

# ToR for the Independent Evaluation of the Global Innovation Fund

FORMATIVE EVALUATION 2014-2018

## Section One: Background and Rationale [Context]:

A non-profit innovation fund headquartered in London, the Global Innovation Fund (GIF) invests in the development, rigorous testing, and scaling of innovations targeted at improving the lives of the world's poorest people. Open to innovations from any sector and any developing country, GIF deploys grant and risk capital (debt and equity) to support breakthrough solutions to global development challenges. The organisation backs innovations with the potential for social impact at a large scale, whether they are new business models, policy practices, technologies, behavioural insights, or new ways of delivering products and services. Scaling in this context, includes both those innovations taken to scale commercially and those initiatives taken to scale by not-for-profits (e.g. a health services model that becomes Government policy). Taking an "evidence-powered" approach, evidence underlies the GIF project cycle from supporting investment decisions, to learning and adapting within project execution and to decide if and how the innovation should be scaled up. Given this model, the Global Innovation Fund offers tiered financing across the pilot-test and transition-scale phases that deliver real social impact, particularly to those living underneath \$5 a day.

While GIF's ultimate objective is to maximise the social value of its resources through the direct and indirect impacts of its investments and actions, its intended wider influence includes generating significant evidence, lessons and knowledge on what works to share with partner institutions and the broader development community.

As the Global Innovation Fund evolves in its maturity and prepares for the next iteration of its strategy, the Board has commissioned an **independent formative evaluation**. Following OECD/DAC principles, this evaluation will seek to understand GIF's **relevance and distinct unique value proposition in the marketplace and the overall effectiveness and feasibility of intended impact** for which it was designed. This exercise will include an analysis of outcomes and results achieved to date, as well as challenges, strengths and weaknesses of GIF's approach since inception.

While this terms of reference (ToR) outlines two main **evaluation objectives** and a set of illustrative questions, evaluation teams will be encouraged to suggest improvements that will support the findings of this evaluation in order to be most useful in GIF's strategic evolution. For example, this may include recommendations following evaluation findings on **positioning** to take the mandate forward in new or perhaps slightly different ways as the organisation learns, matures and evolves.

As the Global Innovation Fund's investments are only now seeing projects bear fruit, evaluation methodologies and approaches are encouraged to pay special attention to the outcomes of the most mature projects.

## Section Two: Objectives of the Evaluation and Evaluation Questions

The following evaluation questions were designed reflecting on key OECD/DAC Principles of **Relevance, Efficiency, Effectiveness, Impact** and **Sustainability**. For example, **impact criteria** seeks to understand if GIF's intended impact is feasible and realistically achievable. Key to looking at the **sustainability** of the organisation may be examining areas such as the financial return on investment, financial sustainability, attractiveness of the model and providing assurance of results to donors.

In line with OECD/DAC standards for evaluation, the team should start from GIF's objectives and their continuing relevance and performance against them, the design of GIF to achieve these and its relevance for achieving these objectives, and the quality and relevance of the results framework to allow GIF assess its progress against the objectives. Details on GIF's objectives are contained in

Paragraph 5 of the Articles of Association and its design is in Section 5 of the Bye Laws (added in the annex). A copy of the GIF Results Framework will also be provided.

While this independent evaluation is Board Commissioned, this exercise will inform the next strategic plan. To be most helpful for GIF's continued growth, the specific objectives of the evaluation are to address:

