

Contract Section 3 - Terms of Reference

Evaluation of Carbon Market Finance (CMF) Programme

Contents

1. Introduction.....	2
2. Purpose and Objectives of the Evaluation	2
3. Recipient.....	3
4. Background.....	3
6. Governance of the Evaluation	6
7. Scope of the Evaluation.....	6
8. Evaluation questions	7
9. Evaluation Methodology	9
10. Existing information sources	10
11. Deliverables and timeframe	11
12. Abilities & Expertise To Deliver This Requirement.....	14
13. Logistics and procedures	15
14. Reporting and contracting arrangements	16
15. Budget	17
16. References.....	17
Annex 1: Country Risk Assessments.....	18

1. Introduction

The UK has developed a **Carbon Market Finance (CMF) Programme which is providing £50m from 2013 to 2025** to increase the flow of international carbon finance to least developed and Official Development Assistance (ODA)-eligible countries – with a focus on Africa – to support climate change mitigation and poor people's access to clean energy and other poverty reducing technologies. The CMF is a joint UK Department For International Development (DFID) and UK Department for Energy and Climate Change (DECC) programme, with both Departments providing funding from their share of the UK Government's International Climate Fund (ICF).

CMF is a large, innovative programme which is being implemented through the World Bank (WB) Carbon Finance Unit (CFU) and its Ci-Dev Initiative. The initiative calls for a robust Evaluation to test programme assumptions and to ensure that the lessons from the programme are credible.

DFID seeks to appoint a Supplier to carry out the independent evaluation of all activities funded through the Carbon Market Finance (CMF) Programme. It is envisaged that there will be a formative evaluation early on in programme design (by end 2015/early 2016), a mid-term evaluation in 2019 and a final impact evaluation at the end of the programme (2025).

The initial Evaluation Supplier will be appointed for a period of up to 11 years subject to performance, contracting and programme continuation.

This Terms of Reference (ToR) sets out the scope of work and requirements for the evaluation.

2. Purpose and Objectives of the Evaluation

Formative Evaluation

The purpose of the formative evaluation is to assess programme progress, inform programme design and the development of the Ci-Dev portfolio. In particular, the formative evaluation is timed to coincide with when there should be good insights from the UNFCCC negotiations over the future shape of the carbon market and the evaluation should be designed to inform how the programme needs to adapt in order to reflect this and manage the carbon market recovery risk (as outlined in the programme business case).

The objectives of the formative evaluation will be to:

- To assess early results of the programme which will be able to feed into an assessment of what the ICF has achieved.
- To review the initial portfolio and enable en-route / real-time adjustments to be made to strengthen it.
- To assess the state of and consider developments in the carbon markets and if the programme approach needs to be adjusted accordingly
- To provide lessons to guide and inform the shape of future market mechanisms that may emerge during the life of the programme.

Mid-term/2nd Formative evaluation

The mid-term evaluation will be formative in nature. Its purpose will be to assess programme progress to date and to make recommendations to strengthen programme delivery.

The objectives of the formative evaluation will be to:

- To assess progress towards programme outcomes and impacts, and to identify areas that may require strengthening or modification to ensure the programme is on track - this also

Contract Section 3

includes assessing relevance, appropriateness of Ci-Dev implementation processes, and value for money;

- To review whether the programme approach is addressing the barriers to the carbon market as outlined in the programme business case – i.e. test early steps in the theory of change.

Final Evaluation

The overall purpose of the final evaluation will be to contribute to global evidence on whether Carbon Markets are an effective way to deliver development benefits as well as emissions reductions.

The objectives of the final evaluation will be to:

- Test the Theory of Change and its Assumptions
- To evaluate the impact of the programme and test (and build the evidence base for) whether carbon markets are an effective way to incentivise greater investment in the low carbon technologies that also reduce poverty
- To test and compare the different business models and results based finance mechanisms that were implemented as part of the programme.
- To understand how the programme benefitted different stakeholders, including women and girls.
- To assess any unintended effects, both positive and negative

3. Recipient

The evaluation is being commissioned by DFID. However, other donors and stakeholders will be involved through evaluation reference group (see section 6).

Direct users of the evaluation findings will include the UK, the World Bank, and other donors (Sweden and the Swiss Cent foundation) and participants in the World Bank's Carbon Initiative for Development (Ci-Dev). The primary stakeholders expected to use the evaluation findings are the UNFCCC bodies that determine the rules of the international carbon market (SBSTA negotiation track, Clean Development Mechanism (CDM) Executive Board); the carbon industry bodies (CMIA, Africa Carbon Forum) and recipient representatives (CDM watch, LDC negotiating group, pilot country governments). Other users of the findings may include CDM project developers and local government groups in least developed countries. The evaluation findings will also be relevant for the Green Climate Fund (GCF) which is considering the use of carbon credits as part of their private facility.

4. Background

The underlying premise for the CMF programme is that carbon market finance can play an important role in transforming quality of life for poor people in less developed countries and reducing carbon emissions to improve environmental conditions. CMF funds will be used to:

- a) **Develop innovative business models** so that purchase of emissions reductions from projects that use low carbon technologies in least developed Countries deliver community and household level results. Such technologies will include, but are not restricted to, biogas, household solar and micro-hydro power. Carbon market finance will signal a long term revenue stream that will allow up front capital to be raised, making these technologies more affordable to poor people and improve their take up. Business models will be demonstrated through projects which are supported through the design, validation

Contract Section 3

and registration processes under the current carbon market Clean Development Mechanism (CDM), and in setting up the institutionsⁱ required to coordinate emission accounting across communities. Monitoring of these projects will demonstrate the viability of the business models and share lessons for replication.

