

TERMS OF REFERENCE



UNITED NATIONS
CAPITAL DEVELOPMENT FUND

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SPECIAL PROGRAM IMPLEMENTATION REVIEW (SPIRE) GUIDANCE ON FORMULATION OF TERMS OF REFERENCE

1. 'SPIRE' stands for a **Special Project Implementation Review Exercise**, which was formulated to provide a common framework for project assessments across both of UNCDF's specialized practice areas of inclusive finance and local development.

The SPIRE initiative has three purposes:

- To ensure UNCDF's compliance with the mandatory requirements specified in its evaluation policy for the period 2010 to 2011;
 - To develop and experiment with cost-effective and rapid mid-term and final evaluations which yield credible, effective, independent assessment and evaluations.
 - To connect country program evaluations with UNCDF'S corporate strategy thereby enabling cross-country comparison and the tracking of progress towards global objectives.
2. Attached is an annotated generic template for use by Program Officers as they formulate the first draft of the Terms of Reference (TOR). These TOR should be shared with UNCDF partners, the Government and other key stakeholders in draft form with the request for comment and feedback. Where feasible, the Program Officer should organize a country-level advisory group to support the review process and act as a sounding board for the TOR and meet with the team during the in-country phase.
 3. The completed draft Terms of Reference should be forwarded to the UNCDF Evaluation Adviser to be shared with the outsourced consultants selected to assist with implementing SPIRE. These TOR will then be discussed with the team leader selected for the Evaluation Mission. The final version will be circulated to the PO and other concerned stakeholders.

GENERIC TEMPLATE FOR SPIRE TERMS OF REFERENCE

PROGRAM DATA SHEET

Country:	Malawi
Program Title (long)	Financial Inclusion in Malawi project
Program Title (short)	FIMA
Program Number	
Program Atlas Code (by donor)	UNDP: Proj ID: 00057581; AWARD No. 00047744 UNCDF: PROJ No.00056846; AWARD ID: 00047356

Financial Breakdown (by donor)

Commitments:	Currency	Amount
UNCDF	USD	2m
UNDP	USD	2m
CORDAID	USD	1m
GAP	USD	1,233,827

Delivery to date (per donor)

	2007	2008	2009	2010
UNDP	U\$ 7749.63	U\$ 259,431.80	U\$ 662,617.89	U\$235,115.67
UNCDF	U\$ 100,000	U\$ 338,534.14	U\$ 640,073.54	U\$284,276.54
CORDAID	U\$ 0	U\$ 0	U\$351,438.00	U\$ 470,000.00
Govt of Malawi			U\$ 700,000	U\$700,000
Total project budget:				6,233,827

NB. Government has provided a total of U\$1.4 since 2009. However, the FIMA project is yet to tap into these resources due to some logistical problems encountered. Hopefully the resources can be utilized in 2011.

Executing Agency	MINISTRY OF FINANCE
Implementing Agency	MINISTRY OF FINANCE
Approval Date of Project	19 JUNE 2007
Project Duration	5 YEARS: 2007 –2011
Project Amendment	NONE
Evaluation Date	25 OCTOBER –10 NOVEMBER 2010

Other current UNCDF projects in-country	MALAWI LOCAL GOVERNMENT STRENGTHENING AND INVESTMENT PROGRAM
Previous UNCDF projects (if relevant)	1. Credit Guarantee for Micro enterprises (1997) 2. Sustainable Financial Services at District Level (2002)
Previous evaluations (if relevant)	
Dates of audits	June 2010

Evaluation Date: October – November 2010

Composition of Evaluation Team:

Team Leader – International: Marc de Sousa Shields

Team Members – *still to be confirmed*

A. Purpose and Timing of the Implementation Review

a) Purpose

The **objectives of the SPIRE review** are:

- ✓ To assist the recipient Government, beneficiaries, and the concerned co-financing partners, to understand the **efficiency, effectiveness, relevance**, and likely **sustainability of results**;
- ✓ To assess the level of **satisfaction of program stakeholders** and beneficiaries with the results;
- ✓ To assess whether UNCDF and its partners are **effectively positioned** to achieve results;
- ✓ To contribute to UNCDF and partners' **learning** from program experience;
- ✓ To help program stakeholders assess the value and opportunity for broader **replication** of the program;
- ✓ To help program stakeholders determine the need for **follow-up** on the intervention, and general direction for the future course;
- ✓ To ensure **accountability** for results to the program's financial backers, stakeholders and beneficiaries;
- ✓ Comply with the requirement of the program document/funding agreement and UNCDF Evaluation Policy.

b) Timing

- ✓ UNCDF in-country Program Officer to indicate why the review is being conducted at this point in time, and what specific assessment and decision-making processes it will feed into.

