

# TERMS OF REFERENCE



UNITED NATIONS  
CAPITAL DEVELOPMENT FUND

FONDS D'EQUIPEMENT  
DES NATIONS UNIES

**TERMS OF REFERENCE OF MID-TERM EVALUATION: UNCDF INCLUSIVE FINANCE PACIFIC REGION  
PACIFIC FINANCIAL INCLUSION PROGRAMME (PFIP)  
INCLUSIVE FINANCE FOR THE UNDERSERVED ECONOMY (INFUSE)**

Country: Pacific

Programme Number:

Programme Title: Pacific Financial Inclusion Programme (PFIP) and Inclusive Finance for the Underserved Economy (INFUSE)

Executing Agency: UNDP/UNCDF

Implementing Agencies: UNDP/UNCDF

Programme Approval date: PFIP – May 2008                      INFUSE– April 2008

Programme Start Date: PFIP – August 2008                      INFUSE – September 2008

Programme End Date: PFIP – December 2011                      INFUSE – December 2012

Total programme cost: PFIP - \$5 million                      INFUSE - \$5 million

Attached: Copy of Signed Initial Programme document and Budget  
Copy of latest Budget Revision:

Financing breakdown (in project document)\*:

	PFIP	INFUSE
Government	\$0	\$500,000
UNDP	\$250,000	\$500,000
UNCDF	\$1,250,000	\$1,050,000

Donor (EU)	\$550,000	
Unfunded	\$2,950,000	\$2,950,000
Total:	\$5,000,000	\$5,000,000

\*Note: Financing has changed from original project document and is listed below.

Mid-term evaluation date:

Audit dates:

**A. Purpose, Users and Timing of the Evaluation**

**Purpose**

The **objectives of a UNCDF Mid-Term (MT) Evaluation** are:

- Assist the recipient Government, beneficiaries, and the concerned co-financing partners, to understand the **efficiency, effectiveness, relevance and impact of the programme**, the **sustainability** of programme results, the level of **satisfaction of programme stakeholders** and beneficiaries with the results, and whether UNCDF was **effectively positioned and partnered** to achieve maximum impact;
- Contribute to UNCDF and partners' **learning** from programme experience
- Help programme stakeholders assess the value and opportunity for broader **replication** of the programme
- Help programme stakeholders determine the need for **follow-up** on the intervention, and general direction for the future course
- Address ways to better integrate the programmes in the Pacific region
- Ensure **accountability** for results to the programme's financial backers, stakeholders and beneficiaries.
- Comply with the requirement of the programme document/funding agreement and UNCDF Evaluation Policy

**Evaluation timing**

- The evaluation is being conducted at the midway point of both PFIP and INFUSE and prior to the UNCDF FIPA annual meeting on September 26 – October 2, 2010, so that the experience of the evaluation may be shared with other UNCDF Inclusive Finance Programmes.
- *The tentative evaluation timing is as follows:*
  - *Offsite preparation work:* August 8 – 14, 2010
  - *On-site evaluation:* August 15 – Sept. 3, 2010
  - *Off-site completion:* Sept. 4 – Sept. 22, 2010

**Evaluation collaboration**

The evaluation terms of reference, methodology and results will be completed in accordance with UNCDF policies. These will be presented to the members of the Investment Committees of PFIP and INFUSE, which include representatives of the Pacific programmes' funders and governments. The evaluation will be managed by the UNCDF Pacific Regional Financial Inclusion Advisor with the support of the UNCDF Country Technical Advisor in Timor-Leste.

**Programme profile**

**a) Country context/status of decentralization in terms of strategy, policy and implementation:**

The Pacific area poses formidable challenges that financial service providers face, as well as the economic inefficiency of the infrastructure and systems providers use to deliver financial services. Traditional approaches to financial service delivery have been ineffective, largely because of issues endemic to small island developing countries, such as high cost of imports, inefficiencies in transport and communications infrastructure, geographic isolation, demographic dispersion, limited income-generating opportunities, and extensive government involvement in the economy. The financial service access frontier has been defined primarily by the limits of traditional institutional models that rely on economies of scale to cover the costs of vertically integrated organizations. As a result, financial service providers, including commercial banks and microfinance initiatives, have struggled to find viable economies of scale outside of principal cities and rural population centres across the region. Several countries in the region have also suffered from conflict and unstable governments that has led to great setbacks in existing microfinance programmes.