- b) **Use Results-Based Finance (RBF) to purchase emission reductions and support projects that test these models in practice.** RBF will purchase emission reductions from projects that install low carbon energy with community and household level results.
- c) **Influence the future carbon market** so that less developed countries, especially in Sub-Saharan Africa, receive a greater and fairer share of carbon finance that results in both high development benefits and reduced emissions. This will be accomplished through disseminating the new methodologiesⁱⁱ and models. Replication of the programme's innovative models through the carbon market, including potential new market mechanisms, would transform the access of poor people to carbon finance.
- d) **Evaluate the potential of these innovations** to enable the carbon market to (i) deliver direct development benefits at the same time as emissions reductions; (ii) reach poor households in LDCs – and deliver appropriate technologies cost effectively and (iii) attract finance and innovation from the private sector in distributing the technologies through replicable business models

The CMF programme is implemented by the Carbon Finance Unit (CFU) of the World Bank through the new Carbon Initiative for Development (Ci-Dev). Ci-Dev was selected as the appropriate implementation fund within the World Bank given its close alignment with CMF goals.

The Carbon Initiative for Development (Ci-Dev):

Ci-Dev aims at utilizing carbon market finance to play an important role in transforming quality of life for poor people in least developed countries, as well as reducing greenhouse gas emissions to improve environmental conditions. It does this by supporting the development of projects with high development benefits, such as making clean energy and other low carbon technologies more affordable for poor people, and by using the robust verification of the carbon market to deliver results based financing for the distribution of poverty reducing technologies. The CMF programme would contribute to two Trust Funds (TFs) within Ci-Dev, the Readiness Fund and the Carbon Fund, or 'Buyer's Fund'.

The Ci-Dev Readiness Fund will develop new and adapt existing business models. This includes existing CDM methodologies such as Programmes of Activity and Standardised Baselines. It will disseminate programme experience to influence the future carbon market. It plans to achieve its objectives through four activities, which are expected to increase the success of governments, financial institutions, private sector and civil society organizations to access carbon finance. These are: (i) developing new methodologies and improving existing methodologies and tools so that community and household projects can receive carbon market finance and that are approved for use internationally by the clean development mechanism (CDM) Executive Board; (ii) improving the capability and skills of communities, private sector and government to develop carbon market projects using aforesaid new and improved methodologies, and access the necessary funding for their implementation; (iii) developing and demonstrating business models for the practical use of new and improved methodologies, so reducing perceptions of project risk, as these methodologies are untested they are considered riskier by project developers.

The Ci-Dev Carbon Fund will demonstrate the practical use of business models by using Results Based Financing to purchase carbon credits through the CDM from projects that demonstrate the use of models with high development benefits and that meet the Project Selection Criteria.

In summary, these criteria include:

Contract Section 3

- Renewable energy projects that create new energy connections or address unmet demand, such as mini-hydro power, household solar, and biogas.
- Projects in other underrepresented sectors that meet overall selection criteria, and can be shown to be innovative and provide transformational benefits, such as other electrification projects, improved energy efficiency projects with strong contribution to sustainable development, and waste management and treatment projects.
- Projects located in International Development Assistance (IDA) designated countries in Africa or Least Developed Countries (LDCs), as defined by the UN, in Asia.
- A minimum of 75% of all projects within the final portfolio are or were in UN designated Least Developed Countries (LDCs) at the time of their selection.
- Around 80% of all projects are in Africa.
- A representation of a range of project types and be distributed across eligible countries.
- 60% or more of the projects should represent new projects (i.e. projects in the early phases of the CDM project cycle or project implementation). Others can be more advanced but stalled because levels of innovation or other circumstances prevent progress, however not just lack of buyers for CERs.
- The focus on rural electrification with renewable energy will give a priority to off-grid and mini-grid energy projects.

Sweden and the Swiss Cent foundation also contribute to the Ci-Dev Carbon and Readiness Funds. Sweden and the Swiss Cent foundation contribute US\$20m and US\$20m respectively to the Carbon Fund and US\$3m and US\$3m respectively to the Readiness Fund. A donor steering group oversees progress on a quarterly basis.

How will the programme be monitored?

A results framework (equivalent to a DFID LogFrame) has been agreed with the WB. It provides the framework for programme monitoring. Progress will be monitored against the results framework and annual work plans, looking at delivery of outputs and how well the outputs are delivering the outcome. The WB will provide annual reports summarising progress against the results framework and annual work plan – drawing any lessons for improving delivery and setting out the priority for the coming year.

To ensure wider buy in, beyond the donors, the WB will report and disseminate the experience of the programme to influence the future carbon market. This could be for example through policy influencing and case studies to communicate more widely how effectively the carbon market can deliver development benefits at community level.

5. Overall Evaluation Approach

This Terms of Reference (ToR) sets out the scope of work, requirements and reporting procedures for the supplier that is being contracted to carry out the independent evaluation for CMF. The evaluation approach should be guided by the Development Assistance Committee (DAC) Quality Standards for Development Evaluation which DECC and DFID adhere to, and by DFID's Embedding Evaluation approach, Evaluation Policy and ethics principles.