The review is a mid-term evaluation of FIMA. Apart from looking at the efficiency, effectiveness, relevance and sustainability of the project, the review is expected to provide UNDP and UNCDF with information necessary for repositioning. The World Bank, USAID and DFID have come into the scene with collaboration—a technical assistance project—aimed at developing the financial sector. The project is expected to start in 2011.

- ✓ Provide tentative timing (note the SPIRE approach involves a field mission of approximately 14 – 16 days in the field with the exact number of days depending on in-country travel times, modes of travel, security clearance etc)
- ✓ Describe planned collaboration with partner/donor in the evaluation (as appropriate)
- ✓ The Review is expected to fully involve UNCDF and UNDP Country Office and the Ministry of Finance. Substantive inputs will be sought from key players including the Reserve Bank of Malawi, the Malawi Microfinance Network (Secretariat and individual Microfinance Services Providers), and the Ministry of Industry and Trade. CORDAID, AfDB, USAID, DFID and the World Bank will also be involved.

B. Program profile (to be completed by PO)

- a) Country context/status of the inclusive finance sector at the macro, meso and micro-levels in Malawi in terms of strategy, policy and implementation**

ISTITUATIONAL ANALYSIS

Malawi's financial system has evolved rapidly since the country de-regulated interest rates and liberalized the financial market in 1989. Although still shallow in terms of depth relative to the GDP, the financial system has become both stable and one of the most profitable in Sub-Saharan Africa—with spreads that are as high as 23 percent¹.

For instance, while there were just five banks, about 50 Savings and Credit and Cooperative Societies, and just four micro-credit non-government organizations (NGOs) as at December 1998 at the start of the reforms, today Malawi has 11 banks and nearly 100 financial cooperatives and microfinance institutions. Similar growth has been achieved in the volume of deposits and outstanding loan portfolio. By December 2008, the combined banking and microfinance savings customer base was 1,727,123 accounts, i.e., 13 percent of the country's population, whereas the total national deposit and loan portfolio volume was MK 133.9 billion (or USD 949, 479,524) and MK 90.1 billion (or approximately USD 638, 303,471)², respectively. Of the same date the insurance sector's total assets had increased to 2.1 percent of GDP from just 0.8 at the start of financial sector reforms.

Despite this impressive growth, however, access to finance remains extremely limited. The most recent survey³ indicates that 89 percent of the adult population has no bank account while slightly more than a half of the population⁴ is totally financially excluded. Key sectors of the economy, e.g., agriculture, which provides the primary livelihood for 85 percent of the population, contributes to 35 percent of the GDP, and generates 80 percent of exports, are amongst the least served sectors of the economy, e.g., receiving just 8.5 percent of the total financial sector lending in 2008, in spite of their strategic importance. Similarly, the country's informal economy that provides jobs to more than two million people as recently as three years ago report slightly less than 6 percent of the entrepreneurs as receiving credit in the same period.

Limited availability and narrow range of financial products is one of the major factors that continue to limit access in Malawi, especially in the rural areas where financial institutions do not have a significant presence. Other obstacles include lack of demand-driven and client-centered financial products as well as limited innovation in potentially cost-reducing technologies. At the target client level, lack of financial literacy is real impediment to increasing access to finance; as high as 46 percent of Malawi's adult population⁵ have no confidence in banks, and just 16 percent would approach one for credit if they really wanted to start a small business. Even among the few that already have a bank account, just 8 percent would have the confidence to seek other financial services from a banking institution.

Aside from their limited knowledge of financial products and their benefits, poor customer service, cumbersome or too complicated paperwork, and high bank charges are all factors that strongly discourage and prevent the population from greater access and usage of available financial products and services in Malawi.

