Terms of Reference – Outcome Evaluation

Country Programme Outcome: Employment and income opportunities and access to financial services enhanced, especially for youth and excluded groups and people living with HIV/AIDS in partnership with the private sector and CSOs.

1. Background and context

Nepal has recently emerged from a decade long civil conflict which inflicted extensive social and economic hardship on the nation. Since the signing of the Comprehensive Peace Accord (CPA) in November 2006, significant political changes have taken place. However, the majority of the people have remained poor and most have not yet benefited from “peace dividends.” Poverty, inequality and social exclusion remain great challenges to consolidating peace, and without peace, it is difficult to pursue sustainable development. Unemployment and underemployment themselves are potential threats to peace-building. Thus, it is critical that livelihoods opportunities are created in the country to sustain peace. Emphasis has to be on providing both quick results as peace dividends as well as long-term solutions to problems of unemployment, underemployment, economic recovery, and social cohesion.

For UNDP Nepal, supporting livelihoods and employment is a priority of its Country Program Action Plan (CPAP) for 2008-2010. More broadly, UNDP’s Country Programme focuses on four areas: Peace Building and Recovery; Transitional Governance; Inclusive Growth and Sustainable Livelihoods; and Energy, Environment and Disaster Management. Each of these areas of intervention are interconnected, as all are intended to support and promote the peace process, and each are designed to contribute to three critically interlinked domains of social transformation: improved livelihoods, social and political empowerment, and policy changes for equity and equality, as illustrated below:
While one of the components of the CPAP focuses specifically on livelihoods, interventions under three other areas also support the development of sustainable livelihoods. For example, under Peace Building and Recovery, support is to be provided to conflict affected-populations, including former combatants; the Transitional Governance component comprises support to capacity development to improve the delivery of basic services and to community infrastructure; the Environment and Sustainable Development component promotes increased access to energy and environment services for rural populations.

Sustainable livelihoods itself is a complex concept, as illustrated below, where the context, people's assets, and the structures and institutions in which people pursue livelihoods strategies all influence the livelihoods outcomes.
In 2009, the Government of Nepal and UNDP agreed to extend the current Country Programme until the end of 2012, in line with the extension of the UNDAF for two years. UNDP will thus be preparing an extension of its results and resources framework. In addition, UNDP has decided to move away from a project based approach towards a programme based approach for its future programming.

UNDP therefore wishes to conduct an evaluation of its work to date under the current Country Programme in the area of livelihoods, primarily with respect to employment generation, micro-enterprise, and income generation activities, in order to inform the extension of the CPAP as well as the development of new programmes which will extend into the next programme cycle.

The evaluation will be two-pronged. The first prong will focus on and assess progress towards the specific “livelihoods” outcome, i.e., “Employment and income opportunities and access to financial services enhanced, especially for youth and excluded groups and PLWHA in partnership with the private sector and CSOs” (hereinafter “the livelihoods outcome”). The CPAP results framework for this outcome is as follows:

<table>
<thead>
<tr>
<th>Intended Outcome</th>
<th>Employment and income opportunities and access to financial services enhanced, especially for youth and excluded groups and PLWHA in partnership with the private sector and CSOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome Indicators</td>
<td>Proportion of population below national poverty line (disaggregated by caste/ethnicity)</td>
</tr>
<tr>
<td>Intended Output 1</td>
<td>Policies designed and initiatives developed to expand employment opportunities for youths, poor women, individuals from socially excluded groups, and PLWHA in selected districts.</td>
</tr>
<tr>
<td>Output Indicators</td>
<td>Number of micro-enterprise-related policies formulated and approved # of new micro-entrepreneurs developed % of women micro-entrepreneurs % of Dalit micro-entrepreneurs</td>
</tr>
<tr>
<td>% of micro-entrepreneurs under 35</td>
<td></td>
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<tr>
<td>-----------------------------------</td>
<td></td>
</tr>
<tr>
<td># of jobs created through support to micro-enterprise development</td>
<td></td>
</tr>
<tr>
<td># of HIV infected and affected people having received skill based training who are employed</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Intended Output 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mechanisms developed for micro-finance service providers to provide access to financial services to the poor in remote areas.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td># of clients of selected micro-finance service providers (disaggregated by district)</td>
</tr>
<tr>
<td># of service delivery units of micro-finance service providers in remote districts</td>
</tr>
<tr>
<td>% of female clients of micro-finance service providers (disaggregated by districts)</td>
</tr>
<tr>
<td>Average loan size as a % of per capita GDP</td>
</tr>
<tr>
<td>Financial self-sufficiency of partner micro-finance service providers</td>
</tr>
</tbody>
</table>

