

Section 4 – Appendix A

CALLDOWN CONTRACT

Framework Agreement with: IPE Global Limited

Framework Agreement for: Global Evaluation Framework Agreement (GEFA) - Lot 1: Impact Evaluation

Framework Agreement Order Number: PO 7448

Call-down Contract For: DFID Evaluation of CDC's Financial Sector Portfolio

Call-down Contract Order Number: PO 8518

I refer to the following:

1. The above mentioned Framework Agreement dated **12 September 2016**;
2. Your proposal of **May 2019** as amended and clarified by your subsequent e-mails dated:



and I confirm that DFID requires you to provide the Services (Annex A), under the Terms and Conditions of the Framework Agreement which shall apply to this Call-down Contract as if expressly incorporated herein.

1. Commencement and Duration of the Services

- 1.1 The Supplier shall start the Services no later than **28 August 2019** ("the Start Date") and the Services shall be completed by **27 May 2022** ("the End Date"), with the option of extending for up to a maximum of 24 months, or unless the Call-down Contract is terminated earlier in accordance with the Terms and Conditions of the Framework Agreement.

2. Recipient

- 2.1 DFID requires the Supplier to provide the Services to the **Department for International Development (DFID) Private Sector Department** ("the Recipient").

3. Financial Limit

- 3.1 Payments under this Call-down Contract shall not exceed **£858,756.35** ("the Financial Limit") and

is inclusive of any government tax, if applicable as detailed in Annex B.

Included within this Financial Limit, the financial ceiling for expenses shall be [REDACTED]. Only expenditure actually incurred will be reimbursed, with receipts required before any Payment is made under the Call-down Contract.

When Payments shall be made on a 'Milestone Payment Basis', the following Clause 22.3 shall be substituted for Clause 22.3 of the Framework Agreement.

22. PAYMENTS & INVOICING INSTRUCTIONS

22.3 Where the applicable payment mechanism is "Milestone Payment", invoice(s) shall be submitted for the amount(s) indicated in Annex B and payments will be made on satisfactory performance of the services, at the payment points defined as per schedule of payments. At each payment point set criteria will be defined as part of the payments. Payment will be made if the criteria are met to the satisfaction of DFID.

When the relevant milestone is achieved in its final form by the Supplier or following completion of the Services, as the case may be, indicating both the amount or amounts due at the time and cumulatively. Payments pursuant to clause 22.3 are subject to the satisfaction of the Project Officer in relation to the performance by the Supplier of its obligations under the Call-down Contract and to verification by the Project Officer that all prior payments made to the Supplier under this Call-down Contract were properly due.

4. DFID Officials

4.1 The Project Officer is:

[REDACTED]

4.2 The Contract Officer is:

[REDACTED]

5. Additional Documents to be included in the Contract

5.1 The following documents are included in and form part of this Call-down Contract:

[REDACTED]

6. Key Personnel

- 6.1 The following of the Supplier's Personnel cannot be substituted by the Supplier without DFID's prior written consent:

Role	Person

7. Reports

- 7.1 The Supplier shall submit project reports in accordance with the Terms of Reference at Annex A.

8. Sub-Contractors

- 8.1 The Supplier has DFID's consent to appoint the following sub-contractors:

I.

9. Duty of Care

All Supplier Personnel (as defined in Section 2 of the Agreement) engaged under this Call-down Contract will come under the duty of care of the Supplier:

- I. The Supplier will be responsible for all security arrangements and Her Majesty's Government accepts no responsibility for the health, safety and security of individuals or property whilst travelling.
- II. The Supplier will be responsible for taking out insurance in respect of death or personal injury, damage to or loss of property, and will indemnify and keep indemnified DFID in respect of:
 - II.1. Any loss, damage or claim, howsoever arising out of, or relating to negligence by the Supplier, the Supplier's Personnel, or by any person employed or otherwise engaged by the Supplier, in connection with the performance of the Call-down Contract;
 - II.2. Any claim, howsoever arising, by the Supplier's Personnel or any person employed or otherwise engaged by the Supplier, in connection with their performance under this Call-down Contract.
- III. The Supplier will ensure that such insurance arrangements as are made in respect of the Supplier's Personnel, or any person employed or otherwise engaged by the Supplier are reasonable and prudent in all circumstances, including in respect of death, injury or disablement, and emergency medical expenses.
- IV. The costs of any insurance specifically taken out by the Supplier to support the performance of this Call-down Contract in relation to Duty of Care may be included as part of the management costs of the project, and must be separately identified in all financial reporting relating to the project.

- V. Where DFID is providing any specific security arrangements for Suppliers in relation to the Call-down Contract, these will be detailed in the Terms of Reference at Annex A.

10. Break Clause

- 10.1 There is a formal break point after 9 months (at the end of Phase 1).

11. Section 2 - Framework Agreement Terms and Conditions

- 11.1 Section 2 - Framework Agreement Terms and Conditions require certain parameters be set on an individual Call-down Contract basis. The following clauses will supersede their counterparts at Section 2, for the purposes of this Call down Contract only:

SCHEDULE 3: INSURANCE REQUIREMENTS

7. INSURANCE CLAIMS

- 7.2 Except where DFID is the claimant party, the Supplier shall give DFID notice within twenty (20) Working Days after any insurance claim in excess of £10,000 relating to or arising out of the provision of the Services or this Agreement and/or any Call Down contract on any of the Insurances or which, but for the application of the applicable policy excess, would be made on any of the Insurances and (if required by DFID) full details of the incident giving rise to the claim.