POSITIONING

Within the Malawi National Strategy for Financial Inclusion (2011- 2014), the priority actions to build upon in improving and deepening access should include the following:

1. Encouraging and supporting the Government of Malawi in implementing relevant policies, e.g., development of credit referencing, branchless agent banking, micro leasing, legislation that allows

¹ See FSAP 2008.

² As at June 2010, for instance, MFIs had a combined total customer base of nearly 900,000; about five years ago, the sector's outreach was 300,000 people.

³ See 2009 Gallup survey of access to finance in 31 Sub-Saharan African countries.

⁴ See 2009 FinScope Demand survey.

⁵ Gallup 2009 survey, *ibid*.

linkages and strategic alliances between commercial banks, insurance companies, and microfinance institutions, etc.

2. Promoting innovation in the financial sector, i.e. supporting the development of new products and improving the quality of existing financial services.
3. Support investments in technologies and products that reduce costs and facilitating the provision of financial literacy, both which remove physical and knowledge barriers to serving the poor and rural communities.
4. Strengthening the managerial, financial, and institutional capacity of service providers targeting the poor to increase outreach. Many will have to meet new licensing and regulatory requirements, and some may need to transform or merge, etc.
5. Encouraging and supporting the development and strengthening of business support services/providers to the microfinance sector.

b) Program summary:

This section should contain a concise description of the following:

- ✓ How long has UNCDF been operational in the country
- ✓ UNCDF and UNDP have been involved in microfinance in Malawi since the mid-90s when the two agencies supported the DEMAT project which attempted to increase access to financial services by providing lines of credit and partial guarantees to banks interested in providing loans to microenterprises and small businesses. Later, from 2000, UNDP and UNCDF in partnership with the Ministry of Industry and Trade financed the establishment of PRIDE Malawi—an MFI dedicated to the delivery of financial services through a national network to low income households. In 2002, USAID collaborated to undertake a scoping mission of the financial sector. UNCDF followed this up with a report on “Expanding Access to Financial Services in Malawi” The two initiatives subsequently formed the basis of the FIMA project document. Kindel Burrit and Fode Ndiaye led the design of the initial document which went through a number of revisions before it was signed on 19th June 2007. For original hypothesis, scope and intervention strategy, refer to FIMA PSD. FIMA is a demand driven, nation-wide program.
- ✓ Background information on the program/project in question.
- ✓ Is it a continuation of previous UNCDF support – if so how provide brief details and reference to previous reviews, evaluation reports (if available)
- ✓ Who formulated it and when (name of designer)? Who are the program partners?
- ✓ Original hypothesis, scope and intervention strategy to achieve the intended results as set out in the Project Document or other related documents.
- ✓ Location of the program.

c) Program expected results:

As set out in the results and resources framework of the original project document, the expected results of the program are as follows:

Intended outcome (as stated in the Country Program Results and Resources Framework): poverty reduction and private sector development

Outcome indicator: Contribute to the achievement of the MDGs, in particular Goal 1 of halving poverty by 2015

Output 1 (Policy): Appropriate Technical Working Group	Output 2: Innovations in financial markets and investments in	Output 3: Capacity of institutions operating in the financial sector
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established to promote an effective policy dialogue for the development of an inclusive financial sector	financial service providers promoted to expand sustainable access to financial services (savings, loans, payment services, money transfers or insurance) to low income groups, particularly women in rural markets	strengthened to increase outreach and sustainability of the sector
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d) Program status:

PO to note:

- ✓ Any major strategic changes adopted during implementation? NONE
- ✓ Any significant issues that have arisen during implementation:
- ✓ The development of the World Bank and IMF led Financial Sector Development Strategy at the same time the UNDP and UNCDF led National Strategy on financial inclusion was being developed necessitated a great deal of dialogue and coordination to ensure that the two documents were harmonized.
- ✓
- ✓ The World Bank is currently developing a Technical Assistance Project which among other things will support the establishment of the Financial Sector Deepening Trust Fund, support the creation of a dedicated unit at the Ministry of Finance to coordinate financial sector development in the country, and support the implementation of a Consumer Education and Financial Literacy Program. All these are strategic areas likely to influence the future direction and scope of FIMA.
- ✓ Any significant project revisions in terms of scope, direction and budget allocations? No major change in direction, except that UNDP has shown tremendous interest in implementation of a consumer education and financial literacy component of the FIMA program.