The LogFrame and theory of change will act as the reference point and guide the evaluation. The approach will:

- a. Unpack the **results chain**, and assess the **theory of change**, considering how the business models and technologies supported have led to benefits at household and community level (social, environmental, economic) , including for women and girls) and assess how sustainable these benefits will be;

Contract Section 3

- b. Rigorously assess whether CMF achieved **transformational change**, the resulting benefits and how they were achieved – looking particularly at the replication of the methods and business models demonstrated with programme support;
- c. Provide a realistic chain of **attribution** and capture factors entirely independent of the programme (which may also affect the results);
- d. Assess unintended effects of the programme, both positive and negative, at different levels in the results chain;
- e. Assess **VfM** - whether funds have been used effectively and efficiently to deliver results;
- f. Assess, compare and contrast **innovation** in delivery: the different business models, technologies and financing approaches (e.g. the use of advance purchase agreements vs. milestone payments);
- g. Identify **lessons** of what works, what doesn't and why; and what were the most effective elements of the programme. Draw lessons on influencing the behaviour and building the skills of project developers, financiers, government regulators and future market mechanisms.

6. Governance of the Evaluation

An **Evaluation Management Group (EMG)** will manage the evaluation. The Supplier will report directly to the EMG. The EMG will manage day to day issues, ToRs, regular progress updates, emerging findings, contracts, admin etc... The EMG will consist of the DFID lead advisor, the DECC programme lead and the DFID programme officer for CMF. DFID and DECC evaluation advisers will provide support as necessary (for example reviewing ToRS), inception reports, methodologies etc.

A **Reference Group (RG)** will consist of other key CMF stakeholders (including the Carbon Finance Unit at the WB, country representatives, other Ci-Dev donors and industry bodies such as CIMA as well as beneficiary representatives). The RG provides an opportunity for the EMG to get stakeholder feedback on the design, implementation and findings of the evaluation. Independent evaluation experts will also be part of the RG to review evaluation documents and findings (to be agreed with DFID during inception phase). The RG will discuss the evaluation on a regular basis.

Peer review/QA will be provided by DFID and DECC evaluation advisers and DFID's Specialist Evaluation and Quality Assurance Service (SEQAS). At minimum, the following evaluation outputs will be subject to peer review:

- This ToR
- Inception report, including detailed approach /evaluation framework
- Key data collection and analysis tools / approaches
- Interim and final reports of all evaluations

7. Scope of the Evaluation

The Ci-Dev initiative covers projects in Africa and Asia. However, since the UK CMF investment is for Africa, the scope of the evaluation will be limited to activities in Africa.

The scope of the evaluations should cover activities under the Readiness Fund and the Carbon Fund.

It is anticipated that UK and other donor contributions will be sufficient to support around 20 or so pilot interventions and to date proposals have included projects in Uganda, Tanzania, Ethiopia, Rwanda, Mali and Nigeria, covering off-grid and on-grid energy, biogas, and water purification technologies. However, it is not possible to identify at this stage the final number of interventions

Contract Section 3

the UK CMF investment will fund, the type of intervention or their exact geographic location. It is expected that all interventions will be single country interventions.

The scope of work will need to remain flexible. The details of each supported intervention will be defined as projects are selected during the inception phase and beyond. It is anticipated that the evaluation will examine a representative sample of locations and interventions, to be agreed with the EMG, although this will be dependent on the approach proposed by the successful bidder.

We anticipate that up to 6 detailed project level evaluations will feed into the overarching programme evaluation. Bids for this work should therefore propose an approach and provide indicative cost estimates for fieldwork, country visits etc. The EMG acknowledge that exact costs will be dependent on/affected by the number of programme locations and their accessibility.

The scope of work will include:

- Evaluation design
- Establishment of baselines
- Regular reviews and analysis of monitoring and evaluation data
- Formative and mid-term evaluations
- Final evaluation

The Evaluation design phase will set the evaluation framework and methodology to be applied for all stages of evaluation at the project and programme levels. The evaluation approach will need to combine a clear evaluation framework with flexibility to adapt to country contexts. The establishment of baselines should take place within the first 6th month of the implementation phase.

Regular reviews of monitoring and evaluation data will enable the supplier to review the data gathered by the WB and other sources, such as through the CDM and by project developers, and to ensure its accuracy and validity for evaluation purposes. The reviews will also provide an opportunity to review the proposed evaluation design and make suggestions for changes where necessary.

The formative and mid-term evaluations are intended to provide DFID with a better understanding of the programme, its operations and overall effectiveness at delivering the programme outputs. They will draw on questions relating to the DAC criteria of relevance, effectiveness and efficiency and to a limited extent impact. The formative evaluation is timed to coincide with when there should be good insights from the UNFCCC negotiations over the future shape of the carbon market. Lesson learning and adaptive management should be part of the formative and mid-term evaluations and the reports should include recommendations on future direction of the programme and whether adjustments need to be made.

The Final Evaluation will take place in 2025 and is expected to have an increased focus on evaluating the impact of the programme at individual project level and at programme level. The evaluation will be expected to address questions relating to research and evidence gaps and to test assumptions in the Theory of Change. It is anticipated that the final evaluation will provide valuable contributions to the evidence base regarding whether Carbon Markets are an effective way to deliver development benefits as well as emissions reductions.

8. Evaluation questions

The broad analytical framework for the evaluation is outlined below. It follows the structure of the Organisation of Economic Co-operation (OECD) Development Assistance Committee (DAC) "Principles for Evaluation of Development Assistance".

Contract Section 3

The inception phase of evaluation process should involve a wide range of stakeholders and this may lead to modifying or adding some sub-questions. The inception phase should also further develop and test the evaluation questions to ensure all important questions have been covered and that they are all answerable. Any proposed changes to evaluation questions should be discussed and agreed with the Evaluation Management Group during the inception phase.

Bidders will be expected to give an indication on how and when the questions are best answered as part of the tender.