UNCDF and UNDP launched two joint programmes in the Pacific region in 2008. Both programmes commenced activities in 2008 with the appointments of the Pacific Regional Advisor in August and Country Advisor for Timor-Leste in September. In June 2009 it was decided that the two programmes operate more closely and the Regional Advisor assumed the technical support role for Timor-Leste. Both programmes follow a financial sector approach, which involved identifying the cause of financial exclusion at the "macro," "meso" and "micro" levels of the financial sector. They also have a focus on the "client" level, namely financial literacy. Preliminary gap analyses were conducted during the project design phase and are included in the two project documents. Together, the two programmes have revised these gap analyses, updating them annually, to help inform their annual work plans.

**b) Programme summary:**

PFIP

- PFIP was started as a joint UNCDF, EU, and UNDP programme. In 2009, AusAID also became a funder.
- PFIP was designed by a technical team consisting of UNDP, UNCDF, the EU (and consultants) in 2007. The project document was signed in May 2008.
- PFIP commenced activities in August 2008 with the appointment of the Regional Advisor/ Team Leader.
- PFIP sits in the UNDP Pacific Centre (the regional office) in Suva, Fiji and has two UNCDF advisors and a mix of UNDP local staff and long-term consultants as team members.
- The first annual work plan revised its outcome to reach 250,000 clients in the target market segment with new or improved access to savings, money transfers, insurance and loans. It also limited its efforts to the five largest countries in the Pacific region, namely Papua New Guinea, Fiji, Solomon Islands, Vanuatu and Samoa. It can consider projects or assistance in other members of the Pacific Islands Forum (PIFI) on a case-by-case basis. PFIP is overseen by an investment committee consisting of its four funders and a representative of the Pacific Islands Forum Secretariat (PIFIs).

INFUSE

- INFUSE was started as a joint UNCDF, UNDP and Government of Timor-Leste (GoTL) programme. In 2010, AusAID also became a funder. The project document was signed in April 2008.
- INFUSE was designed by a technical team consisting of UNCDF and one independent consultant.
- INFUSE commenced activities in September 2008 with the appointment of the Country Technical Advisor.
- INFUSE was originally and temporarily housed in the UNDP TL office in anticipation of an office within the Ministry of Economy and Development, but currently operates out of an independent office in Dili and has a single UNCDF Advisor supported by two UNDP local staff and a UN Volunteer.
- INFUSE is overseen by an investment committee consisting of its four funders (with the Ministry of Economy and Development representing GoTL) and the Regional Advisor for UNCDF, with the central bank as observer.

- Program targets were revised and approved by the investment committee in October 2009.

**c) Programme expected results:**

**PFIP**

- The Logical Framework in the PFIP project document was amended in January 2009 and approved by the PFIP investment committee members.
- The revision states that the mission of PFIP is to increase the number of low-income and rural households, micro and small enterprises that have on-going access to quality and affordable financial services. The purpose of PFIP is to create or facilitate policies, strategies and partnerships that lead to a broad range of appropriate and sustainable financial services being made available to low-income households, micro and small enterprises. The expected outcome of the programme is to increase of 250,000 in the number of persons with new or improved access to approved financial services by the end of 2011.
- PFIP revised its three output areas with the approval of the PFIP investment committee. The major change was to add a fourth output area relate to financial literacy.
- PFIP’s budget was revised and approved in by the PFIP investment committee in 2009 and 2010 to reflect the new resources committed by UNCDF, EU and AusAID. Its current approved project budget is \$7.56 million with an unfunded portion of \$1.64 million.

**INFUSE**

- The targets in the INFUSE Project Document were amended and approved by the investment committee in October 2009.
- The revision states INFUSE will revise the targets for Programme Output 2 to the following:
  - Increase in the number of active clients (at least 50% women) of selected Financial Service Providers (excluding commercial banks) from baseline established as at end of 2008 by 20% percent p.a. (compounded), totaling **73,341 active clients** by project end. (A breakdown of product accounts (savings, loans, insurance, other) will be monitored for informational purposes).
  - Introduction of pro-poor financial products by commercial bank and/or mobile network operators (MNOs), resulting in an additional **40,000 clients** obtaining access to a secure savings account.
  - At least 3 MFIs have achieved financial break-even (Financial Self-Sufficiency (FSS)  $\geq$  100%) by project end.
  - The 3 financially self-sufficient MFIs maintain an average PaR (30 days) of no more than 5%.
  - Increase in the number of access points of all Financial Service Providers (FSPs) from baseline to be established at end 2008. (Increase to be determined once baseline known)
- No other changes have been made to INFUSE’s logical framework or three output areas.
- The INFUSE budget was revised in 2010 and approved by the INFUSE investment committee to reflect the new resources committed by the GoTL and AusAID.