Outputs	Output Targets	Summary Project Status
Intended Output 1:		
Policy) Appropriate Technical Working Group established to promote an effective dialogue for the development of an inclusive financial sector	1.1 Financial Sector Deepening Group established within the Microfinance Forum	Financial Inclusion Technical Working Group established and operational
	Year 1: Technical Working Group in place and operational	Various technical working groups within the Microfinance forum contributed to the development of the National Strategy on Financial Inclusion
	Year 2: Implementation and monitoring of the Action Plan	National Strategy for Financial Inclusion launched in October 2010; Implementation from 2011 to 2015
	2.1 Partnerships established with three institutions to develop financial market innovations	Done
Intended Output 2:		
Innovations in financial markets and investments in Financial Service Providers promoted to expand sustainable access to financial services (savings, loans, payment services, money transfers or insurance) to low-income groups, primarily women in rural markets	2.2 Number of savers in low income groups is expanded	Needs thorough analysis and probably a small survey
	2.3 Demand-driven financial services available to agricultural markets increase	Done: Extent of this will need to be established
	2.4 The number of transactions switched through Malswitch linked to low-income clients increased	Not done
Intended Output 3:		
Capacity of institutions operating in the financial sector strengthened to increase the outreach and sustainability of the sector	1.1 The number of local service providers supporting microfinance markets increases	FIMA Project currently in partnership with 11 Financial Service Providers.
	1.2 The Secretariat, Resource Centre, website established and financial transparency trainings carried out	FIMA Secretariat established, transparency trainings conducted; Resource centre and website established at Malawi Microfinance Network
	1.3 Management capacity of micro-finance institutions strengthened	Done: Done through the Malawi Microfinance network
	1.4 RBM capacity strengthened to effectively play its relevant role in financial sector development	Done 5 senior staff at RBM have been provided with Training and 3 members with attachments
	3.5 Technical Support provided to MFIs sector-wide and IT suppliers on effective Management Information Systems to support financial transparency and innovation.	Not done

C. SPIRE Framework, methodology and tools

a) The SPIRE approach in a nutshell

The methodology used for this mid-term assessment of the Financial Inclusion in Malawi project (FIMA) is based on an approach developed within the SPIRE initiative. The SPIRE approach involves testing the intervention logic/development hypothesis underlying a program against evidence on its implementation performance. Two main tools have been developed for this purpose:

- (1) Intervention Logic Diagrams for the Local Development and Inclusive Finance areas (which are further detailed in an Effects Diagram for each practice area):
- (2) An Assessment Matrix, which contains 8 key review questions that are used in all SPIRE exercises.

The findings are built incrementally through pre-mission deskwork resulting in the formulation of an Inception Report by the review team leader (which, inter alia, reviews the relevance of the overall Intervention Logic and makes a judgment whether there will be a need to adjust the Assessment Matrix to the particular country context).

This deskwork phase is followed by mission assessments at the country level. The team's understanding of the program design, and its emerging findings and recommendations are deepened through review and analysis of data and information, dialogue with the program stakeholders and the service users in a series of interviews, focus group discussions and facilitated kick off and debriefing workshops.

The SPIRE approach concludes with a final report, which then leads to the formulation of a Management Response involving the relevant stakeholders. The final review report and the Management Response are then uploaded into the UNDP Evaluation Resource Centre Database which is a public website.

b) Intervention Logic/Development hypothesis for the inclusive finance sector in UNCDF

UNCDF takes a sector development approach to micro finance that supports governments and stakeholders in building a common vision for the development of the industry.⁶ An early step is to conduct an assessment of the financial services' sector and identify the impediments or gaps at various levels, including: legal, regulatory or policy ("macro" level), financial infrastructure and support services ("meso" level), the retail financial service providers ("micro" level), and the quality and nature of the need and demand for financial services ("client" level). In some cases, IF programs work with government and other stakeholders to form a national policy or strategy for financial inclusion, so that it may guide stakeholders' work, including UNCDF's. At its core, UNCDF's primary focus is to build the retail capacity in-country, in order to broaden and deepen financial service providers' outreach. Its primary tool is catalytic investment (grants, loans or loan guarantees) to MFIs and other FSPs that serve low income households. UNCDF's goals for all of its financial service partners are to mature, and become self-reliant while offering appropriate and affordable products to low income households. Relative to other donors, UNCDF puts a greater emphasis on institutions in the start-up and growth phase where it believes that its investments can have a greater impact. The intention is that thereafter, the growth dynamic within the micro finance is consolidated and integrated into the mainstream financial sector.