1. **Verification and Assurance: assess GIF's overall effectiveness**, including its contribution to and progress towards impact, in line with its objectives
  2. **Relevance and Unique Value Proposition: understand GIF's relevance and distinct unique value proposition in the development landscape**
  3. **Lessons Learned and Recommendations for the Way Forward: to recommend ways in which GIF can achieve its mission in a sustainable manner while adding value to the wider development community.**
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1. **Verification and Assurance:** In order to assess what works, what does not work, and the factors behind GIF's performance thus far, the first **evaluation objective is around verification and assurance, in view of providing lessons and informing recommendations to improve performance.** Please note that evaluation firms can prioritise, combine or re-frame questions as they deem appropriate in their response, assuming ability to achieve the evaluation objectives.
    - a. **Assess progress** towards outcomes for selected grantees/investees, and achieved outcomes where possible.
    - b. And for the portfolio as a whole (including an analysis of GIF's contribution to these results).
    - c. **Model:** Keeping in mind the formative nature of the evaluation, is GIF's model working?
      - i. Is GIF serving the purpose for which it was created?
      - ii. How successful or likely to be successful has GIF been in terms of testing and scaling of innovations targeted at improving the lives of the world's poorest?
      - iii. How, and how effectively, has it applied different kinds of financial instruments (risk capital and grants) and nonfinancial assistance to pursue these scale pathways?
        1. Evaluate specifically the use of each financial instrument against GIF's objectives (Annex: Results Framework), new business models, policy practices, technologies, behavioural insights, or new ways of delivering products and services [see evaluation matrix in the proposed methodological framework]. How have these different financial instruments been used, how well have they been combined, including with other nonfinancial assistance, what are the benefits, and how important are each of these mechanisms for achieving GIF's goals?
      - iv. Looking at GIF's current portfolio, how has the organisation pursued and achieved evidence-based impact investments? What are the constraints to achieving this?
      - v. Has GIF generated evidence lessons (including academic evidence and working level insights) and how has it communicated those?
      - vi. Is GIF able to communicate its specific offering and understanding of innovation in development to partners and donors? Does GIF offer something valuable to partners and to the wider development community?
      - vii. Has there been any demonstration effect? For example, have GIF's investments been successful in attracting follow-on investment? Have others adopted, scaled or changed based on examples from GIF?
      - viii. Is GIF responsive to gender and, more broadly, social equity in its work? Where might it improve on this?

- ix. How is GIF positioned for future financial sustainability? Evaluate and make recommendations on the financial return on investment from GIF's risk capital portfolio (debt and equity instruments), noting this was not a part of its original mandate.
- d. **Tracking GIF's intended impact**
  - i. Does GIF's results framework accurately capture the results chain from inputs to impact? Are its learning and impact goals relevant to the organization's objectives?
  - ii. Does GIF's Practical Impact Assessment (PIA) measure work in practice? Is GIF's approach to PIA credible? When GIF forecasts that an investment has the potential to generate positive development outcomes, are they generally credible (taking into account the maturity of investments)?
- e. **Staffing, Governance, location and vehicle-** Is the skill mix and expertise of the staff appropriate to GIF's needs? Is GIF's compensation policy suitable for this type of organisation it is? How has having two offices furthered GIF's goals? What have been the implications in practice of a London headquarters? How has the decision to operate as a UK Charity impacted GIF's efforts to achieve its mission? Is the Governance structure working well for GIF – Articles / Byelaws / Board / committees / executive? Is the Board composition right?
- f. **Investment Policy, investment terms, investment practice-** Are the Investment Policy and Byelaw criteria for, and categorization of, investments (into three stages and commercial/public/hybrid) clear, appropriate, and workable?
  - i. How well has GIF complied with the criteria? Have Byelaw restrictions on private sector terms (e.g. requirement of *pari passu* terms for Stage 3) constrained GIF's ability to leverage co-investors and achieve impact?
  - ii. What has been GIF's risk stance – with regard to both commercial and noncommercial investments -- in practice? Has this stance been appropriate given GIF's goals?
  - iii. How has GIF interpreted and applied the Charity Commission criteria for programme-related investments?
  - iv. How has GIF determined the allocation of financial and staff resources between pilot, test and transition, and scale investments?
  - v. How well has venture support been apportioned and how effective has it been?
  - vi. How has GIF applied the mandate of using rigorous evidence of impact as a decision-making criteria? Has GIF funded too little or too much research?
  - vii. In its risk capital investments, how has GIF determined the terms of financial support? Did it choose appropriate terms and instruments, given its impact goals and risk tolerance?
- g. How has GIF itself learned and adapted throughout its evolution? How well has it communicated the successes and failures, so its funders and peers learn as well?