ANNEX 1: REQUIRED INSURANCES

PART A: THIRD PARTY PUBLIC & PRODUCTS LIABILITY INSURANCE

3. LIMIT OF INDEMNITY

- 3.1 Not less than to be £858,756.35 in respect of any one occurrence, the number of occurrences being unlimited, but £4,499,966 any one occurrence and in the aggregate per annum in respect of products and pollution liability.

4. TERRITORIAL LIMITS

- 4.1.1 N/A

8. MAXIMUM DEDUCTIBLE THRESHOLD

- 8.1 Not used

ANNEX 1: REQUIRED INSURANCES

PART B: PROFESSIONAL INDEMNITY INSURANCE

3. LIMIT OF INDEMNITY

3.1 Not less than £858,756.35 in respect of any one claim and in the aggregate per annum.

4. TERRITORIAL LIMITS

4.1. N/A

8. MAXIMUM DEDUCTIBLE THRESHOLD

8.1 Not used.

[REDACTED]

[REDACTED]

13. Call-down Contract Signature

13.1 If the original Form of Call-down Contract is not returned to the Contract Officer (as identified at clause 4 above) duly completed, signed and dated on behalf of the Supplier within 5 working days of the date of signature on behalf of DFID, DFID will be entitled, at its sole discretion, to declare this Call-down Contract void.

For and on behalf of
The Secretary of State for
International Development

Name:

Position:

Signature:

Date:

For and on behalf of
IPE Global Limited

Name:

Position:

Signature:

Date:

Calldown Contract Amendment Letter

Department for International Development
Abercrombie House
Eaglesham Road
EAST KILBRIDE
Glasgow
G75 8EA

Telephone: East Kilbride 01355 84 4000
Directline: 01355 84 []

File Ref: []

Date: []

Contract Amendment No: []

CONTRACT FOR: DFID Evaluation of CDC's Financial Sector Portfolio

CONTRACT NUMBER: 8518

1. With reference to the contractual letter dated [] (as most recently amended by the letter dated []) whereby your firm [(in association with [])] was engaged to [] and with reference to your letter(s) of [] and subsequent discussion, I confirm that the UK Government wishes to make the following further amendment(s) to the letter of []:
2. These / This amendment(s) relate(s) to []
3. Please confirm in writing by signing and returning one copy of this letter, within 15 working days of the date of signature on behalf of DFID that you accept the amendment(s) set out herein.
4. Please note the provision in the contractual letter that the financial limit of the UK Government's liability to the Supplier under this engagement shall not exceed the sum specified unless the amount of any such excess has been agreed by the Department for International Development in writing before the Supplier takes any action which might result in the financial limit being exceeded.

For and on behalf of the
Secretary of State
for International Development

Name:

Position:

Signature:

Date:

April 2014



For and on behalf of
IPE Global Limited

Name:

Position:

Signature:

Date:

Evaluating the Impact of CDC's Financial Institutions Portfolio Terms of Reference

A. Introduction

1. The Department for International Development's (DFID) mission is to lead the UK's work to end extreme poverty. CDC (<http://www.cdcgroup.com/>) is 100% owned by the UK Government. It is a Development Finance Institution (DFI) which supports the building of businesses throughout Africa and South Asia to create jobs and make a lasting difference to people's lives.
2. The Department for International Development (DFID) would like to contract an organisation or consortium to design and implement an evaluation of CDC's investments in the financial sector over two-years and nine months, with the possibility of a two-year extension.
3. The evaluation will have a strong focus on learning through understanding and analysing the existing evidence base which underpins the work of CDC and its investees in this sector and building a deeper understanding of the focus and content of CDC's investments.
4. These terms of reference set out guidelines for the scope of the evaluation, reporting processes and timeframe.
5. This is one of a series of sectoral evaluations that will be undertaken across CDC's portfolio. It will complement a study of CDC's overall performance and effectiveness to be commissioned in 2020/21 and an on-going longitudinal study examining the extent to which CDC mobilises private sector capital and impacts on wider investor behaviour.
6. The contract will be issued to design and implement the evaluation. For the purposes of this TOR, the contracted agents will be referred to as the supplier, recognising that this may be an individual organisation or a consortium of organisations.

B. Purpose of the Evaluation

7. The purpose of this evaluation is to better understand the development outcomes and impacts associated with CDC's investments in the financial sector. Its key components will include:
 - **A rapid review of CDC's portfolio in the financial institutions sector** using descriptive analysis to help highlight the outputs, outcomes and impacts intended and produced by CDC investments in the financial sector. This should provide a deeper understanding of CDC's and its investees' goals and work in this sector at each step along the impact pathway. It will help to identify what is understood about the outcomes and impacts of investments, where key questions and knowledge gaps remain, and where there are potential opportunities for further evaluation of these investments.

- **A targeted review and mapping of the evidence base on the impacts of financial institutions underpinning the work of CDC and its investees.** Linked with the portfolio review described above, mapping CDC's portfolio against the evidence base will help to draw out key lessons relevant to CDC and its investees, and provide insights into potential opportunities to increase impact.
 - **A series of four to seven in-depth studies** addressing targeted research and evaluation questions relevant to CDC and/or its investees in the FI sector, including primary data collection. The finalisation of evaluation questions and study designs will follow on from the first two steps outlined above.
8. Periodic, longer-term evaluations of CDC's outcomes and impact are critical to help DFID, CDC, and CDC's investees better understand how, and in what contexts, CDC's investments help to deliver tangible, sustainable development outcomes and impact on people, businesses, sectors and where feasible, overall economies. This information is crucial to help CDC target investments and track results in those businesses and sectors where it can have most impact, and can be used to inform both portfolio management and investment decisions. The information is also helpful to inform and guide CDC's investees' strategies and their approaches to development impact. The evaluation will also generate learnings and knowledge useful for a broader audience including other DFIs/impact investors, MDBs, industry leaders, policymakers, and researchers focused on financial institutions
 9. The evaluation will draw heavily on the existing evidence base on how, why and through what channels investing and supporting financial institutions provides benefits for people, businesses and at the wider sectoral level. The evaluation will provide clear recommendations on potential actions CDC and its investees could take to further enhance development impact within its current and future portfolio based on an in depth understanding of what works and why.
 10. The evaluation will be coordinated in parallel with a DFID-CDC evaluation and learning challenge fund (being contracted separately), which will include an open call for research proposals on financial institutions and CDC's other priority sectors, with both complementary workstreams helping to build the evidence base for CDC's work. Specifically, this evaluation will generate a list of research questions, where the existing evidence is particularly weak and causal evidence is needed, that will inform the challenge fund's first/pilot call for proposals.