The intervention logic/development hypothesis underlying UNCDF's approach is that improvements in the enabling environment for inclusive finance, supported by catalytic investments in Financial Service Providers and supporting industry infrastructure, will strengthen the micro-finance sector to the point where it is self-reliant and able to attract deposits and loans that impel a sustainable growth process in the industry.

The intervention logic for the inclusive finance sector is illustrated in the figure below.

⁶ UNCDF (2009) Corporate Management Plan 2010-2013. Pp. 7-8.

Figure 1: The IF intervention logic

Technical and financial **inputs** from UNCDF and other donors support program activities. These program **activities** include supporting the development of the microfinance (and to some extent microenterprise) sector at the micro, macro and meso levels, albeit to different degrees depending on projects.

At the **micro level**, capacity building and sometimes loan capital is offered to FSPs based on performance - FSPs are required to meet clear targets and performance standards to maintain UNCDF support. At the **meso level**, programs seek to identify and, if possible, support financial sector infrastructure that assists in the strengthening of the microfinance sector. This can include sector associations, business development initiatives, credit bureaus, consumer finance education and protection agencies/initiatives etc. At the **macro level**, interventions include working with government and regulators to ensure that laws, regulations and policies are inclusive, or, at a minimum, do not reinforce exclusive financial practices and that they support and encourage the sector to expand into low income markets according to principles of transparency and fair/free market mechanisms (e.g., absence of interest rate caps, no undue taxation etc.).

IF program activities result in a number of **outputs**: these take the form of improvements to the health and economic potential of FSPs, and sector service organizations (SSOs) at the meso level. The **intermediate outcome** flowing from these outputs is stronger, more stable IF sector and related meso level sector support organizations and enabling inclusive finance policy and regulatory environment supporting the sustainable provision of financial service to low income households. As with Local Development Programs, the pursuit of these goals contributes to the achievement of the MDGs within a country and thus, to UNCDF's **global strategy** of localising the MDGs.

c) SPIRE Framework

The review framework is based on the intervention logic described above. It sets out the chain of anticipated effects brought about by the program's intervention. The SPIRE framework traces the effects of the intervention from inputs to outputs, through outcomes and impacts, distinguishing the different areas of capacity building and service delivery. It traces how experience gained in the local arena informs replication, policy reform and national roll-out of the program. It also shows how experience in the country relates to UNDP and UNCDF's country and global objectives and informs future strategy debate.

It is important to note that while the SPIRE framework lays out the overall intervention logic, the SPIRE reviews do not have the ambition to assess whether projects have achieved outcomes or impacts. The SPIRE methodology confines itself to responding to efficiency, effectiveness and relevance and likely sustainability concerns, as defined in the SPIRE Assessment Matrix.

d) Assessment matrix

The SPIRE matrix for inclusive finance is based on the intervention logic described above. The questions posed in the matrix seek to establish whether the anticipated effects illustrated in the SPIRE framework have actually been achieved. The matrix relates each question to indicators, tools and sources of information. The tools used by the team are documentary and data review, key stakeholder interviews, facilitated kick off and debriefing workshops, focus group discussions, community meetings and site visits.

The assessment matrix is presented in Annex 3 in its general formulation, descending from the general SPIRE framework and therefore applicable to different country programs. As described above with reference to the SPIRE framework, the general matrix shall serve as reference tool and guidance in tailoring and applying question on the basis of the specificity of each program.