The main project designed to produce Output 1 is the “Micro-Enterprise Development Programme (MEDEP)” currently in its third phase. An Impact Assessment of MEDEP is being conducted, and will provide most of the information necessary to assess MEDEP’s outputs and contributions to the outcome. Subsequent to the development of the Country Programme/CPAP, UNDP launched another initiative in 2009, “Livelihoods Recovery for Peace (LRP)”. This initiative will contribute to two different CPAP Outputs (and outcomes), to one under the peace-building component, and to Output 1 above, under the Livelihoods outcome. It is too early to assess results, however the evaluation will look at how LRP is building on lessons learned from earlier programmes, and assess potentials for results.

Output 2 will be realized by another project, “Enhancing Access to Financial Services (EAFS) (Building an Inclusive Financial Sector in Nepal)”, which was launched in late 2008. Due to a number of challenges, this project finally managed to forge partnerships with Financial Service Providers (FSPs) only in 2010. Although it is a bit early to see results on the ground, these partner FSPs have reported having added 30,000 new clients because of the support from EAFS. Therefore, the evaluation will look at the initial work, the results gained so far, and the strategies planned to achieve the results.

In summary, under this component of the outcome evaluation, the Evaluation team will focus on:

a. Results, i.e. primarily those achieved by MEDEP, drawing primarily on the findings from the Impact Assessment
b. Preliminary results and strategies of EAFS as well as potential institutional synergies between the micro-enterprise programme and the access to finance programme
c. Potentials of the LRP

The second prong of the evaluation will look at the wider programme approach to
livelihoods by examining selected livelihoods interventions under other components of the Country Programme. The focus of this section of the evaluation will be primarily on the Environment and Energy portfolio, to gather lessons learned which will inform project formulation in both the livelihoods and environment portfolios, as well as formulation of the next Country Programme.

2. Purpose of the evaluation

The purpose of the evaluation will be two fold. First, the purpose will be to assess progress towards the livelihoods outcome, assess UNDP's contributions thereto, and make recommendations for adjustments to the programme and targets for the two-year CPAP extension. Secondly, the evaluation will assess the overall effectiveness of UNDP's support to improving livelihoods, particularly for the most excluded, in order to make recommendations for UNDP's new programme(s). Specifically and most immediately, lessons learned will be applied to the formulation of the next phases of MEDEP and the Rural Energy Development Programme (see below), as well as to adjust and further strengthen other programmes, such as the LRP.

3. Scope of the Evaluation

The evaluation will focus on results achieved during the CPAP period (2008 to date), but where relevant, will look backwards prior to the CPAP period to review and understand evolving approaches adopted by UNDP and its projects.

With respect to the first prong of the evaluation, focusing on the livelihoods outcome, the team will use the results of the MEDEP Impact Assessment being undertaken simultaneously by another team (TOR for that assessment is attached hereto as an annex). The team will assess the initial results and potentials of the other interventions (Access to Finance and LRP). The evaluation will also assess the institutional mechanisms (including those of MEDEP), and the institutional synergies between the different interventions and how this is, or will, contribute to the outcome.

With respect to the second prong, looking at other support to livelihoods, the evaluation will focus on selected interventions under the Environment and Energy portfolio. The Rural Energy Development Programme (REDP), which promotes micro-hydro for electricity in remote districts and "end-use" enterprises, the Khimti Neighborhood Development (KIND) project (which is closely linked to REDP), and the Western Terai Landscape Complex Project (WTLCOP) will be given special emphasis during the evaluation (including field visits). The evaluation may also look at lessons emerging from other projects such as the Global Environment Facility (GEF) Small Grants Programme. (An assessment of the livelihoods component of the WTLCP has already been conducted, so the evaluation will build on these findings.)
Under this prong, the evaluation will also examine where and how different projects, including both the projects under the “Livelihoods” portfolio and the “Environment” portfolio have been able to work together and/or build on each others strengths and results to improve communities' livelihoods.

In terms of geographic coverage, the evaluation will look at UNDP’s work in different contexts, including the Central and Eastern Terai, where new forms of conflict have emerged, as well as hill areas. Field visits will tentatively be organized to the Far Western Region, to the KiND area in the Central Hills, and the LRP area in the Terai.

4. Evaluation Questions

“Prong One” – Evaluation of the “Livelihoods Outcome”

Relevance of UNDP’s interventions

Has UNDP’s support to expanding employment and income opportunities, including access to financial services, been relevant? Has it responded to real needs and priorities in the current context? Has it adapted to changing conditions?

