**Evaluation TOR**

TERMS OF REFERENCE

**1. BACKGROUND AND CONTEXT**

MEDEP was developed to support the Government of Nepal in its poverty reduction and employment generation efforts by supporting micro-entrepreneurs in Nepal. Australian Government is the main donor for supporting micro entrepreneurship development in Nepal. The programme was initiated in 1998 and is currently in its phase IV (2013-2018). Phase I ran from 1998 – 2004, phase II from 2004 – 2008, phase III from 2008 – 2013. Over these phases, MEDEP has provided entrepreneurship development training; technical skills; access to finance; testing and transfer of appropriate technology; business counselling and market linkages to micro-entrepreneurs that later became a model for micro-entrepreneur creation and promotion in Nepal. Furthermore, the programme has also successfully provided policy advocacy for the promotion of micro, small enterprises, and support to draft appropriate policies, acts, regulations and guidelines.

During its seventeen years of implementation, MEDEP has realized numerous results. The following are some of the notable ones:

* Within a period of 17 years, it has created 75,000 micro-entrepreneurs and over 79,000 jobs for the rural poor especially women, youth and made the effort to ensure that the socially excluded are equitably benefitting from the program. 80% of entrepreneurs created were still in business and 73.1% of benefited households have moved out of poverty. MEDEP entrepreneurs experienced 512.5% increase in Per Capita Income (Source : Independent MEDEP Impact Study 2010)
* The Government is taking full ownership of the MEDEP model and implementation modality in implementing the Micro Enterprise Development for Poverty Alleviation (MEDPA) programme, with commitments to expand MEDPA to all 75 districts and has started resource allocation from its own budget for implementing MEDPA in 64 districts (FY 2015/16). So far the Government has allocated about US $ 10 million for replicating MEDEP to 64 districts.
* In order to replicate MEDEP model in 75 districts, MEDEP supported the government to prepare the MEDPA Five Year Strategic Plan (2070/71 – 2074/75 or 2013/14 – 2017/18) and the MEDPA Operational Guidelines with its first revision 2015.
* MEDPA model is also being internalized in local government bodies such as Village Development Committees (VDCs), municipalities and District Development Committees (DDCs) since 2008/09. DDCs of 36 districts contributed their matching funds about $1. 2 m in micro-enterprise development fund (MEDF) established in DDCs.
* MEDEP has provided substantive inputs to both the Micro-enterprise Development and Microfinance Policies 2008 and the Industrial Policy 2010. Based on MEDEP’s experience, GoN has incorporated micro-enterprise development into its Three Year Plan Approach Paper (2013/2014 – 2015/16) as an integral part of its poverty reduction strategy.
* MEDEP provided substantive inputs into the establishment of the Micro-enterprise Unit (MEU) at the MoI and such MEU in all 30 DDCs of districts. It has established networks and forums of micro-entrepreneurs to strengthen them as in groups and associations at all levels: the National Micro-entrepreneurs Federation of Nepal71 (NMEFEN), the District Micro-entrepreneurs Groups Associations (DMEGAs), the Micro-entrepreneurs Groups Association (MEGAs) at the rural Market Centres (RMCs), and the Micro-entrepreneurs Groups (MEGs) at the community level
* MEDEP has established proficient Micro-Enterprise Development Service Providers- MEDSPs, (synonym called Business Development Service Providers Organizations –BDSPOs) at district level, and an apex body at national level that brings them together called the National Entrepreneurship Development Centre (NEDC).
* MEDEP has innovatively combined social inclusion approach in addressing issues of socioeconomic inequalities and poverty, thereby contributing to address root causes of conflicts. Working with poor, women and socially excluded is clearly a main contribution in addressing problems that arise from the linkages between poverty, gender and human's security. Thus MEDEP was successfully implemented during Maoist conflict period working in the conflict and has considerably contributed to post-conflict economic recovery and social cohesion, through bringing changes in their livelihoods and income (Source: MEDEP peace impact study, 2012).

MEDEP Phase IV started in August 2013 and runs until July 2018. MEDEP Phase IV is mainly a DFAT supported programme operating at a national level with a budget of USD 33 million. The objectives of MEDEP phase IV are:

* To support the Government to take over the delivery of MED activities through MEDPA programme;
* To build the capacity of GoN and the private sector including NGOs (MED service providers) to sustainably deliver MED;
* To strengthen the capacity of micro-entrepreneurs associations to sustainably provide members with a number of business development services such as access to markets; access to finance; improved technologies and advocacy.