D. Contents and Scope of the SPIRE exercise

Taking into account the implementation status of the program and the resource disbursements made to date, the assessment team will assess the performance of the project in terms of the eight questions included in the SPIRE matrix for inclusive finance (**attached in Annex 4**) and reproduced below:

SPIRE Questions for Inclusive Finance	Corresponding UN Evaluation Criteria
Question 1: To what extent does the program design meet UNCDF's Inclusive Finance intervention logic and meet the needs of the partner country?	Relevance
Question 2: To what extent has the program contributed to increase Financial Service Providers/Sector Support Organizations/Government Agencies institutional capacity?	Efficiency and Effectiveness
Question 3: To what extent has the program contributed to improved access to appropriate low income person's financial services?	Effectiveness
Question 4: To what extent has the program enhanced the market for IF services?	Effectiveness
Question 5: To what extent is the program likely to result in financially viable (i.e. sustainable) FSPs/SSOs in the longer-term, independent of external assistance of any kind?	Sustainability
Question 6: How effective has the management of the IF program been?	Efficiency
Question 7: How well have partnerships with donors and governments supported the program?	Efficiency and Effectiveness
Question 8: To what extent were piloted approaches conducive to regulatory/policy/strategy developments in the Inclusive Finance area	Effectiveness

These eight questions have been drawn up with a view to focusing the evaluators' attention on the main results of project implementation to date, as well as important factors affecting project results such as project relevance and quality of design, project management, and the positioning of UNCDF with regard to other actors in the area of inclusive finance in Malawi.

Each of the 8 questions includes sub-questions (**see Annex 4**), which guide evaluators in what aspects of project performance they should be focusing on during their work. These sub-questions also include indicators, data collection methods and information sources, which should be used as a means to answer the overall review question.

The eight SPIRE questions will remain the same for other inclusive finance evaluations in order to ensure comparability of results over a sample of different projects.

That said, the review team should feel free to propose alternative sub-questions, indicators and data collection methods to fit the project in question. In choosing these sub-questions and indicators, the team should feel free to refer, where appropriate, to the indicators included in the Results and Resources Framework.

These changes should be presented as part of the Inception Report and agreed by the Evaluation managers before the start of the in-country phase.

E. SPIRE Steps and Sequence

The SPIRE exercise will comprise the following steps after the Terms of Reference is concluded: the Inception Phase, In-Country Phase, the Report Writing Phase and the Management Response phase.

Inception Phase

- Partners' consultations and briefing: The outsourced consultant manager and lead consultant will be briefed prior to the fieldwork by the Evaluation Unit.
- Desk review of relevant documentation: A list of key reference documents and people to be interviewed is provided in **Annex 2**.
- Inception Report: the team leader will produce a brief report which outlines the intervention

logic relevant to the country project/program being assessed within the context of the overall development hypothesis set out for SPIRE, any modifications to the sub-questions contained in the Assessment Matrix and preliminary conclusions reached from the review of documentation. Updated timeline for deliverables will also be included.

In-country phase

- Hypothesis workshop conducted by the team leader with the rest of the team to ensure common approach to the review process.
- Finalization of work plan: the team will review the draft work plan (**Annex 1**) with the Program Officer/in-country review support team and make any adjustments they see fit, taking into account practical and logistical considerations.
- In-country briefing: The Team will be briefed on the first day of the mission by program stakeholders. Where feasible, the team should meet with the Advisory Group that has been set up to support the review process.
- Fieldwork: Conducted in the capital and locations where supported MFIs are based. As far as possible, the Review Team should discuss findings with beneficiaries and stakeholders at each stage of the review and obtain their feedback.
- Findings are shared with the in-country UNCDF and UNDP teams prior to the national debriefing.
- Preparation for National debriefing -Aide Mémoire/Power Point presentation: On the basis of its findings, the Review Team will prepare an *aide mémoire*, which will be shared, through the in-country review focal point, with all key stakeholders as a basis for discussion.

Debriefing

- National Debriefing: At the meeting, the team will present their key findings and recommendations to key stakeholders for discussion. The minutes of the meeting will be taken by the Program Officer/in-country support team submitted promptly to the UNCDF Evaluation Unit, and all key stakeholders, and also to the manager of the SPIRE contract and review team, for their consideration in drafting the final report.
- Draft report and Summary: The manager of the SPIRE subcontract will submit a Draft review report and Evaluation Summary to the UNCDF Evaluation Unit, which will circulate the draft to all key stakeholders for written comment
- Global Debriefing: A final debriefing at HQ via teleconference will be provided by the lead consultant. The debriefing will be chaired by the Executive Secretary of UNCDF and the UNDP Regional Bureaux and other stakeholders will also be invited to attend. The Evaluation Unit will be responsible minutes of the debriefing, which will be submitted promptly to the manager of the SPIRE subcontract for consideration in finalizing the evaluation report and summary.