IMPACT

- Were the expected programme outcomes and impact (as outlined in the CMF Theory of Change) achieved?
- What emissions reductions did the programme deliver?
- What development benefits did the programme deliver?
- How did the intervention impact different groups of stakeholders (e.g. users of technologies, supplier of technologies, CDM EB, etc.)?
- How did the intervention benefit the women and girls?
- Has the creation of knowledge products (e.g. new business models, new CDM methodologies), capacity building and demonstration effects helped key participants (i.e. CDM EB, project developers, DNAs, private sector investors, government ministries) utilise the carbon market to deliver development benefits for poor people in LDCs?
- Has the programme effectively communicated these new products and approaches to the relevant stakeholders?
- Did the programme influence the carbon markets so they will deliver development benefits for poor people in LDCs?
- Were there any unintended impacts of the programme?
- How well did the programme attract finance and innovation from the private sector?
- Did the programme achieve value for money?

RELEVANCE

- How relevant and aligned is the Ci-Dev portfolio to the overall CMF programme objectives?
- Did the programme interventions target the desired beneficiaries (e.g. poor, women and girls)?
- Did the communities benefiting want and use the technologies?
- Did the programme address the relevant barriers to carbon markets?
- Do the project developers consider they would deliver poverty reducing technologies in LDCs as a result of the programme?
- Did programme offer relevant and useful evidence to inform and encourage the uptake of the new methodologies.
- Are the technologies distributed being taken up anyway (without link to Carbon Market) – i.e. are the projects additional?
- As well as the CDM, or if the CDM no longer exists, were the lessons from the programme relevant to new market mechanisms?

EFFECTIVENESS

- Has this programme increased the ability of the carbon market instruments to be used as an effective tool to deliver development benefits and emission reductions?
- Did the programme increase carbon finance flows to poor countries for low carbon energy and other poverty reducing technologies?
- What were the reasons for this?

Contract Section 3

- Were the development benefits of the projects sufficient to make this investment worth doing whether or not the carbon market recovers?

EFFICIENCY

- How efficiently did carbon market deliver benefits to the poor?
- Were sufficient and representative pipeline projects generated?
- Were projects processed /accredited efficiently by the Ci-Dev initiative and the CDM in a timely manner (e.g time take from concept to approval)
- Is Ci-Dev an efficient delivery channel?
- Was the process appropriately designed so that all donors' objectives (or, at least, the UK's) were met?
- Were development benefits delivered in an efficient way compared with delivery through another mechanism (i.e. not through Carbon Markets)?
- Was the carbon price set at the right level?
- Did carbon purchase distort the Carbon market?

SUSTAINABILITY

- Are the programme interventions sustainable?
- Are the business models replicable?
- Are the projects using these technologies to deliver development benefits commercially viable?
- Will the skills and capabilities built through the programme be sustained?
- To what extent has carbon market finance increased demand for poverty reducing clean technologies in LDCs?

9. Evaluation Methodology

The evaluation should use robust quantitative and qualitative methodologies and the final impact evaluation should consider the counterfactual of what would happen without the programme. This will ensure the credibility of the evidence generated, ensuring it achieves the purpose of creating a strong evidence base for the future.

Bids should propose a clear, well-articulated, robust and rigorous methodology, including a formal evaluation framework, structured to provide reliable answers to all the key questions and to cover sub-questions to a large extent. Methods are likely to require a mix of methods drawing on both quantitative and qualitative approaches. The methodology should include as much quantification as possible (where appropriate to answering the evaluation questions). The proposed methodology should ensure that there is effective triangulation of evidence so as to provide assessments that are credible, informative and reliable, and recommendations that are grounded in evidence.

As an indication, the methodology is expected to comprise: a desk review of CMF strategic documents including business case and logframe, a desk review of Ci-Dev programme and project documents, interviews with programme beneficiaries and other stakeholders (including private sector and the CDM); reviews of the status of international carbon markets and the prospects for future carbon markets; and detailed evaluation (including primary data collection) of a selection of projects. The selected sample of projects will be agreed with the evaluation management group and will reflect the diversity of Ci- Dev focal countries and priority low carbon technologies. Projects will be located in a range of countries, and are likely to include East Africa countries of Ethiopia, Uganda, Rwanda, Kenya and Malawi, and some in West Africa such as Nigeria, Senegal, and Mali. In generic terms projects are likely to include:

Contract Section 3

Household scale solar home systems sold directly to consumers

- Community scale off-grid rural electrification as part of government backed rural electrification programmes
- Household scale biogas digesters
- Household and community water purification as an alternative to household water boiling
- Household clean cooking stoves

Bidders should complete the Evaluation Methodology and Skills matrix published together with this ITT. This will matrix not be scored individually, but will be part of the information we use to assess the approach and methodologies of bids.

Bidders should also outline in their bid how they will engage with relevant stakeholders throughout the evaluation; including details on how they will seek beneficiary and industry feedback on evaluation methods, data collection and dissemination of findings. This will be important for ensuring evidence produced by the evaluation is accepted by a wide range of stakeholders.

Data collection

Existing data sources for the programme are outlined in the next section of this ToR. New sources of data will also be needed for evaluations. It is likely that detailed household surveys, qualitative interviews / focus groups and other (participatory) methods of data collection will be undertaken at the selected project sites – including target beneficiaries and non-target (counterfactual) groups. Additional data regarding the delivery of development benefits (MW of new energy connections and number of people with improved access) along with data on other finance leveraged through CMF will also need to be collected as part of the evaluation.

Bids should include a clear rationale for the overall evaluation methodology and specific data collection and analysis methods proposed (including construction of counterfactual, sampling approaches, sample sizes, data sources, approaches to triangulation, and how existing data sources will be considered and made use of), making it clear how this relates to the evaluation framework and the evaluation questions. Any limitations (expected or actual) to the proposed approach should also be highlighted and explained.