**d) Programme status:**

**PFIP: Outcome and Outputs**

	Description	Indicator	Achieved as of July 2010
PFIP			

<b>Immediate Objective</b>	To increase the number low-income households, micro and small enterprises that have on-going access to quality, affordable financial services	250,000 additional individuals and/or small and microenterprises in the PICs have access to one or more appropriate financial services by the end of 2011.	As of July 2010, an estimated 145,280 persons have received access to a new financial service. <sup>1</sup>
<b>Output 1</b>	Policy makers, donors and other stakeholders are supported and empowered to make decisions and take coordinated action and allocate resources to promote financial inclusion.	<ol style="list-style-type: none"> <li>1. Number of impediments or constraints to financial inclusion removed or enabling regulations or policies implemented</li> <li>2. Number of financial inclusion plans or strategies put in place</li> <li>3. Volume of additional resources catalyzed and brought to the region</li> </ol>	<ol style="list-style-type: none"> <li>1. 8 enabling policies have been put in place</li> <li>2. 1 national and 1 regional plan has been put in place</li> <li>3. Over \$3.5 million catalyzed for the region</li> </ol>
<b>Output 2</b>	Scalable, replicable and sustainable projects are created that deliver appropriate financial services to low-income persons, small and microenterprises, including women and those in rural and remote areas.	<ol style="list-style-type: none"> <li>1. Number of new or "transformational" clients reached by partners</li> <li>2. Number of clients with a new, appropriate product or service</li> </ol> <p>Includes information disaggregated by sex and rural/urban</p>	<ol style="list-style-type: none"> <li>1. 39,900</li> <li>2. 125,350<sup>2</sup></li> </ol>
<b>Output 3</b>	Knowledge is created and shared so that industry has access to local market intelligence and information on global best practices.	<ol style="list-style-type: none"> <li>1. Number of knowledge products tailored to meet the needs of stakeholders</li> <li>2. Number of stakeholders participating in PFIP sponsored events</li> <li>3. Number of hits on PFIP website – specifically its Knowledge Centre; client satisfaction, currency of information posted</li> </ol>	<ol style="list-style-type: none"> <li>3. Seven knowledge products</li> <li>4. Est. Over 500 participate in events</li> <li>5. N/A<sup>3</sup></li> </ol>
<b>Output 4</b>	Financial competency building is embedded in regional and national development strategies with replicable approaches that enable households to improve their financial security and build economic opportunities.	<ol style="list-style-type: none"> <li>1. Number of financial competency baseline studies completed</li> <li>2. Number of financial literacy strategies or programs developed</li> <li>3. New financial literacy programs adapted</li> </ol>	<ol style="list-style-type: none"> <li>1. 0 completed</li> <li>2. 4 strategies completed</li> <li>3. 1 new program adapted</li> </ol>

<sup>1</sup> The increase in the number of clients of PFIP partners. Exact figures and breakdown will be made available during the evaluation.

<sup>2</sup> Breakdown by gender, rural/urban is to be provided during the evaluation.

<sup>3</sup> Website launched in July 2010. Up to date hits will be provided during evaluation.