To achieve its objectives MEDEP IV delivers the following Outputs:

Output 1) A sustainable delivery system for Micro-Entrepreneurship Development in Nepal with at least 73,000 new micro-entrepreneurs created in 5 years, 60,000 of which are resilient, targeting women - 70%, Dalits – 30%, Indigenous Nationalities (Aadibasi – Janajatis) – 40%

Output 2) Micro-entrepreneurs’ sustainably access to a number of business development services such as social mobilisation for enterprise development, access to technical skills, access to markets; access to finance; improved technologies and advocacy mobilizing micro-entrepreneurs associations and MED service providers (on a cost-recovery basis).

While earlier phases of the programme focused on providing direct support to micro entrepreneurs, the current phase includes a strong focus on building the capacity of the GoN and NGOs to create a sustainable system for supporting micro-entrepreneurs in Nepal, such as the development and implementation of policies supporting access to markets, finance and business development services. The role of the MEDEP has changed from being an implementer to becoming a facilitator.

In this context MEDEP has graduated into a national program and has been internalized by the GON. In operational terms, this means that GON will replicate MEDEP model in all 75 districts under GON’s programmatic and budgetary framework; under the MED-PA. The GON has requested MEDEP (and international development partners) for technical and capital assistance for executing MED-PA. Thus, MEDEP has been trying to realign itself to one that provides Technical Assistance to GON’s MED-PA for five years until 2018. By then, it is envisaged that technical assistance is no longer required by the GON to implement the MED-PA as the Government will be fully capable of implementing the Program. III

Given the objectives of phase IV leading to handing over MEDEP to the GoN, the challenge is to ensure that the MEDEP model is maintained and adopted by MEDPA. A smooth handover and continuation of the MEDEP model requires sufficient capacity within the GoN and other institutions involved in making MEDEP a success. Two capacity assessment and development reports have been conducted and published in 2009 & 2012 which provide clear recommendations for developing capacity among key stakeholders.

**2. RATIONALE**

The Mid Term Evaluation (MTE) is planned towards the end of 2015 in order to identify potential project design problems, assess progress towards the achievement of objectives, identify and document lessons learned and make recommendations regarding specific corrective actions necessary to improve project performance in the remaining years.

MTE is beneficial for project implementation as they provide an independent in-depth review of implementation progress and provide guidance to address challenges and further enhance implementation.

Findings for the mid-term evaluation will provide a basis for decision-making on actions to be taken for the remaining years of the programme and for the donors to contemplate on support in the sector beyond this phase.

**3. PURPOSE AND OBJECTIVE**

The evaluation is being undertaken at the midpoint of project implementation and will pave the way for improved project delivery for the remaining project duration.

The specific objectives of this midterm evaluation are;

• Firstly, to provide the project stakeholders with an independent review of the status, performance of the MEDEP Phase IV as compared to the project document, identify and assess the results and impacts as to their sustainability. This will include assessing whether progress is satisfactory in establishing a sustainable delivery system for Micro Entrepreneurship Development in Nepal which is entirely owned and run by the Government, but making use of public and private expertise. Based on the progress made by the Project, the consultants will recommend whether, as outlined in the Project document, it is ready to handover MEDEP to government to streamline with MEDPA.

• Secondly, to assess the context related to the political economy, identify and describe the lessons learned, summarize the experiences gained, technically and managerially, and propose amendments (if any) required in the project design, implementation arrangements and/or institutional linkages in order to effectively and sustainably contribute to the livelihood improvement in the target areas.

**Program Duration being assessed:** August 2013 – December 2015

**Program:** MEDEP Phase IV

**Geo coverage:** National and covering 38 MEDEP/MEDPA districts (attached annex for name of districts)

**Available information on MEDEP-MEDPA:** The MTE team will review the relevant documents (see Annex) and will make use of the MIS data base for MEDEP beneficiary analysis like total number of micro entrepreneurs (MEs) created, number of potential MEs who received entrepreneurship development training and technical skill trainings, status of MEs, sales/production of MEs, Income change and moved out of poverty status, etc.