DFID Ethics Principles for Research and Evaluation

DFID expects the research and evaluation it funds to adhere to the highest standards of integrity. See reference document for further information.

Conflict of Interest

DFID will expect bidders to demonstrate how they will manage potential Conflict of Interests that may arise if conducting both the Formative Evaluations and Final Evaluation.

10. Existing information sources

The nature of challenge and development funds means that it is not possible to be certain what will be funded in advance, despite broad interventions being mapped out in the business case. It is a challenge therefore to describe a monitoring and evaluation (M&E) system for interventions that are not yet defined.

However, the evaluations will be able, and expected, to use the monitoring data for the programme. This is outlined in the programme logframe and will be collected on a regular basis by Ci-Dev.

Contract Section 3

Information resulting from the demonstration project selection process is expected to be provided (subject to commercial confidentiality considerations). This is anticipated to include: i) Initial receipt of project proposals – known as Preliminary Project Initiation Notes (Pre-PIN); ii) Receipt of developed PIN for review by steering group; iii) Agreement of Emission Reduction Purchase Agreement (ERPA); iv) Annual MRV of project outcome

The CMF programme will rely heavily on the established monitoring and reporting standards of the CDM for the collection and verification of emissions reductions from CMF demonstration projects. This verification and emission reduction data will be available for use in evaluations. CDM monitoring and reporting standards require emissions reductions to be independently verified before CERs can be issued by the CDM Executive Board.

In addition to data collected for the CDM process, we would also expect reporting on; i) price paid per CER; and ii) prices paid by recipients for key technologies (e.g. household solar systems) and details of any support (e.g. micro-finance, guarantees) associated with the carbon finance revenue.

Project developers will also collect information on development benefits. This information will be focused on what is needed to monitor progress against the logframe, i.e. the numbers of people with increased access to clean energy and the installed capacity of clean energy. Such information is not expected to be collected for every household, for example where several million households might benefit from a project, but will be collected, for example, through representative surveys or other means. In addition to project developer information, the World Bank, through the Readiness Fund, is also expected to collect representative information on demonstration project development benefits that would be available for evaluations.

The World Bank will also provide information on other programme deliverables of the Readiness Fund. This will include, for example, results from work to develop new or adapt existing CDM methodologies. Data focused around the number of CDM methodologies developed and replicated or the quantity of emissions reductions generated through the CMF demonstration projects is regularly collected and reported on the UNFCCC's CDM database.

Information on the future prospects for carbon markets, for example as a result of international climate negotiations, will need to be collected by the evaluators from appropriate sources, such as UNFCCC reporting and through enquiries to the CDM Executive Board. DECC will also be able to provide insights for use in the evaluations.

During the inception phase, the Supplier will be expected to review and gain an understanding of the Ci-Dev initiative monitoring system to ensure that data collected by Ci-Dev programme monitoring purposes can be used for evaluation purposes when necessary.

11. Deliverables and timeframe

The contract is expected to start on 1 December 2014 and be completed by December 2025. There may be a 12 month extension subject to performance, on-going programme needs and availability of funding.

All Evaluation deliverable/ outputs will be subject to quality assurance by the reference group/advisory panel; and are expected to meet DAC quality standards for evaluation.

1) An Inception Report

The Evaluation Inception Phase is expected to run for the first 6 months of the evaluation contract. During the inception phase the Suppliers will be expected to work closely with the Ci-

Contract Section 3

Dev team and DFID. At the end of the inception phase, the Supplier should produce an Evaluation Inception Phase Report that sets out:

- An agreed and finalised set of evaluation questions to be addressed at each stage of the evaluation,
- The evaluation methodology for all stages of the evaluation,
- The monitoring and evaluation framework and how the evaluation will build on existing data sources.
- Assessment of the probable quality and credibility of the identified datasets and sources and implications for primary data collection;
- A detailed proposal for the collection of primary data and the division of responsibilities between Ci-Dev and the Supplier;
- A communication and dissemination plan, reflecting DFID's Open Access Policy, and specifying the target audiences
- A review of the main risks and challenges for the evaluation and how these will be managed;
- Discussion of how to ensure that the design and application of methods will be ethically sound and which relevant ethical standards will be applied
- Detailed plan for how the Suppliers will manage conflicts of interest between formative, mid-term and final evaluation.
- Detailed evaluation work plan and costing for the first 5 years of the contract.

A draft version of this Report should be submitted in month 4. A final version incorporating stakeholder feedback should be delivered by the end of month 6.

2) Biannual reports of monitoring and evaluation data

The ongoing evaluation process should be summarised in biannual reports throughout the evaluation process. These reports should cover:

- Overall progress against work plans, updates on risks and challenges, emerging findings etc.
- 'Issues reports' on topics of particular interest to DFID
- A review of any monitoring and evaluation data
- Financial reports.
- The first biannual report should include the baseline information.

3) Ongoing Evaluation Reports, Tools and Outputs

At all stages of the evaluation, all evaluation outputs should be made available for peer view. These other outputs could include sampling strategies, questionnaires and data collection tools, analytical framework, interim outputs etc.

4) 1st Formative Evaluation Report

The first formative evaluation will take place in late 2015. By January 2016, the supplier should submit a draft Evaluation report which includes:

- A detailed analysis of early findings and how the UNFCCC negotiations will impact on programme delivery.

Contract Section 3

- Suggestions on how the programme approach might be adjusted to enhance its overall impact
- Recommendations on scope and questions for the mid-term evaluation

The supplier should organise a workshop for the evaluation management group and other stakeholders explaining the recommendations and agreeing how they can be implemented.