## 2. Relevance and Unique Value Proposition - System Analysis Level

This phase of the evaluation seeks to understand and identify GIF's distinct value proposition, to understand overall positioning in the landscape and where plausible, leverage robust comparative analyses to understand comparative effectiveness of GIF's specific delivery modalities. It is critical that knowledge and benchmarks for this comparison be made with organisations with similar mandates, instruments and objectives.

**Relevance, Landscape Mapping and Comparative Analysis:** Following the assessment in the first objective on performance, is GIF effective compared against similar organisations and more traditional approaches to aid?

- i. Understand and assess the **distinct value proposition** of GIF.
- ii. Are the existing mandate and results produced by GIF pertinent to the needs of its beneficiaries (i.e. entrepreneurs, partners institutions such as governments and international partners) and to the policies of its donors?
- iii. How does GIF fit within the international development financing architecture?
- iv. are donors and partners satisfied with its role in this architecture? How has GIF activities responded to changes in donor / political environment, if at all?
- v. GIF's Grantees/Investees: Is GIF fishing in the same pond as its "competitors" and/or co-funders? Is it an issue? What are the advantages and disadvantages of co-funding by GIF? Is GIF reaching those initiatives or innovations that others are not?
- vi. What are its comparative advantages and is it strategically positioned to make the best of these? How can GIF best (re)position itself to ensure continued relevance?
- vii. Has the GIF model been taken up by others?
- viii. Are its processes and mechanisms unique and distinct in the sector?
- ix. Is GIF's process for investment valuable to innovators and likely to lead to greater impact than similar organisations' processes?
- x. Analysis on **potential to scale**—is this distinctive from other innovation focused funds? Is it more effective? Where do the supported innovators "graduate" in the financial value chain? Is the support GIF provides distinctive in enabling investees to find a path to scale/leverage additional opportunities for growth (i.e. does GIF offer added value beyond funding to its investees?). GIF did not set out to offer hands-on venture support, but is there a need for this? Note that this is a key area for GIF and for the evaluation.
- xi. Are GIF's **distinctive characteristics effective?** (e.g. independent org, open window, open to any sector anywhere, uses of mix of funding instruments, evidence requirements, decision panels). Does this result in a stronger selection of investments than comparable innovation funds and/or impact investors?
  1. **The role and function of the open window for applications:**  
What was the intended role or purpose of the open window? Was that role relevant to achieving GIF's objectives? Has it fulfilled that role? If so, how? If not, why not? What aspects of the window are working? What could be improved?
  2. **The role and function of the Decision Panels-** What was the intended role or purpose of the Decision Panel? Was that role relevant to achieving GIF's objectives? Has it fulfilled that role? If so, how? If not, why not? What aspects of the Decision Panel are working? What could be improved?

### **3. Lessons Learned and Identifying Best Practices:**

Upon completion of the various assessments above, the Evaluation team should, on the basis of the findings under the different assessment dimensions, identify the key lessons learned, as well as the best practices of GIF, and those that need to be changed or improved. On the basis of the findings under the evaluation objectives, the evaluation team should make recommendations that will help GIF achieve its mission in a sustainable manner. The recommendations should be specific proposals for actions to be taken in specific circumstances, including the identification of the parties responsible for that action.

It is important to highlight that it may be difficult to attribute impact to GIF itself, and to mitigate this, we would recommend collecting and reviewing quantitative and qualitative data to inform evidence of value addition beyond investment cash. **Evaluation firms/consultants need to demonstrate in their proposals how their evaluation methods and questions conforms to OECD/DAC principles.**

**Audience**

This evaluation’s audience is the GIF **Board, and its Development Policy Committee (DPC)**. The findings of this evaluation will be utilised by the Executive and Management of GIF, as well as GIF’s current and prospective donors.