	Description	Indicator	Achieved as of July 2010
<b>INFUSE: Overall Objective</b>	Contribute to the achievement of the MDGs, in particular the Goal 1 of cutting absolute poverty in TL by one third by 2015, by increasing sustainable access to financial services for the poor and low-income population, both male and female.	<ul style="list-style-type: none"> <li>• Increase in the number of active clients (at least 50% women) of selected Financial Service Providers (excluding commercial banks) from baseline established as at end of 2008 by 20% percent p.a. (compounded), totaling <b>73,341 active clients</b> by project end. (A breakdown of product accounts ((savings, loans, insurance, other)) will be monitored for informational purposes).</li> <li>• Introduction of pro-poor financial products by commercial bank and/or mobile network operators (MNOs), resulting in an additional <b>40,000 clients</b> obtaining access to a secure savings account.</li> <li>• At least 3 MFIs have achieved financial break-even (Financial Self Sufficiency ((FSS)) <math>\geq</math> 100%) by project end.</li> <li>• The 3 financially self-sufficient MFIs maintain an average PaR (30 days) of no more than 5%.</li> <li>• Increase in the number of access points of all Financial Service Providers (FSPs) from baseline to be established at end 2009.</li> </ul>	<ul style="list-style-type: none"> <li>• As of March 2010, 49,592 active clients (71.3%) of financial service providers engaged in microfinance services.</li> <li>• Support provided to two MFIs with the following indicators as of March 2010: <ol style="list-style-type: none"> <li>1. Moris Rasik: FSS as end 2009 is 105.8% and PAR as end March 2010 at 1.4%.</li> <li>2. Tuba Rai Metin: FSS as end 2009 is 105.2% and PAR as end March 2010 is 10.1%.</li> </ol> </li> </ul> <p>Baseline access points established as of Dec 2009.</p>
<b>Output 1</b>	<p><b><i>A coherent GoTL policy framework for Inclusive Finance:</i></b></p> <p>A national policy statement for inclusive finance is developed, consulted and adopted by GoTL and enabling legislation is in place to support the expansion and consolidation of the financial sector. Coherent, effective and synergetic donor funding based on the national policy framework has been provided.</p>	<ul style="list-style-type: none"> <li>- A Policy Statement on goals, strategies and priorities for Financial sub-sector development is adopted by GoTL (Y1).</li> <li>- A consolidated Financial Sub-sector Activity Plan for 2007-2012 is developed as part of the NDP 2007-12 (Y2).</li> <li>- Principles for Support to the Financial Sub-Sector have been adopted by key donors (Y2).</li> <li>- UNDAF aligned with policy (Y2)</li> <li>- Current and future investments in the sub-sector are reviewed for compliance with national policy framework (Y3-5).</li> </ul>	<ul style="list-style-type: none"> <li>• GoTL new strategic plan to be released in 2010 – process was conducted by PM alone without consultation, but inputs were provided by INFUSE to national strategy on rural development.</li> <li>• Inclusive finance targets included in GoTL annual national priority working groups in 2009 and 2010.</li> <li>• Technical assistance currently working with the central bank (BPA) on developing legal framework for MFIs.</li> <li>• INFUSE targets incorporated in UNDAF.</li> <li>• Donor and stakeholders are coordinated through INFUSE participation in national priority working groups, private sector development working group, INFUSE advisory group for inclusive finance.</li> <li>• Key donors approached to contribute to INFUSE resulting in app. US\$3 million mobilized for INFUSE program,</li> </ul>

			US\$1million mobilized from MicroLead for one MFI, and future funding for another MFI committed from Monaco.
<b>Output 2</b>	<p><b><i>Increased outreach of financial services by sustainable FSPs</i></b></p> <p>Good practice-based Financial Services Providers (FSPs) serving primarily the poor and low-income market make progress towards sustainability and increase their outreach, while maintaining a high portfolio quality.</p>	<p>-Baseline for borrowers and savers to be confirmed at inception.</p> <p>- at least 20% increase in loans outstanding to poor and low-income (BOP) borrowers per year (compounded), totalling 78,100 loans outstanding by end year 5</p> <p>- at least 20% increase in number of voluntary savings accounts per year (compounded), totalling 187,100 accounts by end year 5</p> <p>- At least 5 FSPs have reached break-even (FSS &gt;= 100%)</p> <p>- Financially sustainable FSPs maintain an average PaR (30 days) of max. 5%</p>	<ul style="list-style-type: none"> <li>• Baseline established Dec. 2008.</li> <li>• Targets revised Oct. 2009.</li> <li>• Long-term business plans developed for two MFIs and capacity-building plans being implemented with technical service providers.</li> <li>• 34,733 savers of microfinance service providers (3 MFIs and credit unions) as of Dec 2008 increased to 49,508 as of March 2010.</li> <li>• 17,559 loans of MF service providers as of Dec. 2008 increased to 24,084 as of March 2010.</li> <li>• INFUSE supports two of the three MFIs that have made the following progress on indicators:</li> <li>• Moris Rasik two indicators from Dec. 2008 to Dec. 2009: FSS increased from 100.7% to 105.8% and PAR is stable from .88% to 1%</li> <li>• Tuba Rai Metin two indicators from Dec. 2008 to Dec. 2009: FSS 89.8% to 105.2% and PAR increased 9.2% to 16.1%</li> </ul>
<b>Output 3</b>	<p><b>Enhanced business service infrastructures for the financial sector</b></p> <p>Private and public business service providers offering high-quality and market-responsive services to the financial sector are available in Timor-Leste, and a professional microfinance association (AMFITIL) is effectively representing the industry in policy dialogues, serving as an information hub for members and the public.</p>	<p>- AMFITIL is formalized as a professional association (Y1)</p> <p>- AMFITIL functions as advocate for the NGO-MFIs serving poor and low-income customers (Y2)</p> <p>- AMFITIL membership has increased, and members meet minimum standards of portfolio quality and sustainability (Y3)</p> <p>- At least 3 private or public sector providers of high-quality business services to FSPs have established outlets in Timor-Leste (Y5). Priorities include Financial Literacy, credit reference, audit, and exploring potential for m-banking (cell phone transactions).</p>	<ul style="list-style-type: none"> <li>• With changes in financial sector subsequent to 2006 civil unrest, AMFITIL disbanded and no longer has the membership to support its revitalization. (3 of 8 original members still operate)</li> <li>• INFUSE consultant to conduct financial literacy scoping assessment in August 2010.</li> <li>• INFUSE collaborates with ADB assessment for potential of branchless banking in July 2010.</li> <li>• Central bank credit registry launched in 2009-MFIs yet to participate</li> <li>• INFUSE to collaborate with National Labor Development Institute on MF and banking certificate qualifications. .</li> </ul>