**Suggested list of target groups and stakeholders to be consulted, which can be further updated by the MTR evaluation team as per need**

* Targeted beneficiaries – Micro entrepreneurs, including Women, Youth, Dalit, Janajatis and Madhesi from poor and marginalized population.
* National level stakeholders – MOI - MEDEP and MEDPA government officials, MoFALD, CSIDB/DCSI, PB members and UNDP/MEDEP
* Other donors mainly DFID, GIZ, DANIDA and World Bank to seek their views on MEDEP and MEDPA and the institutionalization process.
* District level partners - Local Government, Local Development Fund, Department of Cottage Industries, District Chamber of Commerce and Industry, district chapters of Federation of Nepal Cottage and Small Industries (FNCSI), district Enterprise Development Committee (DEDC) members
* Micro-enterprise forums and networks - NMEFEN, DMEGAs, MEGAs, and the MEGs at the community level
* Service providers – MEDSPs, NEDC

**Cross cutting Issues -** The extent to which appropriate programming and budgeting supporting gender equality and social inclusion, human rights-based, good governance, Disaster Risk Reduction, Environmental safeguards, result oriented and conflict sensitivity was maintained on respective livelihood results as intended

**4. EVALUATION CRITERIA’S AND QUESTIONS**

The evaluation will be based on the standard OECD Development Assistance Committee (DAC) evaluation criteria (relevance, effectiveness, efficiency, impact and sustainability) and United Nations Evaluation Group (UNEG) HR/GE guidance

(http://www.uneval.org/papersandpubs/documentdetail).

The suggested **evaluation questions** are below and their rationale will be further refined by the consultant in consultation with Evaluation management group and presented in the ‘inception report’ (evaluation plan).

 Has this program made reasonable progress? Is it on track? Achieving what it was intended to achieve within the timeframe?

Progress in creating micro-entrepreneurs? Is MEDEP maintaining the quality and inclusivity of the micro-entrepreneurs created in Phase IV?

Quality and inclusivity of the micro-entrepreneurs under MEDPA? Is MEDEP sufficiently supporting MEDPA to create MEs with the same level of quality and inclusivity as MEDEP MEs?

Progress with institutionalization and system building? What is the progress that has been made for the MoI to deliver a MEDEP-style program? (this will include looking at MEDPA) (Think HR, institutional structure, policy, procedures, financial and procurement processes, budget allocations etc.).

Progress on certain selected key elements of the theory of change?

• That quality Micro Enterprise Development Service Providers MEDSPs) would bid

• MEDSPs would increase in number and be financially self-sustaining (crowding-in of MEDSPs)

• That government would develop the skills and capacity to manage sub-contracting.

• That the Government will develop skill and capacity to coordinate other Private Sector Development (PSD) programs and build additional support for MEDPA

• That building in MEDEP processes/approaches in the MEDPA Operational Guideline will provide surety to quality and inclusive micro-entrepreneurs

Progress with developing and implementing a Cash Transfer assurance mechanism that meets HACT quality standards?

* Is the M&E system/framework developed for MEDEP and MEDPA providing sufficient information to track progress?
* Effectiveness of the Programme in strengthening capacities at the national, state, district and below levels to implement ME strategies
* Assessment of progress under the different Programme components
* Review the effectiveness of partnership arrangements of MEDEP and MEDPA with other institutions such as Local Government, Local Development Fund, Department of Cottage Industries, Chamber of Commerce, etc. in developing a sustainable Micro Enterprise Development (MED) system.
* Examine whether MEDEP has been able to move ahead in the right directions in order to (i) Phase out gradually from its managerial responsibilities (as project implementer) and (ii) build the capacities of different stakeholders from Government to non-Government and (iii) ensure sustainability of different institutions
* Is progress showing signs of self-sustaining?
* Is the current level of GoN support/engagement enough to maintain progress? Is the political will even at all levels of government?
* Sustainability of the MEDEP approach: How is the transfer to government affecting on selected key aspects of the program / MEDEP approach:
* GESI indicators, including GESI composition of Entrepreneurship Development Facilitators?
* The full program of support to entrepreneurs as developed by MEDEP – the MEDEP approach of micro-entrepreneurship development
* Monitoring of support to beneficiaries and sustainability
* What is the progress in establishing and implementing a Micro Enterprise Development Fund (MEDF)?
* What are the reasons for over/under achievement in a certain area?
* Political economy?
* Technical capacity?
* Stakeholders delivering on their responsibilities as required? Other reasons

**Future directions / review outputs**

* What should be the focus of the program for the time remaining?
* What further progress/changes will need to be made? What time frame are we looking at for these future changes? What do we think the chances are for these to be achieved?
* What are the key technical or operational/management issues that need addressing in the remaining period of MEDEP?
* Is the current management structure appropriate to deliver the intended outcomes?
* Any obvious bottlenecks?
* Appropriate resourcing (DFAT, MEDEP, UNDP and GoN) models?
* Suggestions for improved ways of working?
* Continuing relevance of the program for Nepal?
* What are the development options in the sector post MEDEP IV? What should this look like – nature and duration of assistance?
* What are the possible options for sustaining the Government’s efforts (systems, structures, human resources and political will) for consolidating the foundation made in MED after MEDEP IV?