C. Background – CDC

11. Successful businesses are vital to drive a country's growth and provide a sustainable route to poverty reduction. Businesses provide jobs and tax receipts which enable a country to fund its own social services, reducing dependence on aid.

12. Businesses in many countries in Africa and South Asia are in need of additional investment capital, which they fail to attract in sufficient amounts due to (i) limited long term domestic capital, and (ii) high actual or perceived risks, including political, corruption and currency risks. CDC aims to grow businesses with its own capital, creating both direct and indirect impacts.
13. CDC's Investment Policy and five-year strategy (2017-2021) aims to further enhance its development impact and reach, including through new catalytic strategies with different risk/return profiles than the investments made under its growth investment strategy.

D. Background on CDC's Financial Institutions (FI) portfolio

14. The proportion of adults with an account at formal financial institutions remains low in CDC's geographies, at 43% in sub-Saharan Africa and 70% in South Asia (including India).¹ To date, CDC has made over 190 investments in financial institutions, including 19 direct investments, with the remainder via funds.² By value, CDC investments in the financial sector represent approximately 24% of CDCs total portfolio. More information on the portfolio can be found on CDC's website (www.cdcgroup.com).
15. The outcomes CDC aims to achieve through its investments in financial institutions are to support the development of: (i) a more inclusive financial sector, and (ii) stronger domestic capital markets. CDC aims to achieve these outcomes via its investments in different types of FI providers (commercial banks, NBFIs, MFIs, asset finance companies, fintech, equity investors and insurers) and FI market enablers (market infrastructure, interbank and payments, and credit analytics and ratings³). CDC's impact pathways are detailed in a simplified form in Table 1: Financial Institutions Impact Framework.

¹ This increased to 70% in 2017 due to the the Govt of India's initiatives to enrol adults with accounts via biometric ID cards. However, almost half of these accounts are inactive (double the developing world average of 25%). Note that India numbers drive both regional and global averages due to population size, and that numbers excluding India are not available.

² Note that there typically will be a greater level of access and data in CDC's direct investments than those in funds.

³ Financial market infrastructure includes exchanges, CSDs and CCPs; interbanks & payments comprises of switches (mobile money included), processing/settlement/clearing., card payment processing and POS distributors); and credit analytics & ratings include credit bureaus, alternative data and/or credit firms, and ratings agencies.

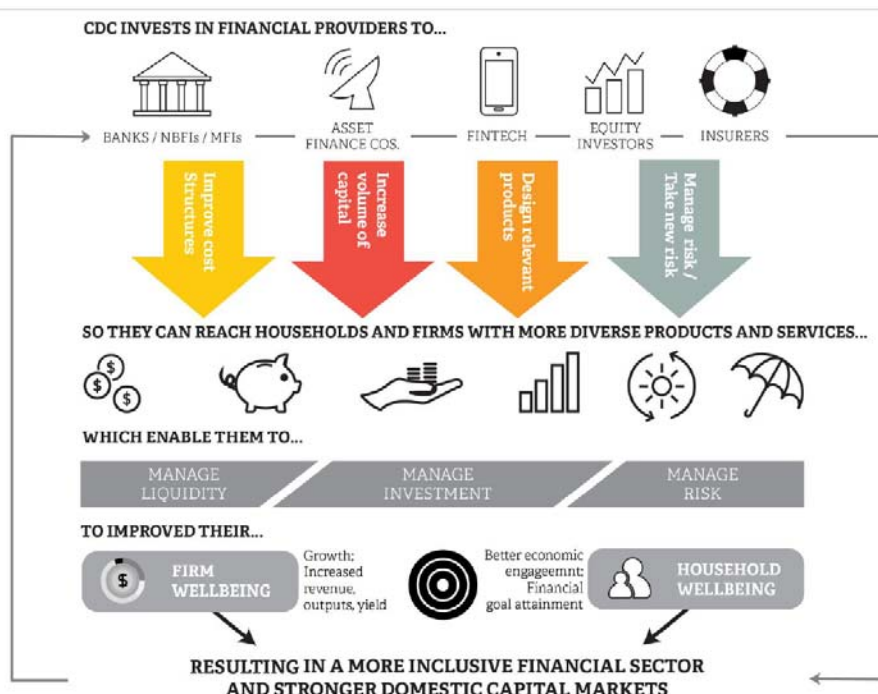


Table 1: Financial Institutions Impact Framework

16. The first outcome, a **more inclusive financial sector**, focuses on improving the number of individuals and businesses that are financially included and have access to a diverse set of high-quality and sustainable products. This includes expansion of the geographic reach of financial services within a particular region, while ensuring the financial products available on the market meet the needs of the different market segments. This also includes reaching segments that have been excluded or underserved by formal institutions historically or perceived as too costly to serve. A more inclusive financial sector is seen as important to enable low-income individuals and small to medium businesses to access the financial products and services that they need.
17. The second outcome, **stronger domestic capital markets**, refers to the availability of high-quality domestic capital to the local or regional market. This is predominantly achieved by improving the efficiency of capital allocation, via financial institutions and enablers. Efficiency gains can increase the volume of capital available and investment, and this growth can catalyse the development of a greater variety of financial products – including risk and risk management products - to invest in. All of these improvements in the efficiency, volume and diversity of financial/investment products and services contribute to strong domestic capital markets, and are important to incentivise investors to keep capital within domestic markets, and for mobilisation.
18. CDC's impact framework identifies four pathways through which it supports financial institutions to meet its outcomes: 1) **Improving cost structures**, which enables institutions to reach and scale products to excluded segments sustainably; 2) **Increasing volume of capital** available to firms and households, often in contexts