## Contents and Scope of the Evaluation

*Taking into account the implementation status of the programme and the resource disbursements made to date, evaluate the following questions:*

### 1. Results Achievement

The evaluators will report results against:

- 1) The indicators related to the outputs of the programme
- 2) The Inclusive Finance Evaluation Matrix
  - 1.1. Is the project making satisfactory progress in timely achievement of project outputs (as per logframe intended results and indicators) and related delivery of inputs and activities? Are the partners able to achieve the results? In doing so, specifically address, among other things:
    - Provide an opinion, to the extent feasible, on whether any of the existing partners (financial or non financial organizations) in the Pacific and Timor Leste are; a) ready for formalization and transformation into for-profit-businesses (i.e., on the path towards sustainability) or, b) have inclusive financial products on the path towards sustainability, and what would be the positive/negative impacts of this?
    - Is the programme effective in supporting changes in the enabling environment for inclusive finance and in dissemination and establishment of good practices in the country? With regard to dissemination of good practices:
      - To which audiences?
      - Through what media?
      - Which actors should be responsible for which messages/media?
      - Who should pay for what, i.e., what should the programme budget cover and what should the government cover and take responsibility for disseminating
  - 1.2 Given output achievement and related delivery of inputs and activities to date, is the project likely to attain its Immediate and Development Objectives? Specifically:
    - What are the early indications of whether the project is likely to make a tangible contribution to achieving its overall development and immediate objectives?
  - 1.1. Assess the performance of the programme with regard to the High-Level Outcome Indicators in the UNCDF Strategic Results Framework.
  - 1.2. Are the results reported through the programme's Monitoring/Management Information System validated by evaluative evidence? Analyze any discrepancies.
  - 1.3. Assess the significant changes (positive and otherwise) in the country relating to Inclusive Finance during the programme lifetime and assess the programme's contribution to these changes (i.e. the criticality of programme results). What level of value added and consequence can be attached to the programme in the area of Inclusive Finance in the country?
  - 1.4. Assess the relative effectiveness and efficiency (cost-benefit, value for money) of the programme strategy compared to other strategies pursued by the Government, other donors or actors to achieve the same outcomes.
  - 1.5. Is there evidence of any unintended negative effects of the programme?
  - 1.6. What is the level of satisfaction of various programme stakeholders with the programme and the results achieved?
  - 1.7. Have the agreed recommendations of the mid-term evaluation of the programme been implemented? How has this affected programme performance, relevance, management, etc?
  - 1.3. Evaluate any other critical issues relating to results achievement.

### 2. Sustainability of Results

- 2.1 What is the likelihood that the programme results will be sustainable in the longer term, independent of external assistance, in terms of systems, impact on policy and replicability, institutions, capacity, financing, and in terms of benefits at the individual, household and community level?
- 2.2 Are UNCDF and partner strategies for exit/further engagement appropriate with regards to promoting sustainability?
- 2.3 Ownership: Is sufficient capacity being built so that participating organizations will be able to manage the process by the end of the programme without continued dependence on international expertise? Are the necessary steps owned and driven by the people?
- 2.4 Is there an added value role for programme partners to play beyond project completion?

