



for



TERMS OF REFERENCE

Build a Results and Impact Monitoring and Evaluation Framework for the eco.business Fund

July 2017

1. BACKGROUND

The eco.business Fund promotes business and consumption practices that contribute to biodiversity conservation, to the sustainable use of natural resources and to mitigate climate change and adapt to its impacts. The Fund pursues this mission by providing financing and/or technical assistance to qualified financial institutions (FIs) and businesses in Latin America and the Caribbean (LAC) willing to transform into sustainable models angled for a three bottom line approach including financial profit and social and environmental responsibility. The Fund currently operates in the following sectors: sustainable agriculture and agribusiness, sustainable fishery and aquaculture, sustainable forestry and sustainable tourism. The Fund is structured as a public-private partnership (PPP) and based on an innovative multiple capital structure, with participation of public investors, multilateral organizations, development finance institutions, NGOs, foundations and private institutional investors.

The Fund is active in the field of impact investment and considers important to be able to assess whether its strategy produces the intended changes in the field, confirmed by objectively evidenced and verifiable results. As part of building an impact and monitoring and evaluation framework (M&E Framework) the Fund has developed its own theory of change which connects the activities performed to outputs and outcomes that should contribute to build a case for impact.

The next step for the eco.business Fund is to build the results and impact monitoring and evaluation framework, and to define the information that will be needed to prove and to monitor the cause-effect links established in the theory of change. It is expected for a set of indicators to be identified, which should aim at providing clear and direct evidence on the potential connection between the activities, results and outcomes that the Fund aims to have in topics such as biodiversity conservation, sustainable use of natural resources, and mitigation and adaptation to climate change.

In addition to the potential expected impact listed before and included in the Theory of Change, the consultant is also encouraged to identify and to propose other potential positive impacts that can be directly attributable to the Fund's activities and that can be cost- efficiently measured with financial institutions, sub-borrowers and direct investees.

Indicators will be incorporated into a monitoring system that is understood as a continuous tracking process that will help the Fund and its investors better understand the initiatives carried out by the Fund and their effect. Collected information will be periodically evaluated and the results of the analysis will provide feedback for the system to make it more robust and effective. In addition to that, the Fund is specifically required to provide internal and external reports against specific performance targets agreed with current and potential investors.

The eco.business Fund is looking for consultants with relevant experience in the field of monitoring and evaluation, with a deep understanding of environmental topics, related to the sectors in which the Fund invests. Ideally, the consultants should have experience and knowledge on impact investment

and impact evaluation through financial institutions and extensive working experience in Latin America.

2. OBJECTIVES

The consultant will be contracted to develop a comprehensive Monitoring and Evaluation Framework for the eco.business Fund along with an implementation roadmap, to be rolled out in 2018. The framework will allow for the identification of the Fund's contribution to: biodiversity conservation, sustainable use of natural resources and, mitigation and adaptation to climate change impacts. Implementation progress, program reach, and (intended and unintended) effects on the Fund's partner financial institutions and businesses as final beneficiaries will be assessed, as well as success in building capacity and influencing change among key stakeholders. We encourage consultants to present the methodology or methodologies that they deem necessary to achieve the objectives mentioned above.

The Fund seeks to map a set of results and impact indicators (or proxies), as well as the methodologies and strategies that will allow it to describe the effects that the Fund has regarding partner institutions and sub-borrowers.

The M&E framework will incorporate the elements from the theory of change that have already been defined and will be used for assessing and understanding the progress of outputs and outcomes aligned to the Fund's mission. The consultant will additionally provide a set of reports templates that will help the Fund to present the main results of the information collected over time. On top of that, the consultant will train selected Fund's staff members on results based monitoring and evaluation systems.

3. SCOPE OF WORK

The consultant will be expected to carry out the following tasks:

- a) Review of the Fund's relevant documents including, Fund's policies and guidelines, reports and the theory of change in order to understand the context of the Fund's operation and its strategy. The Fund's operation is mainly done through financial institutions in the region. Therefore, the consultant is required to have knowledge of the sector, and to be able to measure impact on and through the financial institutions the Fund works with.
- b) Develop a comprehensive M&E framework and implementation roadmap, including proposal for baseline data/collection/updating/processing, as well as detailed procedures and toolkits for the core M&E process, which should at least outline:

- Overall framework and implementation roadmap
- Indicators/proxies
- Available data sources
- Timing/frequency of data collection, starting with baseline data
- Procedures for data collection and processing

Expected results, outputs and outcomes

The theory of change has already outlined the outputs and outcomes on the three areas of the Fund's mission: biodiversity conservation, sustainable use of natural resources, and climate change mitigation and adaptation. Additionally, the consultant is expected to propose other relevant areas of impacts, along with potential results and outcomes. Consultants should propose and prioritize the results and outcomes to be measured, the way in which they will be measured and translated into indicators. The consultant is expected also to provide its recommendations on how to efficiently prove positive impacts on the all areas mentioned before, offering special attention to the potential impact on biodiversity conservation.

