR?
5. Does the ToR request the evaluator to include gender and vulnerable group issues within the evaluation?
Report and Methodology (Weight 30%)
STRUCTURE
1. Is the evaluation report well-balanced and structured?
2. Does the Evaluation report clearly address the objectives of the evaluation as outlined in the ToR?
METHODOLOGY
3. Is the evaluation's methodological approach clearly outlined?
4. Is the nature and extent of the project/ programmes stakeholders or partnerships and their role and involvement in the project/ programme explained adequately?
5. Does the Evaluation clearly assess the projects/ programmes level of RELEVANCE?
6. Does the Evaluation clearly assess the projects/ programmes level of EFFECTIVENESS?
7. Does the Evaluation clearly assess the projects/ programmes level of EFFICIENCY?
8. Does the Evaluation clearly assess the projects/ programmes level of SUSTAINABILITY?
DATA COLLECTION
9. Are data collection methods and analysis clearly outlined?
10. Is the data collection approach and analysis adequate for scope of the evaluation?
11. Are any changes to the evaluation approach or limitations in implementation during the evaluation mission clearly outlined and explained?
REPORT CONTENT
12. Does the evaluation draw linkages to the UNDP country programme strategy and/ or UNDAF?
13. Does the Evaluation draw linkages to related National government strategies and plans in the sector/ area of support?
14. Does the evaluation detail programme/ project funding and provide funding data?
15. Does the evaluation include an assessment of the projects M&E design, implementation and overall quality?
16. Are all indicators in the logical framework assessed individually, with final achievements noted?
Crosscutting (Weight 15%)
1. Are human rights, disabilities, minorities and vulnerable group issues addressed where relevant?
2. Does the report discuss poverty/ environment nexus or sustainable livelihoods issues, as relevant?

3. Does the report discuss disaster risk reduction and climate change mitigation and adaptation issues where relevant?
4. Does the report discuss crisis prevention and recovery issues, as where relevant?
5. Are the principles and policy of gender equality and the empowerment of women (GEEW) integrated in the evaluation scope and indicators, as relevant?
6. Does the Evaluation's Criteria and Evaluation Questions specifically address how GEEW has been integrated into the design, planning, implementation of the intervention and the results achieved, as relevant?
7. Are gender-responsive Evaluation methodology, Methods and tools, and Data Analysis Techniques selected?
8. Do the evaluation findings, conclusions and recommendation take gender equality and the empowerment of women (GEEW) aspects into consideration?
9. Does the evaluation draw linkages to the SDGs and relevant targets and indicators for the area being evaluated?
Evaluation Findings, Conclusions and Recommendations (Weight 40%)
FINDINGS AND CONCLUSIONS
11. Are any changes to the evaluation approach or limitations in implementation during the evaluation mission clearly outlined and explained?
REPORT CONTENT
12. Does the evaluation draw linkages to the UNDP country programme strategy and/ or UNDAF?
13. Does the Evaluation draw linkages to related National government strategies and plans in the sector/ area of support?
14. Does the evaluation detail programme/ project funding and provide funding data?
15. Does the evaluation include an assessment of the projects M&E design, implementation and overall quality?
16. Are all indicators in the logical framework assessed individually, with final achievements noted?
Crosscutting (Weight 15%)
1. Are human rights, disabilities, minorities and vulnerable group issues addressed where relevant?
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7. Are gender-responsive Evaluation methodology, Methods and tools, and Data Analysis Techniques selected?
8. Do the evaluation findings, conclusions and recommendation take gender equality and the empowerment of women (GEEW) aspects into consideration?
9. Does the evaluation draw linkages to the SDGs and relevant targets and indicators for the area being evaluated?
Evaluation Findings, Conclusions and Recommendations (Weight 40%)
FINDINGS AND CONCLUSIONS
1. Does the evaluation report contain a concise and logically articulated set of findings?

2. Does the evaluation report contain a concise and logically articulated set of conclusions?
3. Does the evaluation report contain a concise and logically articulated set of Lessons learned?
4. Do the findings and conclusions relate?
5. Are the findings and conclusions supported with data and interview sources?
6. Do the conclusions build on the findings of the evaluation?
7. Are risks discussed within the evaluation report?
RECOMMENDATIONS
8. Are the recommendations clear, concise, realistic and actionable?
9. Are recommendations linked to Country Office outcomes and strategies and actionable by the CO?