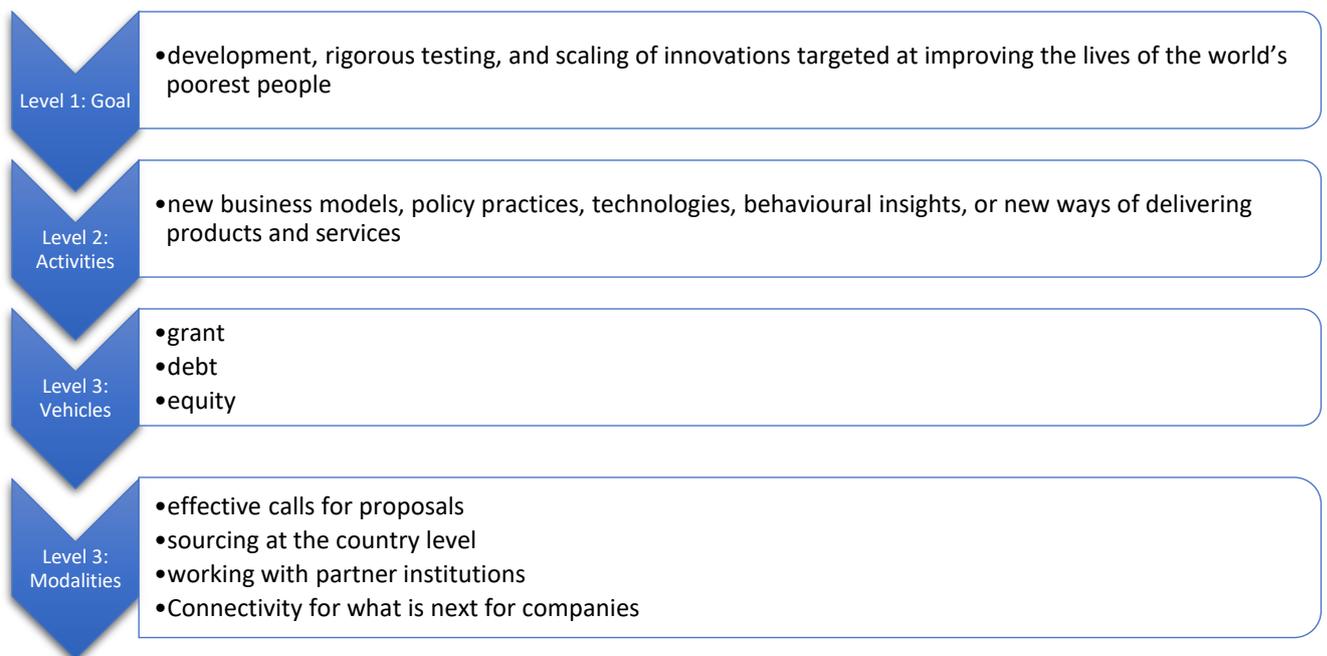
**Section Three: Approach and Methodology**

**Evaluation Period:** The formative evaluation will cover the period of **2014-2018**.

This section outlines the evaluation framework parameters. However, we invite firms to submit a more detailed proposal for the evaluation methods and plan, based on best practice and individual(s) differentiators.

As this is a formative evaluation, it is expected that the approach and methodologies retain a high degree of engagement through highly participatory methods. These methods may include literature and market data, a detailed GIF document review, structured interviews, stakeholder surveys, and case studies which is inclusive of field visits.

Below we have formulated a sample levelled evaluation framework. Firms can use this or an alternative structure, in combination with the evaluation questions, to elucidate how GIF’s activities at different levels contribute to the goal of improving the lives of those living on under \$5/day. The methods should be consistent with DAC principles.