Indicators

The consultant is expected to propose indicators arising from the theory of change and also to take into consideration indicators to which the Fund has already committed on reporting. In some cases the indicators to which the Fund has committed to and that are in line with investor's requirements do not have a standard methodology for calculation. Some investors are working on building such methodologies parallel to the M&E Framework development for the Fund.

When deemed necessary, the consultant is encouraged to propose alternative indicators, proxies and methods to comply with investor's requirements.

Indicators should provide critical information on performance, achievement and accountability of impact according to the Fund's mission.

If the consultant considers that there are other valid and relevant methodologies that are suited for collecting and evaluating information, alternative methods should be proposed.

Monitoring tools

Eco.business Fund works with organizations at different levels, establishing direct relationships with financial institutions and other types of organizations to fulfill its mandate. Current clients are mostly

financial institutions (FIs) in the LAC region that on-lend funds to final beneficiaries referred to as sub-borrowers.

The Fund intends to monitor performance at both the FI and sub-borrower levels but there are some restrictions to consider:

- Financial Institutions have limited information on sub-borrowers, especially information that is material to the Fund (e.g. percentage of production under sustainable management, water use, compost practices, among others).
- The Fund has restricted access to collect information directly from sub-borrowers.
- The Fund aims to leverage on information collected from other stakeholders that are pushing the sustainability agenda in the LAC region such as sustainability standards, NGOs and government organizations. Proxies can be accepted as a way to obtain data in areas that are difficult or too expensive to tap for direct data sourcing.
- The sub-loan portfolio defined as the loans originated by a financial institution with the Fund's resources is dynamic and subject to changes.
- The consultant is encouraged to propose innovative monitoring tools such as satellite monitoring, software applications, self-reporting, etc. as long as these are acceptable on a cost-benefit base.

Evaluation

- The evaluation will assess at a minimum the level of achievement of outputs and outcomes defined in the theory of change.
- The consultant should provide recommendations with regards to defining baselines taking into consideration the current operations of the Fund.
- The evaluation methodology should be designed to help the Fund understand whether the cause-effect links identified in the theory of change are working appropriately to deliver the expected outcomes. The evaluation methodology shall gather robust evidence about how, where and why (or why not) the initiatives carried out by the Fund are being effective and achieving results.
- The evaluation process shall contribute to systematically update the theory of change with lessons learned in practice, to answer specific questions related to the design, implementation, and results, which will also allow to explore the potential for improving outcomes.
- Targets and goals that the Fund has committed to should be incorporated.

4. DELIVERABLES

The main product of the study will be a document with the proposed M&E Framework for the eco.business Fund which should accurately integrate the information outlined in section 3. The consultant should propose and develop a clear work plan with the methodology and the stages that will be followed to successfully carry out the project, along with a list of high quality deliverables and activities to be done at each stage. It is expected that the consultant proposes at least two stages. During the first stage, the consultant should elaborate a concept note in which it will explain the results and impact monitoring and evaluation framework, and define the information that will be needed to develop and measure the indicators. In the second stage, the consultant should adjust (if necessary) the proposed concept note according to the eco.business Fund's criteria, and further develop and execute the proposal. At the end of each stage, the eco.business Fund will evaluate the consultant's deliverables and the proposed activities for the following stages. Based on the results of the evaluations, the Fund will decide whether to continue or to suspend the contract with the consultants.

The proposed M&E Framework should comply with the following:

Indicators

- Compliant with the SMART criteria (specific, measurable, achievable and attributable, relevant and realistic, time-bound, timely, trackable and targeted).
- Indicators should generate data that is needed and useful that reflects the interests of investors.
- Should be technically sound and have a proven record of performance when available.
- Be understandable, practical and feasible while ensuring quality and integrity.
- Indicators should be able to be obtained at a reasonable cost.
- Be comparable between countries and regions. Focus on issues that provide relevant information within a specific context; particularly strategic insights required for effective planning and sound decision-making.

Indicators must include:

- Heading: a brief heading that captures the focus of the indicator definition.
- Definition: A clear and concise description of the indicator.
- Purpose: The underlying principle(s) that justify the development and deployment of the indicator; i.e. why the indicator is needed and useful.
- Unit of measurement.
- Method of measurement: The logical and specific sequence of operations used to measure the indicator; e.g. data collection tools, sampling and quality assurance.
- Data collection frequency: The intervals at which data is to be collected; e.g. quarterly, annually, bi-annually.
- Data quality and availability (including indication of poor, good, very good, unknown quality and availability).

- Guidelines to interpret and use data: Recommendations on how best to evaluate and apply the findings; e.g. outlining what it means if the indicator shows an increase or a decrease in a particular measure.
- Data sources: If the Fund is not already collecting the required information necessary to build the indicators suggested by the consultant then alternative sources should be proposed to fill the gap, examples of these might be: national and international scientific organizations, global development data bases, NGOs or local institutions among others.
- A hierarchy of indicators is desired, ranging from short-term indicators to longer term indicators.