where there is a large demand gap, 3) **Designing relevant products and channels** including products that are new, innovative, and/or not currently adequately supplied in CDC's geographies; and 4) **Managing risk/taking on new risk**, where CDC could enhance an institution's capacity to reach riskier segments or develop riskier products.⁴

19. The framework posits that these pathways enable households and firms to access a diverse range of products and services that enable them to better **manage their risk, investment and liquidity** needs, contributing to **firm and household well-being**. A greater volume and diversity of financial products and services also contributes to the outcomes, i.e. development of a more inclusive financial sector and stronger domestic capital markets.
20. To date, the number of in-depth impact evaluations on CDC's FI portfolio remains limited: CDC has recently published an evaluation of the SME loan portfolio of one of its investees in India⁵ and an FI sector evidence review is ongoing. It is rare for institutions – and businesses more broadly – operating in the private sector to undergo evaluations. However financial institutions do have client data which presents an opportunity for research and evaluation projects that answer important questions for the sector.
21. It is important that the supplier has a strong reputation among, and direct experience working with, financial institutions in Africa and South Asia, a deep understanding of a financial institution's day-to-day operations and a proven ability to add strategic value through their research. This is to encourage the institutions to agree to participate. Data is always sensitive, might be practically difficult to access depending on the institution (e.g. contained in manual loan files) and may need to be supplemented with primary data collection (e.g. client surveys and interviews).
22. Other Development Finance Institutions have taken steps to assess the impacts of their work in the financial institutions sector and it will be important for the supplier to ensure adequate linkages with complementary work. There are also networks of researchers, investors and other donors active in this space that the supplier will need to connect with. This will be particularly the case where in country work is undertaken. DFID has a network of programmes undertaking work to deepen financial markets, a number of which undertake research and analysis that will be useful for this evaluation. This includes programmes such as Financial Sector Deepening Africa (FSDA), CGAP and the IFC SME Finance programme among others. The supplier will be expected to understand and use such networks of organisations and programmes to ensure complementarity, enhance shared learning, identify opportunities for collaboration and drive dissemination of findings across the FI community.

⁴ Typically the impact thesis for an investment in a financial institution capture 2-3 of these pathways, and it should be noted that these categories are not necessarily mutually exclusive.

⁵ SME finance and growth: evidence from RBL Bank. Case Study, 2017. [<https://www.cdcgroup.com/en/news-insight/insight/articles/new-report-on-the-impact-of-loans-on-sme-growth-in-india/>].

E. Scope of the evaluation

23. DFID will contract an organisation to undertake an evaluation of CDC's investments in the financial sector. This work will be undertaken in three phases:

Inception phase – 1 month.

24. The supplier will mobilise key personnel and submit a detailed workplan and approach paper for phase 1, alongside an initial data request (the workplan for phase 2 will be developed during phase 1). The workplan and approach will be agreed with CDC and DFID.

Phase 1 – Portfolio and evidence review and detailed design (8 months)

25. Building on work already undertaken by CDC including its FI impact framework and a recently commissioned FI sector evidence review⁶, the supplier will:

A. **Conduct a rapid review of CDC's investments in the FI sector.** The goal will be to understand the nature of investments CDC has made in the FI sector including their expected and (where possible) achieved outputs, outcomes, and impacts. To do this the supplier will first need to confirm and refine, if necessary, the impact pathways and assumptions underlying CDC's investments in different sub-sectors and geographies. The review should cover the potential, or where possible achieved outcomes on people (employees, beneficiaries), businesses (the financial institutions themselves and businesses benefitting from services provided by financial institutions) and the sector as a whole (where possible to assess). The review is expected to be conducted in collaboration with CDC's team drawing mainly on existing data and documentation about the investments (from within CDC⁷ as well as publicly available information) and the supplier should factor in members of the core team spending periods of time in CDC offices. It will be the first step toward identifying opportunities for more in-depth evaluations and research relevant to CDC's work in the FI sector. Accordingly, the supplier should propose a refined sub-set of evaluation questions to be addressed in further work aimed at gaining a deeper understanding of the impact pathways and effectiveness of CDC's investments. The work from this stage should be clearly presented in a format that is accessible and useful to CDC and CDC investees.

B. **Review relevant parts of the evidence base on the impacts of financial institutions, drawing out key lessons relevant to CDC and its investees.** This work will build on CDC's recently commissioned evidence review, applying its key findings to the portfolio review conducted in A above and building on this

⁶ CDC has commissioned researchers from NYU to assess the evidence base underpinning financial institution investments. This work will be completed in advance of this evaluation and made available to the supplier.