Considering the multiple roles of women, and multi-layered discrimination faced by people from excluded groups, has the support been particularly relevant for women and people from traditionally excluded groups?

Has the support been relevant for and respond to the aspirations of young people?

Has UNDP been able to adapt its programming to the changing context to address priority needs in the country?

Have the criteria for the selection of project/programme areas included indicators of poverty and/or vulnerability?

Is the new Livelihoods Recovery for Peace likely to be even more relevant than earlier interventions? Will it be even more likely to bring benefits to poor women and men and women from traditionally excluded groups?

Outcome analysis

Are UNDP’s interventions designed to achieve the outcome?

Are UNDP’s interventions on track to achieve the outcome?

What progress has already been made towards the outcome? Has that progress benefitted women, and men and women from traditionally excluded groups? Could women, and men and women from traditionally excluded groups been given even greater attention?

What are the challenges to reaching the outcome? Identify any factors that are adversely affecting progress towards the outcome.
Have synergies between the different projects designed to contribute to the outcome been adequately realized? How could this be further strengthened? Specifically, have synergies between the support to micro-enterprise and to access micro finance been, or are they likely to be, effective? Are the necessary institutional mechanisms to ensure this synergy in place? Would other approaches or mechanisms to promote access to finance for micro-enterprise development be likely to be more effective?

**Output analysis**

Are the defined outputs necessary and sufficient to achieve the outcome? Are they all relevant to the outcome? Can UNDP's outputs be credibly linked to the outcome? Are other outputs likely to be required to achieve the outcome?

What progress has been made towards achieving the outputs?

Identify the factors (both positive and negative) affecting realization of the outputs. Have actions been taken to mitigate the negative factors?

Have UNDP outputs involved the targeted beneficiaries, particularly women and men and women from traditionally excluded groups?

What have been the immediate outcomes or results of these outputs for the beneficiaries, particularly for poor women, poor youth and men and women from traditionally excluded groups, including people living with HIV/AIDS?

To what degree have savings and credit groups formed by UNDP projects and programmes (and other programmes) been linked with micro-finance institutions supported by the EFAS project?

**Sustainability**

How sustainable (or likely to be sustainable) are the outputs and outcomes of the UNDP interventions?

Do the UNDP interventions have well designed and well planned exit strategies? What could be done to strengthen exit strategies and sustainability?

**Partnership strategy**

Has UNDP's partnership strategy in the livelihoods sectors been appropriate and effective?

Has UNDP effectively collaborated with other UN agencies working on similar issues, in particular with ILO? What are the opportunities for greater collaboration? What have been the challenges?

Are there current or potential overlaps with existing partners' programmes?
How have partnerships affected the progress towards the outcome? What have been the synergies?

"Prong Two" – Wider Programme Support to Livelihoods

How effective has UNDP’s support to livelihoods (through the selected projects) been?
Which elements have responded the most to communities’ and individuals’ greatest demands or needs?
Which elements have been the most effective in promoting gender equality and social inclusion?
How effective has the “single entry point” approach to livelihoods (e.g. micro-enterprise or rural energy) in terms of strengthening other types of assets? What may be the advantages or disadvantages of the more holistic “LRP” approach?
Are there good examples of collaboration between projects to promote complementary livelihood assets to increase livelihood outcomes?
Has UNDP put into place appropriate programme and project management structures to ensure the greatest synergies between UNDP projects and portfolios to maximize results?
Which projects/activities have been the most innovative in adapting to the changing context? What are the lessons learned for future programming?
Has UNDP developed effective partnership strategies at both the central level and at the community level to maximize synergies and implement complementary activities to improve livelihood outcomes?
Does UNDP use and codify lessons learned and other forms of knowledge to cross-fertilize and improve programming?

Both Prongs

Conflict sensitivity

Have interventions have strengthened/weakened connectors and dividers?
Have issues of equity and inclusion been properly addressed?
Have there been any unintended consequences of the interventions that may have caused harm?
How has support to livelihoods contributed to peace, directly or indirectly?

The way forward

Existing projects and programmes: what are the main recommendations for REDP’s new “livelihoods package” and for the formulation of the next phase of MEDEP? Does
LRP need any adjustments to strengthen its livelihoods component? Does the team have any additional recommendations for WTLCP beyond those in the previously conducted livelihoods assessment?

New programmes: what are the main lessons learned and recommendations for the future programme in general?

What changes should UNDP make in order to make its interventions more relevant and more effective, first within the period of the CPAP extension, and secondly, in the next Country Programme period?

What changes should UNDP make in order to better reach and benefit women and men and women from traditionally excluded groups?