In addition to assessing the evaluation questions above, the team should analyze any other pertinent issues that need addressing or that may or should influence future project direction and partners' engagement in the country.

### 3. Factors Affecting Successful Implementation and Results Achievement

Is project implementation and results achievement proceeding well and according to plan, or are there any obstacles/bottlenecks/outstanding issues on the project partner or government side that are limiting the successful implementation and results achievement of the project?

#### 3.1 External Factors:

- Has the policy environment had consequences for programme performance?
- To what extent have general economic conditions affected programme goals and do they remain conducive to the development and expansion of inclusive financial services being developed by the programme?
- Are there any other factors external to the programmes that have affected successful implementation and results achievement and prospects for policy impact and replication?

#### 3.2 Programme-related Factors:

##### *Programme design (relevance and quality):*

- Was the programme logic, design and strategy optimal to achieve the desired programme objectives/outputs, given the national/local context and the needs to be addressed?
- In assessing design consider, among other issues, whether relevant gender and or environmental issues were adequately addressed in programme design.
- Is the programme rooted in and effectively integrated with national strategies (e.g. poverty reduction strategy) and UN planning and results frameworks (CCA, UNDAF) at country level?
- Have the programme's objectives remained valid and relevant? Has any progress in achieving these objectives added significant value?

##### *Institutional and implementation arrangements.*

- Are the project's institutional and implementation arrangements suitable for the successful achievement of the project's objectives or are there any institutional obstacles that are hindering the implementation or operations of the project, or which could benefit from adjustment? Among other issues, assess:
  - Project Secretariat:
    - Assess and evaluate the strategy, structure, performance and utilization of financial resources of the project secretariat as on of the funding mechanisms of the project.
    - Define options for the role and structure of the project secretariat after the end of the project and measures to be taken in order to evolve these structures.
  - Government, namely the Central Bank and the National Microfinance Task Force:
    - To the extent foreseen in the programme, evaluate the Government's technical capacity to:

- assume ownership through technical and financial control of project secretariat's sector development role;
  - assess technical capacity of the National Microfinance Task force and their ability to successfully fulfill their respective ToR from the Project Document;
  - ensure an optimal enabling environment for the development of the microfinance industry;
  - supervise a sustainable microfinance sector;
  - assess and evaluate the technical assistance foreseen within the project with respect to reaching these capacities.
- Evaluate the capacity of the implementing partners to meet their respective responsibilities in the programme. Are they the most appropriate implementing partners? What capacities are the responsibility of the programme to strengthen, and what capacities are the responsibility of the Government to provide? What is the optimal use of programme resources?
- Investment Committee:
    - Assess and evaluate whether the Investment Committee serves its purpose of ensuring donor coordination within the Government's microfinance policy.
    - Evaluate whether the investments approved by the Investment Committee are likely to contribute to the creation of a more Inclusive Financial Sector? If not, what is missing?
    - Assess whether the Investment Committee is taking sufficient risk in its investments?
    - Evaluate whether the right balance of grants, such that the MFIs will not be dependent on donor funding.
    - Assess whether the investments approved so far represent a potentially solid return on investment?
    - Evaluate whether the results are being achieved in an efficient manner with limited donor funds?
  - All partners:
    - Provide an objective assessment and evaluation of the designated roles, functions and tasks of the different parties involved in the project (as named above) within the project secretariat, , within the Investment Committee as well as within the microfinance sector in general as well as the distribution between them.
    - Assess the coordinating mechanism and its effectiveness of enhancing project performance.

*Project management:*

- Are the management arrangements for the programme adequate and appropriate?
- How effectively is the project managed at all levels? Is project management results-based and innovative?
- Do management systems, including M&E, reporting and financial systems function as effective management tools, facilitate effective implementation of the project, and provide a sufficient basis for evaluating performance of the programme?
  - Regarding financial systems: assess any bottlenecks in the system of financial disbursement between the project partners and beneficiaries.
  - Regarding M&E, does the project monitoring system include:
    - a. A baseline that enables a good understanding of the target populations and market for financial services?
    - b. Appropriate and cost-effective indicators and related targets linked to the baseline that will enable monitoring of process, output and outcome level performance?