**1. Overarching Methodological Framework:**

- a. **Desk Review** of relevant documents, of which a recommended list is included as **Annex A**. This should also include a study of external documentation of secondary data sources available across GIF's operating environment.
  - b. **Comparative Analysis:** to inform evaluation objective #2 this exercise is to support the benchmarking analysis.
  - c. **Case Studies** (limited) of a few select GIF investments, ideally demonstrating a range of different types of investees which will include **field visits, stakeholder analysis, interviews (storytelling) and surveys**. We recommend at least **three case studies with a maximum of five conducted throughout this evaluation**, ideally representing a span of grantees/investees leveraging GIF's diverse financial instruments for in-depth primary analysis. Selection criteria for case studies will be provided by the Board, to ensure evaluability and that the results are useful in generating knowledge and learning.
  - d. **Consultations:** Evaluation firms should include **semi-structured interviews** with both internal and external stakeholders, occurring from inception to the development of the final report. These stakeholders should include but are not limited to the following;
    - i. Board
    - ii. Donors [current and prospective]
    - iii. Management
    - iv. Grantees/Investees
    - v. Partners [Co-investors, Networks, Peers]
    - vi. "Competitors" [impact investors, challenge funds, innovation funds]
2. **Outcome and Output Indicators.** The GIF results framework is a key input in this evaluation. The selected firm will review GIF's goals and design (as set out in the Articles and Bye Laws), and its original strategic results framework, as well as the ongoing modifications to the framework, including GIF's novel impact measurement tool (Practical Impact Assessment) and top-level key performance indicators (KPIs).

### **Key Deliverables:**

**Inception Report:** the selected evaluation team is expected to develop an Inception report, including a detailed work plan and evaluation methodology. This report should review and confirm the proposed methodology from submission, the evaluation matrix (including proposed evaluation questions, and the ways in which the questions will be addressed), sample framework, data collection strategy, and proposed timeline for delivery of the evaluation outputs. It should describe and justify the rationale for choosing specific site visits or case studies from among GIF's investments. The inception report should also include how the evaluation questions are to be translated to key stakeholder interviews and/or surveys, and highlight how and when the evaluation principles are utilised, and how the data will be managed. Lastly, this report should include **deviations** from the ToR, alongside the rationale behind any proposed changes.

**Data Collection and Analysis:** Evaluators will implement and independently undertake the exercises in data collection and analysis as outlined in the evaluation methodology framework. It is expected that this will include desk reviews and literature studies, stakeholder interviews, and case studies as previously outlined.

**Interim report:** The team should be willing to report in an interim report on a select set of issues relevant for strategic decision making if required by the Board before the completion of the full evaluation.

**Interpretation and Synthesis- Draft Evaluation Report and PPT:** it is expected that a **draft** evaluation report be sent to the Board that includes interim findings and emerging recommendations. It will also be provided to GIF Management for a management response to this draft.

**Final Evaluation and PowerPoint Presentation:** Having reviewed the draft report, and collated feedback from key stakeholders, including GIF's Management Team, it is expected that the Evaluation Team provide a final report that reflects and integrates that feedback. The final report will include a formal management response to the final report. This is expected to be completed by: 30 April 2019

#### Section Four: Governance and Accountability

This section covers the proposed governance arrangements for the evaluation plan, including decision-making and roles.

The Global Innovation Fund's Board, in particular the Committee on Development Policy (DPC), is responsible for the management of the Independent Evaluation. The DPC, and Board Members where appropriate, will be available to provide guidance and feedback to the Evaluation Team, including clarification on expectations and deliverables from the inception report to the finalisation of the evaluation itself. The DPC will nominate a point person to coordinate progress, updates, milestones and dissemination of evaluation findings. This person will also serve as the primary point of contact to the Evaluation Team and will facilitate access as necessary to key data, stakeholders and background documents.

#### Section Five: Guiding Principles and Values

OECD-DAC Evaluation Principles and Quality Standards would be required from bidders, among other recognised international best practices. **Independence** is key to this exercise, and as such the **objective assessment** of the evaluator is key to the credibility of **the evaluation results and recommendations**.

*Relevance → Efficiency → Effectiveness → Impact → Sustainability*

#### Section Six: Professional Qualifications/Team Composition

The unique nature of GIF's mandate means the composition of the proposed evaluation team will be heavily weighted when evaluating proposals. It is highly recommended that the core evaluation team be composed of at least 2-3 consultants led by an experienced team leader. The evaluation team should have no stake in the outcome in the evaluation, demonstrating true **independence**.