Monitoring and evaluation framework

The monitoring and evaluation framework must contain:

- The scope of the monitoring and evaluation framework: Specifying goals and developing a conceptual framework that integrates the inputs, activities, outputs, outcomes, and impact and establishes realistic expectations what monitoring and evaluation can produce.
- The methodological approach: Determining monitoring and evaluation methods that include the actions/tools suggested to gather data and plans for its analysis.
- The implementation plan: Delineating activities, roles, responsibilities, procedures and a timetable including when and how data will be analyzed and results will be available.
- Draft potential recommendations for disseminating and using the results within a longer period of time: Determining who will translate the results into terms understandable to program investors and decision-makers; how findings will be shared and used (e.g., written papers, oral presentations, program materials, software interface or stakeholder feedback sessions among others); and the implications for future monitoring and evaluation.

Others

- Minutes of meetings held with the Fund and its stakeholders.
- Workshops in the development of performance indicators and targets.
- Number of team members participating in the project and availability.
- It is the intention of the Fund to perform a pilot test of the M&E Framework once fully approved. The consultant selected will outline the necessary steps for a pilot test in one Partner Institution in Latin America.

All deliverables should be in English.

5. IMPLEMENTATION AND TIMELINE

The timeline and the stages of the implementation can be suggested by applicants (please see annex 5 in the website) but activities should start in early September 2017, with substantial progress achieved by November 2017, and to be finalized before the end of March 2018.

6. PROCUREMENT

Requirements for the individual and/or team who will undertake the assignment are:

- Knowledgeable on M&E issues
- Strong knowledge of monitoring & evaluation tools
- Knowledgeable on technical environmental topics, such as biodiversity, use of natural resources and climate change
- Experience working in the impact investment field

Minimum requirements:

- Minimum of five year experience working with development projects.
- Minimum of five year experience of relevant experience in monitoring and evaluation, particularly in the context of sustainability (i.e. natural resources, agriculture projects).
- Knowledge of the financial sector, and the measurement of impact on/through financial institutions.
- Knowledge of environmental and social indicators
- Previous experience with M&E for initiatives in the field of development finance.
- Fluency in Spanish and working proficiency of English.

Desired skills and experience:

- Previous experience working with sustainability standards.
- Understanding of the financial sector in the LAC region is an advantage.
- Experience working with financial institutions and with producers and companies in the agricultural, forestry, fishery and tourism sector.
- Publications relevant in the field of M&E.

Procurement method: Following the procurement procedures as provided in the eco.business TA Policy & Guidelines, the Eco DF Manager will conduct an international public tender.

Tender evaluation: The evaluation of the tenders received will follow a four-step approach:

Step 1: Prequalification: Only the technical proposal will be opened on the submission date. The quality of each technical proposal will be evaluated according to the award criteria listed below. Based on the evaluation of the technical proposals a short-listed candidates will be announced in the following link:

Step 2: Interviews with short-listed candidates: After the evaluation of the technical proposals and completion of the first step of the evaluation process, the eco.business Development Facility (DF) Manager will conduct telephone interviews with the lead consultant(s) of highly ranked bidders. The outcome of the telephone interview(s) will be included in the evaluation.

Step 3: If technical proposal achieves minimum required score, evaluation of the financial proposal will follow: For bidders obtaining a minimum of 60 points (of a maximum of 80 points) on their technical proposal and proposed staff (including interviews), the financial proposal will be opened.

The financial proposal with the lowest budget will receive the maximum points of 20. The points of higher proposed budgets will be calculated by dividing the lowest proposed budget by the budget under consideration and multiplying the result by the maximum number of points.

Step 4: Final selection of winning tender by the eco.business Development Facility Committee (DFC): The number of points given for the financial proposal will be added to the number of points awarded for the technical proposal. The tender with the highest total number of points will be considered the winning tender.

The evaluation of the technical and financial proposals including the final selection will be overseen by the eco.business Development Facility Committee, which comprises members from KfW Development Bank, Conservation International, ISEAL Alliance and International Trade Center (ITC). The DFC members will review the evaluation and approve the final ranking.

The bidder of the winning tender will then be invited for contract negotiations by the eco.business DF.

Award criteria

The eco.business DF will select the most favorable offer applying the following award criteria:

Item	Points	Points
Technical Proposal		80
<ul style="list-style-type: none"> Quality of the proposal, organizational structure and capacity of the company/consortium, regional experience 	35	
<ul style="list-style-type: none"> Adequacy, experience and qualifications of the team 	45	
Financial Proposal (excl. VAT)		20
TOTAL		100

7. BUDGET

To be suggested by applicants (please see annex 4 in the website).