How can UNDP better capture and share its knowledge, within UNDP Nepal, with partners in Nepal, and with UNDP as an organization?

5. Methodology

The following methodology is proposed, and can be revised in consultation with the evaluation team. While individual projects and previous reports and reviews may provide extensive quantitative data, there is little quantitative data that can be compared across projects, so qualitative methods will need to be used to compare different approaches and results.

Desk review: A wealth of information on the subject projects already exists in the forms of project documents, project evaluations, outcome evaluations, focused reviews, and other studies. Notably, an impact assessment of MEDP is on-going. Therefore, the first phase of the evaluation will focus on reviewing existing documentation.

Refine evaluation questions and develop checklists: based on the desk review, and the evaluation team’s experience, the evaluation questions will be refined, in consultation with UNDP; the evaluation team will develop a work plan and the necessary checklists.

Interviews with key partners at the central level: based on the desk review, the evaluation team, in consultation with UNDP, will develop a list of key partners (Government, donors, civil society representatives, UNDP and project staff, etc.) and conduct interviews.

Field visits: extensive field visits will be conducted, to at least three different regions of the country, to communities benefiting from UNDP project support (and possibly to neighboring communities who have not benefited from UNDP interventions), to assess contributions to livelihoods, social cohesion, gender equality, and social inclusion, and deepen the understanding of any preliminary conclusions drawn from the desk review. Ideally, the evaluation team will split into two teams to do simultaneous visits to separate field sites.
Additional interviews at the central level: based on the field visit findings, follow-up or additional interviews with partners at the central level can be arranged.

Additional consultations by email or by telephone: The final findings of the MEDEP impact assessment report may not be available at the time the evaluation mission field work ends, so additional consultations may be required (at a distance) once the final findings of the impact assessment are available, to make any adjustments to the overall findings and conclusions of the evaluation team. (The draft MEDEP Impact Assessment report is expected the last week of October, and the final report by the second week of November.)

6. Evaluation products (deliverables)

The evaluation team is expected to produce the following deliverables:

- Evaluation Inception Briefing detailing the evaluators' understanding of what is being evaluated and why, showing how each evaluation question will be answered, a proposed schedule of tasks; the briefing will be made to and discussed with the "Evaluation Management Team" to be established by UNDP.

- Evaluation debriefing meeting (presentation) with UNDP and key stakeholders where main findings will be shared

- Draft Evaluation Report to be shared with UNDP and relevant stakeholders for feedback and quality assurance

- Final Evaluation Report

- Evaluation Brief (a concise summary of the evaluation findings in plain language that can be widely circulated)

7. Evaluation Team Composition and required competencies

International team leader: responsible for overall coordination of the evaluation team, for the overall quality and timely submission of the evaluation reports and brief to the UNDP Country Office, and for ensuring a gender equality, women's empowerment and social inclusion perspective is incorporate throughout the evaluation work and report.

Competencies: Advanced university degree in the social sciences or other relevant subject; extensive experience in livelihoods programming, preferably in conflict-affected countries, with particular emphasis on income and employment generation; experience in conducting evaluations particularly through the lens of conflict sensitivity, excellent analytical and English report writing skills, knowledge of the political, cultural and economic situation in Nepal or ability to quickly acquire such knowledge, ability to meet tight deadlines

National livelihoods specialist (social scientist): responsible for reviewing documents; analyzing the progress, issues and challenges of relevant development
interventions; drafting, editing, supplementing, correcting and/or revising selected chapters of the evaluation report as assigned by the Team Leader; assisting the International Team Leader to ensure the overall quality and timely submission of the evaluation report to the UNDP country office.

Competencies: advanced university degree in the social sciences (or other relevant field); at least seven years experience in designing, implementing and/or evaluating livelihoods programmes (including but not limited to micro-enterprise development, employment development, micro-finance, and/or income generation activities); excellent analytical and English report writing skills, ability to meet tight deadlines; thorough understanding of gender and social inclusion issues in Nepal; experience in conducting evaluations an asset.

National livelihoods and Gender Equality and Social Inclusion (GESI) specialist (natural resources/agriculture/forestry and GESI perspectives): responsible for reviewing documents, analyzing the progress, issues and challenges of relevant development interventions; drafting, editing, supplementing, correcting and/or revising selected chapters of the evaluation report as assigned by the Team Leader; assisting the International Team Leader to ensure the overall quality and timely submission of the evaluation report to the UNDP country office; specific contributions to the analysis of natural resource and/or agricultural based enterprise or income generation activities, and environmental sustainability of these activities; analyze the degree to which programme design and composite interventions have addressed the needs of women and traditionally excluded groups; ensure that gender equality, women's empowerment and social inclusion dimensions are incorporated into all steps of the inquiry, analysis and evaluation reporting.