**Lessons Learned (in terms of good practices, replication, political transition or conflict context, economic growth; future program opportunities; private sector development and enterprise development, etc.)**

**5. MID-TERM EVALUATION METHODOLOGY**

The evaluation will be conducted primarily to assess the progress. This evaluation will include mixed method design. The evaluation design will include both the qualitative and quantitative methods involving primary and secondary data collection.

A suggestive list of approaches for information review/analysis are as follows and the consultant team are expected to present a more robust methodology, including data sources, in the proposal and the ‘inception report’:

Desk review of the program document including the RRF and M&E framework with a focus on the outcomes, outputs and targets set for the project, and the Annual progress reports

Specific analysis of existing reports (number of evaluation and assessment reports are available with MEDEP), indicator tracking tools and other monitoring and reporting information systems maintained within the programme. MEDEP has established a data base of all micro entrepreneurs in its existing MIS.

Discussions with UNDP, DFAT, Government of Nepal, and relevant stakeholders to gather diverse views from stakeholders engaged in the programme/projects implementation.

Visit to selected field sites (suggestive 1 Mountain, 2 Hills and 2 Tarai districts to cover all physiographic region of Nepal, covering both MEDEP and MEDPA) and undertake interviews with district government officials, communities and other stakeholders, such as MEDSPs, MEAs who have been involved in implementing activities under the program and/or participated in various program activities, and program’s beneficiaries. Focus Group Discussions to be held whenever appropriate.

Discussions with Coordinators, focal persons, based at national and district level who have been directly/indirectly involved in the MEDEP Programme.

Discussions with key donors, PB members and others who are directly, indirectly involved.

Facilitation of group consultations and feedback sessions where feasible.

**6. DELIVERABLES/EXPECTED OUTPUTS OF EVALUATION**

The Consulting firm will be accountable for producing following Deliverables/Expected outputs

The Consulting firm shall submit:

***Evaluation inception report:*** It should detail the evaluators’ understanding of what is being evaluated and why, showing how each evaluation question will be answered by way of: proposed methods; proposed sources of data; and data collection and analysis procedures. The inception report should include a proposed schedule of tasks, activities and deliverables, designating a team member with the lead responsibility for each task or product. The inception report provides the programme unit and the evaluators with an opportunity to verify that they share the same understanding about the evaluation and clarify any misunderstanding at the outset.

***Presentation of inception report*** to key stakeholders including UNDP, Donor and key Government counterparts

***Draft Mid-Term Evaluation report*** with all major findings and recommendations

***Presentation of draft report*** to stakeholders, including UNDP, Donor and key Government counterparts-

***Final Draft Mid-Term Evaluation report*** incorporating comments received, and including a clear succinct Executive Summary

***Final presentation on the Mid-Term Evaluation*** for the Government of Nepal, Donor and UNDP.

**Final Evaluation Report:** To be prepared in standard format and submitted to the UNDP after incorporating feedback received on the Draft Report. The Final Report should be accompanied by four digital copies of the processed data files, transcripts and associated materials.

**7. EVALUATION ETHICS**

The evaluation will be conducted in accordance with the principles outlined in the UNEG "Ethical Guidelines for Evaluation" and evaluators will take necessary measures to protect the rights and confidentiality of informants. 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/MEDEP interventions contributing to this outcome. In addition, to avoid any conflict of interest, evaluators should not be rendering any service to the implementation agency of the projects and programme to be evaluated for a year following the evaluation.

The evaluation is expected to adhere to a framework supporting human rights-based (HRBA), results-oriented and gender responsive monitoring and evaluation. Towards this purpose, the project evaluation will encompass the principles of gender equality and human rights, ensuring that the evaluation process respects these normative standards, and aims for the progressive realization of same by respecting, protecting and fulfilling obligations of non-discrimination, access to information, and ensuring participation through a combination of consultative and participatory evaluation approaches. For more details on human rights and gender equality in evaluations, please refer to the UNEG Handbook Integrating Human Rights and Gender Equality in Evaluation – Towards UNEG Guidance.