A final version of the evaluation report, which integrates stakeholder feedback and comments from the peer review, should be produced by March 2016.

5) Mid-term Evaluation Report

The mid-term evaluation will take place in 2019. By September 2019, the supplier should submit a draft Evaluation report which should include:

- A detailed analysis of early findings and an assessment of progress towards programme outcomes and impacts
- Suggestions on how the programme approach might be adjusted to enhance its overall impact
- Recommendations on scope and questions for final evaluation
- Recommendations about possible scale up, exit or modification of any future investment in Ci-Dev
- The detailed work plan and budget for the final 5 years of the evaluation.

The supplier should organise a workshop for the evaluation management group and other stakeholders explaining the recommendations and agreeing how they can be implemented.

A final version of the evaluation report, which integrates stakeholder feedback and comments from peer review, should be produced by December 2019.

6) The Final Impact Evaluation report

The final evaluation will take place in 2025. By September 2025, the supplier should submit a draft Evaluation report which should include:

- An overall assessment of impact of the programme its cost-effectiveness and VFM.
- An accessible communication tool to inform policy makers (this may include presentation workshops for regional stakeholders).
- An executive summary of the Final Evaluation and dissemination plan to ensure the information gleaned reaches the intended audience outlined above.

The report should be finalised by the end of November 2025.

7) Raw Data

All raw data collected as part of the evaluation should be provided, aggregated and anonymised where appropriate, so that the data can be released to the public domain in a reasonable amount of time after the data is collected and allow other researchers to replicate findings.

Indicative Timeframe for deliverables

An indicative timeframe is provided as follows:

Contract Section 3

Date	Deliverable
July 2014	Invitation to Tender
September 2014	Bids received
October 2014	Interviews with short-listed bidders
December 2014	Contracts signed
January 2015 – June 2015	Inception Phase
June 2015	Final Inception Phase report accepted
March 2016	Final Formative evaluation report
December 2019	Final Mid-term evaluation report
December 2025	Final evaluation report

12. Abilities & Expertise To Deliver This Requirement

The supplier should cover the following essential competencies and experiences between team-members:

- Strong expertise and demonstrated experience in leading, designing and conducting development programme evaluations, including formative / process, theory-based and impact evaluations¹
- Strong expertise and demonstrated experience of designing and conducting quantitative and qualitative data collection in developing countries, including beneficiary monitoring, desk reviews, interviews and field work;
- Strong analytical skills and experience, including analysis and triangulation of qualitative and quantitative data.
- Proven track record in conducting cost effective and value for money evaluations;
- Strong knowledge of climate change issues and climate-related development programmes in Africa; including excellent knowledge of Carbon Markets, low carbon technologies; and experience in economic assessments of low carbon development programmes;
- Demonstrated ability to take a strategic view across a large complex programme
- Strong record in stimulating lesson-learning and use of evidence from reviews or other evaluative exercises;
- Excellent skills in stakeholder management, negotiation, communication, report-writing, IT, GIS and delivering quality products on time.
- Understanding of the modalities/pros and cons of individual trust funds set up with, and implemented by, Multilateral Development Banks;
- Proven track record of undertaking evaluations in the East and Southern Africa region and a demonstrated understanding of political economy issues in the region.
- Generating data to demonstrate programme effects for different segments of the population (i.e. rural vs urban, women vs men, low income vs middle income, etc.); with particular expertise on gender;
- Extensive experience of DFID log frames and theories of change would be desirable.

There should be a designated team leader. The team leader will be expected to fulfil the following duties:

- Setting strategic direction for the different project components;
- Co-ordinating and monitoring the operational performance of the various activities of the project, including appropriate trouble-shooting when required;

¹ DFID Definition of an impact evaluation is an assessment of how the intervention being evaluated affects outcomes, whether these effects are intended or unintended. The proper analysis of impact requires a counterfactual of what those outcomes would have been in the absence of the intervention

Contract Section 3

- Continuous reporting to DFID as required;

DFID encourages the bidders to include local/national expertise and consultants where appropriate.

13. Logistics and procedures

The Supplier will be responsible for their logistical arrangements including in-country transport, office space, translation and other logistical support. The Supplier will also be required to cover the duty of care (see below for more details) for all members of the evaluation team. All relevant expenses should be covered by the evaluation contract budget.

The Supplier will be provided with the information detailed under 'existing information sources'. DFID will facilitate contacts for the Supplier with other stakeholders and provide support where appropriate.

Duty of Care (DoC)

The Supplier is responsible for the safety and well-being of their Personnel and Third Parties affected by their activities under this Contract, including appropriate security arrangements. They will also be responsible for the provision of suitable security arrangements for their domestic and business property.

DFID will share available information with the Supplier on security status and developments in-country where appropriate. DFID will provide the following:

- A copy of the DFID visitor notes (and a further copy each time these are updated), which the Supplier may use to brief their Personnel on arrival.

The Supplier is responsible for ensuring appropriate safety and security briefings for all of their Personnel working under this Contract and ensuring that their Personnel register and receive briefing as outlined above. Travel advice is also available on the FCO website and the Supplier must ensure they (and their Personnel) are up to date with the latest position.

The Supplier is responsible for ensuring that appropriate arrangements, processes and procedures are in place for their Personnel, taking into account the environment they will be working in and the level of risk involved in delivery of the Contract (such as working in dangerous, fragile and hostile environments etc.). The Supplier must ensure their Personnel receive the required level of training and safety in the field training prior to deployment.