Competencies: advanced university degree in the social sciences or natural sciences (or other relevant field); at least seven years experience in livelihoods programming or other relevant work, with a focus on natural resource-based livelihoods and/or gender equality and social inclusion, excellent analytical and English report writing skills, ability to meet tight deadlines; thorough understanding of gender and social inclusion issues in Nepal; experience in conducting evaluations an asset.

Potential evaluators will be expected to provide their complete curriculum vitae, writing sample and references.

All evaluators must be independent and objective, and therefore should not have had any prior involvement in design, implementation, decision-making or financing any of the UNDP interventions contributing to this outcome, nor expect to be involved in any of the interventions in the near future.

8. Evaluation Ethics

The evaluation will be conducted in accordance with the principles outlines in the UN Evaluation Group “Ethical Guidelines for Evaluations.”

9. Implementation arrangements
To facilitate the outcome evaluation process, UNDP Nepal will set up an Evaluation Management Team (EMT) headed by the Country Director and including the Assistant Country Directors of the Pro-Poor Policies and Sustainable Livelihoods Unit and the Environment, Energy and Disaster Risk Reduction Units, a representative from the M & E team, and representatives from the main national implementing partners. The EMT will review this Terms of Reference with the Evaluation Team and agree on any necessary amendments; share all relevant documentation; review, provide feedback and accept the inception report; assist in identifying stakeholders; review and provide feedback on the draft report; assist in organizing the debriefing meeting for key stakeholders; and, accept the final report. A wider “reference group”, including representatives from other UNDP Programme units, UN agencies, donors, and civil society, will be invited to key meetings and the final debriefing.

The Livelihoods and M & E Unit will assist with logistics, arranging meetings and field visits.

10. Time-frame for the evaluation process

The evaluation is to be conducted in September/October 2010, with a final report by end November 2010, based on the following approximate time frames:

<table>
<thead>
<tr>
<th>Desk review and preparation of evaluation design (home based)</th>
<th>3 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Briefing of evaluators by UNDP</td>
<td>1/2 day</td>
</tr>
<tr>
<td>Finalizing evaluation design, methods &amp; inception report</td>
<td>1 1/2 days</td>
</tr>
<tr>
<td>Sharing and discussion of inception report with the Evaluation Reference Group for feedback</td>
<td>2 days</td>
</tr>
<tr>
<td>Stakeholder meetings and interviews in Kathmandu</td>
<td>7 days</td>
</tr>
<tr>
<td>Field visits (in 2 teams)</td>
<td>10 days</td>
</tr>
<tr>
<td>- Far Western region 6-7 days</td>
<td></td>
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<tr>
<td>- KiND programme area (4 days)</td>
<td></td>
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<tr>
<td>- LRP area (3 days)</td>
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<tr>
<td>- REDP (5 days)</td>
<td></td>
</tr>
<tr>
<td>Follow-up meetings in Kathmandu</td>
<td>3 days</td>
</tr>
<tr>
<td>Preparation of draft report; presentation of draft findings to the Evaluation Management Team</td>
<td>3 days</td>
</tr>
<tr>
<td>Stakeholder meeting to present draft findings</td>
<td>1 day</td>
</tr>
</tbody>
</table>
Incorporate findings for MEDEP Impact Assessment; Finalize and submit report and evaluation brief (home based) | 4 days |

**TOTAL** | 35 days |

### 11. Use of Evaluation Results

The findings of this evaluation will be used to guide the extension of the CPAP in the area of livelihoods, to guide the formulation of a new phase of MEDEP, the formulation of a livelihoods package for the next phase of REDP, to make adjustments to LRP, and inform the next country programme. The evaluation report should therefore include specific recommendations for adjusting programme design to achieve results and for updating the CPAP M & E framework.

### 12. Annexes

**Annex 1a** – MEDEP Impact Assessment TOR (see separate file)

**Annex 1b** – TOR for international consultant for MEDEP Impact Assessment (see separate file)

**Annex 2 – Documents for Desk Review**

- CPAP
- Project documents of MEDEP, Access to Finance, LRP, REDP, WTLCP and others as required
- Previous evaluations and assessments, including the WTLCP livelihoods assessment, MEDEP evaluations, and REDP evaluations
- UNDP field monitoring reports
- Project, CPAP and UNDP Annual Reports

Terms of reference approved:

[Signature]

Jorn Sorensen, Deputy Country Director (Programme)