⁷ This may include impact thesis and narrative and supporting documentation, broader investment committee papers and due diligence reports, legal agreements, quarterly monitoring reports including development impact metrics, environmental, social and governance action plans and annual reports, annual accounts and quarterly valuations, technical assistance reports, memorandums of understanding and client protection action plans as applicable and available for each investment. Most of this documentation would be client confidential and therefore undisclosable.

work, to gather, dive deeper and synthesise additional evidence to address the evaluation questions. The supplier will also bring in more practical insights from the investment community to supplement the academic literature in this phase. The objective is to see how well CDC's portfolio aligns to the lessons emerging from the evidence base. The supplier should ensure this work moves beyond generalised statements and enables deep insights into how impact is created in areas of key relevance to CDC's work. This work will feed into the refinement of the evaluation questions and help assess whether and how CDC and CDC investees are achieving envisaged outcomes and impact. Information should be clearly synthesised and presented in a format that will be useful to CDC's investees and investment teams. Beyond the agreed evaluation questions, this work should generate a list of research questions, based on critical evidence gaps and a need for causal research, that will inform a separate challenge fund call for proposals.

- C. **Based on A and B, propose a detailed plan for four to seven in-depth studies (of comparable depth to the RBL case study⁸) to help answer the agreed evaluation questions.** This will map the evaluation questions to critical impact pathways in the (refined) FI Impact Framework, and describe how the respective in-depth studies will contribute to answering them.

Again, the goal of this work will be to provide insight into whether and how CDC and CDC investee companies are contributing to envisaged outputs, outcomes and impacts in the financial institution sector, as well as exploring potential opportunities to increase development impact. This stage will provide the opportunity to go beyond the desk-based rapid portfolio and evidence review and start diving into selected evaluation questions in greater depth, based on the initial assessment of where critical knowledge gaps and evaluation opportunities exist.

Each study will have an appropriate and relevant methodology laid out with regard to the question(s) it is trying to answer. The in-depth studies should directly capture impacts. When this is not possible, impacts may be inferred where there is sufficient evidence linking outcomes and impacts (with reference to the evidence review performed in phase 1) and/or estimated through modelling. Studies are not expected to be causal impact studies (involving counterfactuals), but if the supplier identifies an opportunity to perform a more rigorous study, they should recommend this to CDC who will look for opportunities to implement the study outside of this evaluation.

The appropriate methodology for each study will vary and could include a variety of approaches. For example: analysis of existing data sets and documentation; collection of additional data; interviews with CDC, other stakeholders and investees; in depth case studies; impact modelling; tracer studies and diaries; and macro-economic studies. It is expected that all studies will involve some primary data collection. The supplier should evidence the

⁸ See: <https://assets.cdcgroup.com/wp-content/uploads/2018/07/06124531/SME-Finance-and-Growth-in-India.pdf>

methodologies they have experience in applying in the financial institutions sector, as part of their initial proposal, across a range of counties and sub-sectors.

Note that the studies will involve looking at current and/or future investments and may be forward- or backward-looking, depending on the opportunities available to investigate specific evaluation questions.

This part of the work should be packaged as a series of studies that will be delivered throughout the duration of the evaluation. This phase of the work is likely to entail a number of trips to visit CDC investees in order to further assess research needs, refine the evaluation questions, determine feasibility, and start building the relationships needed to access data and progress the evaluation. The supplier must clearly assess the feasibility of the approach in this phase.

26. The supplier will proceed to Phase 2 upon satisfactory completion of Phase 1.

Phase 2 – Full Implementation (2 years)

27. The supplier will **implement the agreed series of in-depth evaluations (four to seven)** to further understand whether and how CDC and CDC investee companies are achieving envisaged outputs, outcomes and (to the extent possible) impacts. Although a large proportion of this work will be agreed in Phase 1, each study's methodology will need to be flexible enough to take advantage of opportunities and needs that may emerge from CDC investee companies throughout the duration of the study and some funds should be reserved for this purpose.

28. During phase 2 the supplier should again factor in members of the core team spending periods of time in CDC offices and/or travelling to CDC investee companies. The supplier will hold quarterly update and review meetings with DFID and CDC or as needed during Phase 2 to discuss progress with the evaluation and any changes that may be required to the approach.

29. A key final output will draw together findings from the different studies into a primarily descriptive analysis of CDC's portfolio examining 'what' is happening and 'how' and cross-referencing this to what the current evidence base tells us about what works and doesn't in the financial institutions sector. This will build on the outputs produced in Phase 1. There is ample room to bring in learnings from beyond CDC's portfolio as well and the supplier should detail how they will do this in their initial proposal.

30. The supplier will ensure that a clear plan is in place to communicate and disseminate findings from the work as results emerge but factor in developing and evolving the plan throughout the duration of the study as findings emerge and their utility to different audiences becomes clearer. The supplier should be well networked with external stakeholders, including DFIs and IFIs, investors, other private sector and the research community.

Additional notes on the scope and approach

31. The evaluation will look across CDC's portfolio, ensuring that the following priority areas are given prominence (and within these digital financial services):
 - a. Commercial banking
 - b. Insurance
 - c. Supply chain finance
 - d. Microfinance
 - e. Trade finance
32. The evaluation will also look explicitly at the issue of gender and ensure this is mainstreamed throughout the approach.
33. Key to this evaluation is understanding whether CDC's current investments are creating the envisaged outputs and outcomes to inform how CDC manages development impact within its current and future investments. The supplier must therefore propose an approach that not only describes what is happening and how, but enables key learnings, challenges and successes to be drawn out to enable CDC and DFID to use this information in a practical way⁹ to further improve CDC's development impact.
34. The design of the evaluation, including the details of the methodology will be agreed with DFID and CDC through an iterative process. It will be important that the work responds to the interests and needs of CDC's investees to ensure buy-in and take-up of findings. It will be important for the supplier to have some flexibility to adjust plans as needed in response to emerging findings, changing demands and opportunities arising from CDC portfolio companies, and/or other unexpected developments that may arise during the course of the evaluation.
35. The supplier should be aware that there are many issues of commercial confidentiality and data access at the institutional level that will need to be addressed throughout this work. These issues will need to be discussed and managed carefully early on. CDC will aim to facilitate access to relevant data held by CDC and/or its investees for the evaluations to the extent possible, subject to data protection requirements.
36. There will be a break clause in the contract after phase 1. The supplier will only proceed to phase 2 upon approval of an agreed methodology, budget and team of personnel to take forward the work. The contract can be terminated at this point if no agreement can be reached.