Tenderers must develop their Tender on the basis of being fully responsible for Duty of Care in line with the details provided above and the initial risk assessment matrix prepared by DFID (see Annex 1 to this Terms of Reference). They must confirm in their Tender that:

- They fully accept responsibility for Security and Duty of Care.
- They understand the potential risks and have the knowledge and experience to develop an effective risk plan.
- They have the capability to manage their Duty of Care responsibilities throughout the life of the contract.

If you are unwilling or unable to accept responsibility for Security and Duty of Care as detailed above, your Tender will be viewed as non-compliant and excluded from further evaluation.

Acceptance of responsibility must be supported with evidence of capability (no more than 2) A4 pages and DFID reserves the right to clarify any aspect of this evidence. In providing evidence

Contract Section 3

Tenderers should consider and answer yes or no (with supporting evidence) to the following questions:

- a) Have you completed an initial assessment of potential risks that demonstrates your knowledge and understanding, and are you satisfied that you understand the risk management implications (not solely relying on information provided by DFID)?
- b) Have you prepared an outline plan that you consider appropriate to manage these risks at this stage (or will you do so if you are awarded the contract) and are you confident/comfortable that you can implement this effectively?
- c) Have you ensured or will you ensure that your staff are appropriately trained (including specialist training where required) before they are deployed and will you ensure that on-going training is provided where necessary?
- d) Have you an appropriate mechanism in place to monitor risk on a live / on-going basis (or will you put one in place if you are awarded the contract)?
- e) Have you ensured or will you ensure that your staff are provided with and have access to suitable equipment and will you ensure that this is reviewed and provided on an on-going basis?
- f) Have you appropriate systems in place to manage an emergency / incident if one arises?

Further information on Duty of Care is provided in the Supplier Instructions

14. Reporting and contracting arrangements

Approach to contracting

Procurement is expected to be through OJEU. Procurement and QA of the evaluation will be supported by the Core Evaluation and Monitoring Specialist Services ("SEQAS") helpdesk.

Contract will be let for a period of up to 11 years (December 2014 to December 2025), and will include formal breaks point in year 1 (at the end of the inception phase), in year 3 and in year 5. Progression from one period to the next will be subject to the satisfactory performance of the supplier, the continuing requirement for the services and agreement on work plans, KPIs and outputs. The 11 year contract is expected to cover all evaluation activities (including a six-month Inception period, during which the supplier will propose an overall design and methodology for the entire evaluation, the collection of baseline data and the implementation of the formative, mid-term and final evaluations.

At the year 5 break clause, there will be a more detailed review of contract performance and an opportunity for the Supplier and DFID to renegotiate the costs of the evaluation. A value for money assessment will also be carried out. At this point, if DFID do not feel that the contract offers value for money, we withhold the right to re-tender for the final 6 years of the contract. However, successful bidders of the first contract will not be excluded from bidding at this time.

Monitoring contract performance

DFID will evaluate the performance of the Supplier throughout the life of the programme and at least twice yearly (coinciding with biannual reports), one of which will be as part of DFID standard Annual Review of the programme in February of each year. Key Performance Indicators (KPIs) will be agreed between the Supplier and DFID during contracting. These will ensure that the management of the contract is undertaken as transparently as possible and to ensure that there is clarity of roles and responsibilities between the DFID Team, Ci-Dev and the Supplier.

As part of the biannual reports, the Supplier will be expected to submit progress reports and lessons presented written and orally to DFID twice annually in-line with DFID's programme cycle as outlined in the requirements section of this ToR. In addition, the Supplier will provide regular

Contract Section 3

financial reports at intervals agreed with DFID. It is expected that the Supplier will take a proactive approach to notifying DFID of any matters which may require immediate attention.

Milestone-based payments within the first year will be based on the approval by DFID of inception and biannual reports of high standard and which correspond to the requirements of these Terms of Reference. During the first year of the programme, DFID and the Supplier will use best efforts to agree an amendment of the criteria for milestone based payments to include as an element (at approximately 5%) satisfaction of the KPIs already agreed by DFID and the Supplier and which incorporate aspects of communication, engagement and timeliness of report submissions.

Reporting

The Supplier will report to the lead DFID adviser for the CMF programme. During the implementation phase, meetings will be held as required by agreement between the Supplier and the evaluation management group. Bids should assume that at least 4 meetings will take place during the inception phase and that 2 meetings per year (coinciding with biannual reports) will take place during the implementation phase.

The Frequency of meetings with the Reference Group will be agreed between with Supplier within the first 2 months of the Inception Phase. These are likely to coincide with wider programme Ci-Dev meetings.

Timing for the reporting is outlined under the deliverables section. The Evaluation Management Group and Reference Group will provide any comments within 21 working days of receiving pre-specified study reports.

The DFID's evaluation policy states that evaluations should be transparent. DFID therefore expects that all final reports will be published and that all raw datasets made available.

15. Budget

A budget for the evaluation has been set aside by DFID (maximum of £1million) and bidders are encouraged to compete on the basis of their commercial proposal as well as technical proposal.

Bidders should set out a separate budget for each of the main activities outlined above along with a breakdown to show how much effort is required to achieve each output/activity using the commercial pro-formas provided. We expect the bidders to provide detailed costs for the first 5 years of the contract, and indicative costs for the outer years of the contract, recognising that these will be the subject of renegotiation at year 5. Bidders are also expected to include a suggestion for how outer year costs can be benchmarked at year 5 to ensure continued value for money during the life of the contract. Bidders are encouraged to use the value add table which will be published together with this ITT to show how they are adding value to the programme using detailed clear examples beyond the programme cost.

Key Performance Indicators (KPIs) will be agreed between DFID and the preferred bidder during contracting. Bidders are encouraged to make provisions in their commercial tenders to ensure that at least part of their fees is linked and subject to performance / specific outputs.