Report Finalization Phase

- The Final SPIRE Report will be submitted by manager of the SPIRE subcontract to the UNCDF Evaluation Adviser, who will disseminate it to all key stakeholders. This final report will include an Annex in which the Evaluation Team will present the findings, recommendations and issues for consideration and response by the program managers. The standard Management Response template, available on the UNDP Evaluation Resource Centre (ERC) database, will be used for this purpose.

Management Response Phase

Management Response: the Director of the practice area will be responsible for facilitating the formulation of a Management Response to the findings and recommendations by relevant stakeholders **within 30 working days** of receiving the final report from the Evaluation Unit. The Management Response will be submitted to the Deputy Executive secretary for clearance and then noted by the Executive Secretary. The completed Management Response will be uploaded into the UNDP ERC database by the UNCDF Evaluation Unit, together with the completed report. Progress in terms of implementing action agreed to in the Management Response is the responsibility of the Directors of the practice areas.

Deliverables

The Manager of the SPIRE contract, in consultation with the lead consultant, is responsible for preparing and submitting the following deliverables:

- An **Inception report** is prepared and shared with the Evaluation Unit and other key stakeholders in the prior the fieldwork
- **Aide Mémoire/Power Point Presentation**: A summary of key evaluation findings and recommendations prepared towards the end of the evaluation and submitted to the project secretariat and the UNCDF Evaluation Unit before the Evaluation Consultation Meeting.
- **Draft Evaluation Report**: The lead consultant is responsible for consolidating the inputs of team members, and taking into consideration comments received at the in-country evaluation consultation meeting, to produce a coherent Draft Evaluation Report and Evaluation Summary, according to the format in **Annex 3**.
- **Final Evaluation Report and Management Response**: Based on comments received on the Draft Evaluation Report, and at the UNCDF evaluation debriefing, the Manager of the SPIRE contract and lead consultant will finalise the evaluation and summary, with input from other evaluation team members, as required, and submit the Final Evaluation Report and Summary to the UNCDF Evaluation Advisor within five days of the receipt of the minutes of the UNCDF evaluation debriefing, or by the agreed date.
- **Evaluation Summary**: as described in Annex 5

The Evaluation Team's contractual obligations are complete once the UNCDF Evaluation Advisor has reviewed and approved the Final Evaluation Report for quality and completeness as per the TOR.

F. Composition of Evaluation team

1. Consultant profiles and responsibilities

The Final Evaluation is to be conducted by a team of 3 or 4 consultants, headed by Marc de Sousa Shields, who will be the Team Leader.

Profile specifications for Evaluation Team Leaders

- Experience leading evaluations of Micro-finance programs, including experience using a range of qualitative and quantitative evaluation methodologies to assess program 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

Responsibilities

- Documentation review
- Leading the evaluation team in planning, conducting and reporting on the evaluation.
- 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

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.

G. Workplan for the Evaluation mission [to be provided by the PO]

POs are requested to provide a tentative work plan using the format provided in Annex 2. This will be finalized during discussions with the outsourced company and the team leader/members.

H. Mission Costs and Financing [to be provided by the PO]

UNCDF has made available in the 2010 FIMA budget, some \$99,603 to cater for SPIRE.

POs should indicate the amount of funds that are available for this evaluation from the relevant project budget.

ANNEXES:

Indicative Documentation List

Malawi Development and Growth Strategy (MDGS)

Malawi Growth Roadmap, 2009

Financial Sector Development Strategy, 2009

Financial Sector Technical Assistance Program (FSTAP)

National Strategy on Financial Inclusion, 2009

Malawi Microfinance Sector Assessment, 2009

Financial Sector Assessment Program (FSAP), 2007

FinScope Demand Side Survey Report, 2008

FinScope Supply Side Survey Report, 2009

FIMA Investment Manual

Annual Progress Reports, 2009, 2010

Tripartite Project Review (TPR) report and minutes, 2009

FIMA Technical Review Report

Assessment of SME Sector, 2007

Expanding access to financial services in Malawi