⁹ Key learning from the evaluation should enable CDC to make changes to the ways in which it allocates capital and manages investments to maximise development impact. The decisions involved in doing this include:

- (1) Portfolio construction: where to allocate effort in originating investment opportunities; how to structure investments to support the most impactful aspects of a business; what non-financial support to offer businesses to enhance their impact;
- (2) Portfolio management: how to support businesses after the point of investment, as they react to market developments, in a way that has the greatest positive impact on development;
- (3) Impact measurement and monitoring: how to ensure development impact is accurately measured and tracked to inform portfolio management and enable portfolio-wide learning

D. Research questions

37. This evaluation will take account of the OECD-DAC questions of **relevance** (are we doing the right thing), **effectiveness** (are we achieving our objectives) and **impact** (are we making a difference).
38. The evaluation should answer the following three broad research questions. A number of **indicative** sub-questions are also included here to help guide the work. These should be **further refined in the early stages of the study** and the most important research questions identified based on the analysis of CDC's portfolio, impact pathways and the evidence base. The supplier should include any suggestions for how the sub-questions could be refined and/or any additional questions they believe should be covered in their proposal for this work. The supplier should be realistic about what questions can be answered, with what rigor and which methodological approaches could be used to answer them, including whether they will use the portfolio review, evidence review or focused studies:

1. To what extent do CDC and CDC investee companies help to create impact in the financial institution sector and how?

- What are the expected and achieved outputs, outcomes and (to the extent possible) impacts of CDC's investments in the financial institution sector, where this can be credibly assessed or inferred?
- What are some of the key learnings and challenges from CDC investees? How can/do different types of providers deliver impact via their respective business models, operations, target markets, etc.?
- To what extent have there been observable changes in investee company growth, output, employment, wages and job quality in CDC's investee FIs (or businesses supported by the FIs) and what can be learned from where/how this is occurring?
- To what extent have CDC investee FIs developed and expanded new products and services to reach underserved customer segments including women, and the rural or urban poor, etc.? What strategies have been effective and what challenges have been faced?
- What evidence is available about how additional CDC's funding has been in the FI sector, considering financial and non-financial additionality?
- What are the risks and potential distortions that DFIs can create in financial markets, and to what extent is there evidence of CDC contributing to such distortions or other unintended consequences?

2. What does the existing evidence base tell us about how impacts are created through investment in the financial institutions sector, and what are the key lessons relevant to CDC and its investees?

- How strong is the evidence underpinning CDC's approach to impact in the FI sector? How valid are the assumptions underlying CDC's expected impact pathways?
- To what extent does lending to/investing in commercial banks in developing countries create impact and how?
- What is the evidence that FI investments contribute to increased productive capital in local market contexts, and how can/does this occur?
- Does transforming to a Small Finance Bank (or non-Indian equivalent) change the impact of microfinance institutions and to what extent does this depend on the mission, business model, commercial environment, operational and/or regulatory issues?
- What are some of the most impactful approaches and business models in newer areas where CDC is starting to engage: insurance/payments, fintech, trade finance, and agricultural finance? What does the evidence tell us about some of the key challenges and solutions related to affordability and accessibility issues?

3. What are the opportunities for CDC and CDC investee businesses to further evaluate and enhance the development impact of their work – within the current and future portfolio?

- What are some of the key knowledge gaps highlighted by the work of CDC and its investees related to development impact in the FI sector? What monitoring, and evaluation strategies are likely to be most effective to help CDC, its investees, and external evaluators measure outcomes and impact in the future?
- What are some of the most innovative and impactful models being used by CDC investees that have potential to expand to a larger scale?
- What are some of the most promising approaches to drive impact in FI that CDC, its investees and/or other players could tap into?

E. Timetable and expected outputs

39. The supplier will adhere to the following timetable and key deliverables:

Bidding stage

- The supplier will submit a tender that outlines the proposed approach, including how they will refine the indicative research questions and a core team of personnel to work on the evaluation. The approach can be refined in the early stages of the evaluation, but the supplier should clearly evidence the set of FI sector relevant methodologies and evaluation techniques that could be used to

address the evaluation questions in phase 2, including how they plan to engage a representative sample of FI clients and achieve high response rates. The bidder should propose a small core team, including and most importantly, a Technical Director, who will lead the development of the methodology, and other key experts that will be used. The supplier should clearly indicate the FI researchers and consultant networks they can mobilise as part of their bid and should retain some flexibility to bring in additional experts as the research questions are refined.

Inception phase (1 month)

- Detailed workplan and approach for Phase 1, and initial data request (1 month after contract signing)

Phase 1 (8 months)

- List of research questions, based on critical evidence gaps where causal evidence is needed to inform the challenge fund call for proposals (3 months after contract signing)
- Rapid Review of CDC's FI investments - draft report (4 months) and final report (5 months)
- Review of evidence base relevant to CDC's work in the FI sector – draft report (4 months) and final report (5 months).
- Proposal for in-depth evaluations for Phase 2 (7 months)
 - This should include precise questions that the evaluations will address, mapped onto the (refined) FI Impact Framework, and the evaluation approach/methods to be used (including a commitment from investee companies to participate)
 - Clear work plan and budget for the entire project, including estimated yearly break-down.
 - Clear and ambitious communication and dissemination plan for all activities, including how the supplier will network and collaborate with external and internal stakeholders.
 - Demonstration of value for money and efforts to minimise costs as part of a value for money strategy.
 - Outline of existing plans/approach to Open Access publishing and data sets in lines with DFID's [Open Access Policy](#) consistent with the personal (GDPR) and commercial confidentiality requirements imposed for these types of data
 - Plan for ensuring appropriate research ethics as outlined in the section on Research Ethics below.