16. References

- CMF Business base, theory of change and logframe can be found on the DFID Development tracker website : <http://devtracker.dfid.gov.uk/projects/GB-1-203152/documents/>
- Ethics document can be found at: <https://www.gov.uk/government/publications/dfid-ethics-principles-for-research-and-evaluation>
- Evaluation Methodology and skills matrix – published with ITT

Contract Section 3

Annex 1: Country Risk Assessments

As part of the recent Duty of Care policy DFID Country Offices (with input from DFID Security Unit) have assessed the country and project risks in order to allow the Supplier to take reasonable steps to mitigate those risks. Risks are classified as follows:

1	2	3	4	5
Very low risk	Low risk	Med risk	High risk	Very high risk
Low		Medium	High risk	

The risk assessment for each country is detailed below.

Contract Section 3

Risk Assessment: Carbon Market Finance

Location: Uganda, Tanzania, Ethiopia, Rwanda, Mali, Nigeria, Sudan, Kenya, Ghana, Malawi, Cote d'Ivoire, Guinea, Gambia, Senegal

Assessing officials:

Date:

03 June 2014

Theme	DFID Risk Score Uganda	DFID Risk Score Rwanda	DFID Risk Score Ethiopia	DFID Risk Score Mali	DFID Risk Score Nigeria	DFID Risk Score Tanzania
OVERALL RATING	3	2	3	3	4	3
FCO travel advice	4	2	4	4	4	2
Host nation travel advice	-	-	-	-	-	-
Transportation	3	2	3	3	4	3
Security	2	2	3	4	4	3
Civil Unrest	2	2	2	3	4	2
Violence/crime	3	3	2	2	4	4
Terrorism	3	1	3	4	4	3
War	1	1	1	1	1	1
Hurricane	1	1	1	1	1	1
Earthquake	2	2	2	1	1	2
Flood	1	1	1	1	2	1
Medical Services	3	3	3	3	3	3

Contract Section 3

Theme	DFID Risk Score Sudan	DFID Risk Score Kenya	DFID Risk Score Ghana	DFID Risk Score Malawi	DFID Risk Score Cote d'Ivoire	DFID Risk Score Guinea	DFID Risk Score Gambia	DFID Risk Score Senegal
OVERALL RATING	4	5	2	2	3	3	2	2
FCO travel advice	3	3	1	1	3	2	2	2
Host nation travel advice	-	-	N/A	1	-	-	-	-
Transportation	3	4	2	3	3	3	3	3
Security	4	4	2	2	3	3	2	2
Civil Unrest	4	3	1	1	2	2	2	2
Violence/crime	3	5	3	2	4	3	2	2
Terrorism	4	4	1	2	3	2	2	3
War	3	1	1	1	1	1	1	1
Hurricane	1	1	2	1	1	1	1	1
Earthquake	1	2	2	2	2	2	1	2
Flood	3	1	4	2	2	1	2	2
Medical Services	3	2	2	3	2	3	2	3

Travel advice map of Ethiopia



Travel advice map of Uganda

Contract Section 3



Travel advice map of Mali

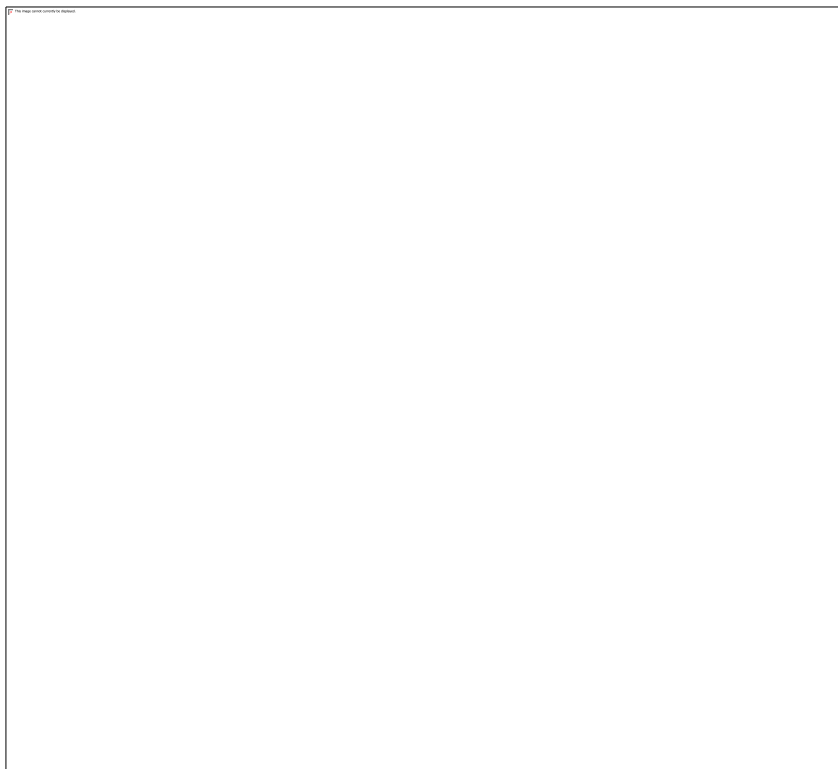


Travel advice map of Nigeria



Contract Section 3

Travel advice map of Kenya



Travel advice map of Cote d'Ivoire



ⁱ Such as the “coordinating entity” required for Programme of Activity (PoA) projects

ⁱⁱ The UK has already supported the development of new methods such as standardised baselines for three technologies. These have been approved in principle by the CDM. So these will be tested, other methodologies developed, and further innovation to streamline the process of registering emission reductions for poverty reducing technologies with carbon markets explored.