**8. IMPLEMENTATION ARRANGEMENTS**

The figure below outlines a proposed management structure of an evaluation. The logic of this structure is that all key stakeholders are engaged in the evaluation, there is government ownership of the evaluation process and the findings, there is a quality assurance mechanism in place to oversee the entire work, and that there is an appointed person to manage the exercise.

**Evaluation Commissioners:** The key role of the evaluation commissioners will be the following:

• Determine which outcomes and projects will be evaluated and when. This is done at the CPAP level when the Evaluation Plan for the Country Program is developed, approved and uploaded in UNDP’s online Evaluation Resource Center (ERC)

• Safeguard the independence of the exercise;

• Establish appropriate institutional arrangement to manage evaluation;

• Ensure adequate resources;

• Draw from evaluation findings to improve quality of program, strategic decision making, and future programming

***Evaluation Steering Committee (or Reference Group)*:** The key role of the Evaluation Steering Committee (ESC) will be the following:

• This is the primary decision-making entity for the evaluation as it consists of members of the evaluation commissioners and other key stakeholders

• Endorse the TOR for the evaluation

• Oversee progress and conduct of the evaluation

• Review the evaluation products, provide feedback and ensure final draft meets quality standards Endorse the final evaluation report

• Endorse the communication plan for the dissemination of evaluation findings. Communication plan to be prepared by evaluation task manager.

• Review and endorse management response to the evaluation

**Evaluation Management Group (EMG):** This group will support the Evaluation Manager for the day-today management of the evaluation process. More specifically, it will:

• Prepare the terms of reference for the evaluation in consultation with the Evaluation Steering Committee (ESC);

• Ensure the quality and independence of the evaluation in alignment with UNEG Norms and Standards and Ethical Guidelines;

• Support the Evaluation Manager for the day-to-day implementation of the evaluation activities and management of the evaluation budget;

• Hire the team of external consultants

• Ensure participation of relevant stakeholders;

• Review and provide substantive comments to the inception report, including the work plan, analytical framework, methodology, and evaluation matrix;

• Substantive feedback on the draft and final evaluation reports, for quality assurance purposes, and to ensure that the evaluation findings and conclusions are relevant and recommendations are implementable;

• Inform the Evaluation Steering Committee on progress;

• Prepare management response to the evaluation for ESC’s review

• Contribute to the dissemination of the evaluation findings and follow-up on the management response.

**Evaluation Task Manager:** Evaluation task manager will work as the Secretariat of the EMG.

**Evaluation team:** This team has to be a third party firm/group/individuals who have never been involved in any part of the project/program design or implementation. Their tasks will be as per the TOR and contractual agreement:

• Understand the TOR (and show they do) through evaluation proposal, inception report, full methodology; day-to-day management of process; keeping the manager informed; draft/final report and briefing to the key stakeholders;

• keep to standards and ethical principles in line with UNEG Norms and Standards and Ethical Guidelines;

• deliver the products agreed to the right standard and quality;

• account for what the team has done (and spent)

**9. TIME FRAME**

The duration of the evaluation will be two and half months starting from January 2015, including field visits, travel time, consultations, desktop research and debriefing of the findings to UNDP and the Government of Nepal. The following indicative time line is suggested for evaluation process (to be verified and amended by the consultant team based on the findings of the inception report)

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| --- | --- |
| **Deliverables**  | **Timeline**  |
| **Desk Review :** Review of documents and materials  | 2nd week of January 2016  |
| **Briefing of Evaluators:** Briefing of consultant with UNDP/MEDEP/MOI/MoFALD /CSIDB/DCSI and Donor on expectations and working arrangements, sharing of documents/data, contact details, etc. with the consultant  | 2nd& 3rd week of January 2016  |
| **Draft Inception Report** submission and presentation (which should include a proposed detailed evaluation design)  | 3rd week of January 2016  |
| **Finalizing the inception report (**including the evaluation design, evaluation questions as per OECD DAC evaluation criteria)  | 4th week of January 2016  |
| **Field work** Meetings, Interviews, FGDs, data analysis, visits to selected project sites  | 2nd and 3rd week of February 2016  |
| **Preparation of draft report**  | 4th week of February 2016  |
| **Submission of draft report** to Programme Board  | End of February 2016  |
| **Stakeholders meeting** for presentation of the draft report and **review of the draft report** (for quality assurance)  | 1st week of March 2016  |
| **Finalizing the evaluation reports**  | 2nd week of March 2016  |
| **Submission of final report** and other evaluation products  | End of 2nd week of March 2016  |