*Other:* Are there any other project-related factors that are affecting successful implementation and results achievement?

#### **4. Strategic Positioning and Partnerships**

4.1 Has UNCDF, through this programme and any other engagement in the country, optimally positioned itself strategically with respect to:

- UNDP and other UN/donor/government efforts in the same sector in the country?
- Implementing national priorities, as reflected in national development strategies?

4.2 Has UNCDF leveraged its comparative advantages to maximum effect?

4.3 Has UNCDF leveraged its current/potential partnerships to maximum effect?

4.4 What level of value added and consequence can be attached to the partners' intervention in the area of microfinance?

How effectively has the UNCDF used the IF approach to establish a competitive advantage relative to other UN agencies and to other donors?

- Is the IF approach (compared to other approaches) more effective than other methods / the most effective way of
- Where do the main new opportunities lie for strengthening the competitive advantage of the UNCDF?
- Where do the opportunities lie for building complementarity between the UNCDF
- IF and other approaches?

### **E. Composition of Evaluation team**

#### **1. Consultant profiles and responsibilities**

The Final Evaluation is to be conducted by a team of three consultants with the profiles outlined below.

##### *Profile specifications for Evaluation Team Leader*

- Experience leading evaluations of Micro-finance programmes, including experience using a range of qualitative and quantitative evaluation methodologies to assess programme results at individual/household, institutional, sector and policy level.
- Minimum of ten years accumulated experience in microfinance
- A minimum of five years of microfinance management and/or consulting experience
- Must have evaluation experience in microfinance
- Extensive microfinance training and technical assistance experience
- Comprehensive knowledge of CGAP benchmarks and industry best practices
- Advanced report writing skills
- Experience at the country wide sector level/understanding of building inclusive financial sectors, preferably in Africa
- High level of familiarity with UNDP or UNCDF programming

##### Responsibilities

- Assembling team, organizing schedule
- Leading the evaluation team in planning, conducting and reporting on the evaluation
- Documentation review
- Deciding on division of labour within the evaluation team
- Use of best practice evaluation methodologies in conducting the evaluation

- Leading presentation of the draft evaluation findings and recommendations in-country
- Conducting the debriefing for UNCDF HQ and regional staff
- Leading the drafting and finalization of the evaluation report

**Profile specifications for Evaluation Team members:**

- A minimum of three years of management experience with an MFI or related technical service institution.
- Microfinance training and technical experience
- Knowledge of CGAP benchmarks and industry best practices
- Familiarity with the financial sector approach, including policy and regulatory issues
- Familiarity with branchless banking

**Responsibilities**

- Documentation review
- Contributing to the development of the evaluation plan and methodology
- Conducting those elements of the evaluation determined by the lead consultant
- Contributing to presentation of the evaluation findings and recommendations at the evaluation wrap-up meeting
- Contributing to the drafting and finalization of the evaluation report

**F. Tentative Workplan for the Evaluation mission**

Dates	Offsite	Suva, Fiji	Dili, Timor Leste	Port Moresby, PNG
	Finalize TOR Assemble Evaluation Team Schedule Travel			
14 Aug		Arrive		
16-20 Aug		Orientation for ET Finalize methodology Review documents Interviews International conference calls		
21 Aug			Arrive	
22 Aug			Debrief	Arrive
23 Aug				
22-26 Aug		Interviews, Visits	Review documents Interviews Visits	Interviews, Visits
26 Aug			INFUSE Stakeholder Debrief	Depart
27 Aug			Depart	
30 Aug		Stakeholder debriefing (PFIP)		
31 Aug		UNCDF Debriefing Depart		

1-10 Sep.	Draft evaluation report			
13 Sep.	Provide draft evaluation report for comment			
16 Sep.	Debriefing with HQ			
22 Sep.	Final Report			

ET= Evaluation Team

RA = Regional Advisor

CTA = Country Technical Advisor

*G. Mission Costs and Financing*

Provided to UNCDF HQ

***H. Management of the Evaluation Mission***

The consultants for the evaluation are recruited and managed by the Evaluation Unit in UNCDF, New York. See attached document that spells out Roles and Responsibilities of the key stakeholders involved in the evaluation exercise.

***ANNEXES:***

*Annex 1 - Indicative Documentation List*

*Annex 2 – Tentative Work Plan*

*Annex 3 - Format for Final Evaluation Report*

*Annex 4 – Inclusive Finance Evaluation Matrix*