40. The supplier will regularly engage with CDC and DFID with meetings expected monthly (or as needed) during phase 1 and should plan to have members of the core team, particularly the Technical Director, spend some time at CDC's office in London.

Phase 2 (2 years)

41. The detailed requirements for the implementation phase may change depending on the evaluation plan agreed at the end of Phase 1, however deliverables will include:

- A series of studies/reports themed around specific research questions and/or around specific CDC investees. The reports should be written in a way that is accessible to non-academics. Each report should be accompanied by a short synthesis paper that clearly identifies findings and implications/recommendations for CDC/DFID and other stakeholders.
- A final synthesis report. This should be a descriptive analysis of CDCs portfolio examining 'what' is happening and 'how' and cross-referencing this to what the current evidence base tells us about what works and doesn't in the financial institutions sector. The report should bring in learning from outside CDCs portfolio to supplement the findings of the review of CDCs portfolio, including where feasible from other DFIs and IFIs.

I. Skills and qualifications

42. The **Supplier** will be responsible for the overall management and delivery of the evaluation. The Supplier may consist of multiple contracted agents or be a single organisation. The team responsible for delivering this programme should be multidisciplinary including, but not limited to skills in the following disciplines: evaluation, private investment, commercial finance, microfinance, economics, econometrics, statistics, and project management. The field of experts able to undertake this work is relatively small, and suppliers are strongly encouraged to look beyond their usual networks to identify leading experts/firms in this field who are able to bring in-depth knowledge and new innovative thinking to this work, as well as the requisite practical experience. The calibre of personnel presented will be a key evaluation criteria.

43. The Supplier will be expected to have a strong track record (expertise and experience) in:

- Successful management and delivery of large, complex multi-country evaluations in the financial institutions sector in Africa and South Asia;
- Track record of working directly with financial institutions in emerging market contexts
- Development and implementation of quantitative and qualitative evaluation methodologies in the financial institutions sector;
- In depth understanding of state-of-the-art evidence on financial inclusion and financial sector development in developing countries;
- Demonstrated experience in financial and technical management, and administration of evaluations (including duty of care and management of fiduciary risk).

44. The Supplier and any subcontractors are expected to have extensive networks and credibility among relevant stakeholders in the financial institutions sector, including a strong reputation among financial institutions in Africa and South Asia.

45. The Supplier will nominate a **Technical Director** to:

- Provide managerial and intellectual leadership to the programme, ensuring the evaluation is linked into cutting edge thinking in this area
- Lead the development of the methodology and generation of high quality reports for the programme
- Be accountable for high quality and robust evaluation outputs; and
- Develop and maintain strong relations with relevant stakeholders, driving forward the sharing of knowledge and learning across relevant stakeholders as a result of this study.

46. This is a key position for the evaluation and it is expected that s/he will be an internationally respected researcher/evaluator with a strong track record in leading multi-country research and evaluation programmes in the financial institutions sector. It is expected that this person will commit a significant proportion of their time to the evaluation. S/he will have:

- A high-profile reputation able to bring cutting edge thinking and external linkages to the evaluation, with relevant qualifications in economics, finance or similar discipline
- A strong publication record in financial sector development (ideally including publication in top international peer-reviewed journals).
- High level of knowledge, expertise and understanding of investment instruments and current activity in the financial institutions sector, particularly in developing countries, including the work of relevant impact funds, DFIs and MDBs
- Extensive links to wider networks of expertise in financial sector development
- Excellent interpersonal skills and an ability to work flexibly and collaboratively to deliver agreed outputs

J. Management arrangements

Project Management and Governance

47. The Supplier will be responsible for delivery of the evaluation, including design, implementation, data collection and analysis. The supplier will also be responsible for monitoring progress and reporting study findings and ensuring effective partnerships in its operations. Where applicable in the case of any subcontracted components, it will also be responsible for financial, procurement and risk management of the project.

48. The Supplier will report on a day to day basis to a small project management team comprising both CDC and DFID staff. DFID management for this component will be led by the Private Sector Department team within the Economic Development Directorate, but in close collaboration with other DFID technical leads on research, monitoring and evaluation. On the CDC side, management will be led by CDC Director for Development Impact Evaluations and his team.

49. Overall strategic direction for the study will be given by the existing DFID-CDC Evaluation and Learning Programme Steering Group. This is chaired by DFID's Chief Economist and comprises other members from CDC and DFID as well as a number of independent experts. The group meets at least twice a year. The methodology proposed for this study will be discussed by this group.

L. Budget and break points

50. The contract value for this work is to a maximum of **£858,756.35 including all applicable taxes**. The contracted work for the evaluation will take place over a period of 2 years and nine months, with a potential extension for a further 2 years. Any extension will be informed by an assessment of the outputs of the evaluation to date.
51. The contract will be subject to break points after ***9 months at the end of Phase 1***. Continuation of the services after these periods will be based on agreement of deliverables in Phase 2 and on satisfactory performance and the progress of the Supplier against the specified outputs.
52. The Supplier shall commit to being fully prepared in the event any decision is made to scale up (increase) or scale down (decrease) the scope of the programme.