The **combined** desired academic qualifications, competencies, expertise and professional experience for the consultant team are as follows:

- Advanced evaluation expertise and experience in a wide range of evaluation approaches including utilization-focused, gender responsive, and mixed methods;
- Experience in assessing the financial performance and social impact of private sector investments, including social enterprises, as well as public sector-led investment, in both cases in developing countries
- Extensive experience acting as a team leader for complex evaluations and proven ability to manage a diverse evaluation team;
- Previous experience in conducting multi-stakeholder evaluations in the international development context;

- Previous experience in conducting landscape or comparative analyses;
- Expertise in stakeholder mapping and analysis;
- Strong experience and knowledge in social businesses, innovation, the role of evidence in investment, impact investing and/or scaling;
- Strong experience assessing the financial viability of a portfolio;
- Experience in developing country contexts and any of the following sectors: education, financial inclusion, agriculture, economic development, water, poverty and social protection/infrastructure, and health and nutrition;
- Fluency in English and a second language, preferably French.

### **Team Leader**

- At least 10-15 years practical experience in designing and conducting evaluations;
- Extensive experience as a team leader for complex evaluations and proven ability to manage a diverse evaluation team and stakeholders;
- Previous experience in conducting evaluations for development finance institutions (e.g. blended finance) or scaling of innovations/social businesses;
- Excellent knowledge of the developing country context;
- Experience and knowledge on gender analysis;
- Fluent in English and knowledge of other languages.

### **Specialist/Senior Expert/SME**

- Master's degree in international development, economics, business or social sciences;
- At least 10 years professional experience in any of the following categories:
  - Development Finance
  - Innovation
  - Social Businesses
  - Impact Investing
- Experience in developing countries or emerging markets;
- Strong analytical, facilitation, and communications skills, with the ability to negotiate amongst a wide range of stakeholders;
- Fluent in English and knowledge of other languages

### **Senior Evaluator/Junior Evaluator**

- Master's Degree in international development, economics, business or social sciences;
- At least 5-10 years practical experience in conducting evaluations;
- Experience and knowledge of developing country contexts;
- Excellent analytical and communication skills

### **Research Assistant**

- Strong analytical skills and ability to quickly grasp and synthesize information;
- Ability to work interactively with a team, often responding to varying requests under pressure;
- Good mastery of information technology required for organized presentation of information, including quantitative information and graphical representations;
- Excellent drafting skills in English;
- Developing country experience would be an asset;

The above are guidelines for titles and expectations around experience; however, given the mandate of GIF, evaluation firms/consultant teams can examine blending of skills and levels as illustrated above. Firms should include the full CVs of all project team members in their proposals.

### Section Seven: Deliverables and Schedule

Evaluation Timeline	September	October	November	December	January	February	March	April
Terms of Reference Released	█							
Submission of Proposals [2 <sup>nd</sup> November 2018]	█	█						
Select Evaluation Team; Contract Signing		█	█					
Inception Report;			█	█				
Data Collection and Analysis				█	█	█		
Interpretation and Synthesis; Draft Report						█	█	
Delivery of Final Evaluation Report [30 April 2019]							█	█

### Section Eight: Budget

In this landscape it is ever more critical for organisations (and consultancies) to **demonstrate value for money**. As such, the Board has carefully assessed the methodology, team composition, and complexity into a budgetary ceiling for consideration.

As such, we expect that the budget for this evaluation will **not exceed £500,000**, inclusive of all costs of the project (but exclusive of VAT), and all costs should be justified.

### Annex Contents: GIF Documentation

#### Inception & Governance

- 1.) Revised Articles of Association- 2016 (including Bye Laws)
- 2.) Investment Policy

3.) Organigram

**Performance, Measurement & Impact**

- 4.) Results Framework (2016), Revised Results Framework (2018)
- 5.) Practical Impact Assessment
- 6.) Impact Reports 2016, 2017

**Other**

- 7.) List of Grantees/Investees
- 8.) Report and Audited Financial Statements 2016, 2017

Please note that firms should also be leveraging **key external literature** in its response to this ToR, as a main element is *comparative* and requires a deep understanding of GIF's unique operating environment.