M. Key contact points in DFID and CDC

53. For technical issues the key contact in DFID is Suzanne Parkin, CDC Team, Private Sector Department and in CDC, Kate Griffith, Development Impact Evaluation team. For all administrative and contractual issues the key contact in DFID is Natalia Langlais, CDC Team, Private Sector Department.

N. UK Aid Branding

54. Partners that receive funding from DFID must use the UK aid logo on their development and humanitarian programmes to be transparent and acknowledge that they are funded by UK taxpayers. Partners should also acknowledge funding from the UK government in broader communications but no publicity is to be given to this Contract without the prior written consent of DFID.

O. Transparency

55. DFID has transformed its approach to transparency, reshaping our own working practices. DFID requires Suppliers receiving and managing funds, to release open data on how this money is spent, in a common, standard, re-usable format and to require this level of information from immediate sub-contractors, sub-agencies and partners.
56. It is a contractual requirement for all Suppliers to comply with this, and to ensure they have the appropriate tools to enable routine financial reporting, publishing of accurate data and providing evidence of this DFID – further IATI information is available from;

<http://www.aidtransparency.net/http://www.aidtransparency.net/http://www.aidtransparency.net/http://www.aidtransparency.net/>

P. Ethical Principles

57. DFID has produced a set of ethical principles which should be upheld in research and evaluations (attached to these TOR). Tenders for this work should include consideration of ethical issues and a statement that the supplier will comply with the ethics principles. This assurance will then be contractually binding.

Q. Duty of care

58. Some country visits will be required for the work detailed in these TOR.

59. The Supplier is responsible for the safety and well-being of their Personnel (as defined in Section 2 of the Contract) 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.

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

- All Supplier Personnel will be offered a security briefing by the British Embassy/DFID on arrival. All such Personnel must register with their respective Embassies to ensure that they are included in emergency procedures.
- 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.

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 (annex 1)). They must confirm in their response 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 Duty of Care capability and DFID reserves the right to clarify any aspect of this evidence.

R. Documentation/references

1. CDC Strategy 2017-2021: <https://assets.cdcgroup.com/wp-content/uploads/2017/06/25150902/Strategic-Framework-2017-2021.pdf>
2. DFID-CDC Evaluation and Learning Programme Plan: <http://www.cdcgroup.com/evaluation-and-learning-programme>
3. SME finance and growth: evidence from RBL Bank, case study 2017: <https://assets.cdcgroup.com/wp-content/uploads/2018/07/06124531/SME-Finance-and-Growth-in-India.pdf>

Annex 1

Duty of Care risk Matrix for CDC.

No	City	Security Category		
		Overall Security	Violent Crime and Disorder	Terrorism
1	Afghanistan	5	4	5
2	Angola	4	4	2
3	Bangladesh	3	3	3
4	Benin	2	2	3
5	Burkina Faso	3	3	4
6	Burma (Myanmar)	2	2	1
7	Burundi	4	4	4
8	Cameroon	2	3	2
9	Central African Republic	4	4	3
10	Chad	4	4	4
11	Comoros	2	2	2
12	Cote d'Ivoire	3	4	1
13	Democratic Republic of the Congo	4	5	2
14	Djibouti	3	3	2
15	Equatorial Guinea	2	2	2
16	Eritrea	2	1	2
17	Ethiopia	3	2	3
18	Gambia	2	2	2
19	Ghana	3	3	1
20	Guinea	3	4	1
21	Guinea-Bissau	3	3	2
22	Haiti	3	4	1
23	India	2	1	3
24	Kenya	5	5	4
25	Kyrgyzstan	2	2	2
26	Laos	1	1	1
27	Lesotho	2	2	1
28	Liberia	4	4	2
29	Madagascar	2	3	1
30	Malawi	3	3	2
31	Mali	3	2	4
32	Mauritania	3	1	4
33	Mozambique	3	3	3
34	Nepal	2	2	1

35	Niger	4	4	4
36	Nigeria	4	4	4
37	Occupied Palestinian Territories	3	3	4
38	Pakistan	5	5	5
39	Papua New Guinea	4	5	1
40	Rwanda	2	2	3
41	Sao Tome and Principe	2	2	1
42	Senegal	2	2	3
43	Sierra Leone	3	3	2
44	Solomon Islands	2	3	1
45	Somalia	5	2	5
46	South Africa	4	4	2
47	South Sudan	4	4	4
48	Sudan	4	3	4
49	Swaziland	1	2	1
50	Tajikistan	3	2	3
51	Tanzania	3	4	3
52	Uganda	3	3	3
53	Yemen	4	3	5
54	Zambia	2	3	2
55	Zimbabwe	3	3	1

**Duty of Care
Table Key**

1	2	3	4	5
Very Low Risk	Low Risk	Medium Risk	High Risk	Very High Risk
Low		Medium	High Risk	

Appendix A: of Contract Section 3 (Terms of Reference) Schedule of Processing, Personal Data and Data Subjects

This schedule must be completed by the Parties in collaboration with each-other before the processing of Personal Data under the Contract.

The completed schedule must be agreed formally as part of the contract with DFID and any changes to the content of this schedule must be agreed formally with DFID under a Contract Variation.

Description	Details
Identity of the Controller and Processor for each Category of Data Subject	<p>The Parties acknowledge that for the purposes of the Data Protection Legislation, the following status will apply to personal data under this contract</p> <ul style="list-style-type: none">• The Parties acknowledge that Clause 33.2 and 33.4 (Section 2 of the contract) shall not apply for the purposes of the Data Protection Legislation as the Parties are independent Controllers in accordance with Clause 33.3 in respect of Personal Data necessary for the administration and/or fulfilment of this contract.
Subject matter of the processing	
Duration of the processing	
Nature and purposes of the processing	
Type of Personal Data [and Special Categories of Personal Data]	