



# Annex 1

## E&L Contract Terms of Reference

### Prosperity Fund Evaluation and Learning



HM Government

Prosperity Fund

Evaluation & Learning services delivered by:



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This report has been prepared during the inception phase of the Prosperity Fund Evaluation and Learning contract. It forms an annex to the main Inception Report.

It was produced and approved by the Prosperity Fund Management Office before the main Inception Report and Workplan were finalised and agreed.

If there is any inconsistency between this annex and the main Inception Report and Workplan, the main Inception Report and Workplan provides the agreed position.

## 1. Fund Evaluation: Introduction and background

1.1 The 2015 Strategic Defence and Security Review [1] announced a £1.3 billion cross-government Prosperity Fund to run over the next five years (2016/17 to 2020/21) to promote the economic reform and development needed for growth in partner countries. Priorities include improving the business climate, competitiveness and operation of markets; energy and financial sector reform; and increasing the ability of partner countries to tackle corruption. As well as contributing to a reduction in poverty in recipient countries, it is expected that these reforms will create opportunities for international business including UK companies. The role of the Fund is also set out in the UK aid strategy, Tackling Global Challenges in the National Interest [2]. The cross-government Prosperity Fund promotes the economic reform and development needed for growth in partner countries.

### Theory of change

1.2 Although the Fund is currently still being developed and designed, it has an indicative theory of change which shows that the Prosperity Fund is primarily a funding mechanism or portfolio (Figures 1 and 2) and not a unitary programme. It is expected that the Fund would support a number of medium-sized/large multi-year projects/programmes in priority countries and a number of medium-sized/large multi-year projects/programmes across priority themes. Large programmes/projects are >£50m and medium-sized programmes/projects are £10-49m. Medium-sized and large projects/programmes are expected to operate from Years 2-5. In the Fund's first year, an indicative budget of £55m was set aside for relatively small, single year projects. Smaller projects may be supported in other ways, e.g. through funds for scoping and a possible Strategic Opportunities Fund.

1.3 The list of countries has not yet been finalised but it is expected that priority will be given to middle-income countries based on development potential and UK economic interests. Large, multi-year programmes are likely to focus on those countries with the greatest potential in both of these areas. The range of countries and topics covered by the Prosperity Fund in the first year can be seen from the various calls for bids for Y1 [3].

1.4 It is expected that projects and programmes would support activities in identified sectors based on tailored diagnostics and proposals developed in priority countries and themes. It is expected that these activities would contribute to progress on five intermediate outcomes which are shown as purple circles in Figures 1 and 2. These intermediate outcomes are considered to represent the Fund's primary or developmental benefits. In addition, it is expected that such progress would be made in ways which would promote mutually beneficial partnerships in areas in which the UK has comparative advantage (green box in Figures 1 and 2). This secondary or UK benefit is a key element of the Prosperity Fund's approach. However, this is clearly secondary to the primary developmental benefit.

1.5 A number of key assumptions are shown in Figure 2, including that the Fund uses inputs to produce outputs in a way that represents value for money. Ensuring value for money is a key and critical requirement within the Prosperity Fund alongside the requirements of the primary benefit of producing positive developmental outcomes and the secondary benefit relating to promoting partnerships which benefit the UK.

1.6 It is expected that as a result of achieving intermediate outcomes, the Fund's outcome would be that, internationally and in partner countries, there would be improved conditions for growth, namely structural and economic reforms that promote a sustainable growth path;

government policies that promote strategic integration with the global economy; and better international rules and greater adherence to domestic and international rules delivering a better business environment.

1.7 It is expected that this outcome would contribute to ultimate developmental impact in terms of growth-promoting relationships leading to higher rates of sustainable growth; greater investment flows and greater trade flows.

### Available evidence

1.8 There are a number of areas where there are evidence gaps and it is expected that the Prosperity Fund, in general, and its monitoring and evaluation, in particular, would contribute to filling those gaps. While it is expected that official development assistance can be used to promote economic development in middle income countries in ways which promote mutually beneficial partnerships with the UK, evidence is needed not only that this can be done in practice but also about the best ways of doing this in different contexts

### Implementation arrangements

1.9 The Prosperity Fund is a cross-government programme involving a number of Government Departments including the Foreign and Commonwealth Office (FCO), the Department for International Development (DFID), the Treasury, the Cabinet Office, the Department for International Trade (DIT) and the Department for Business, Energy and Industrial Strategy (BEIS). The Fund is being managed by a cross-government Prosperity Fund Management Office located at the Foreign and Commonwealth Office. It is expected that Government Departments and FCO Posts will bid for Prosperity Fund finances. The majority of funds for large and medium-sized multi-year projects and programmes are expected to be allocated over the Fund's first year of operations (2016-2017) through three funding windows.

### The previous FCO Prosperity Fund

1.10 The cross-government Prosperity Fund is building on work conducted by a smaller Prosperity Fund which was operated previously by FCO. This FCO Fund disbursed around £20-30m per year through FCO Posts. It was broadly similar in size and nature to the first year's operations of the cross-government Prosperity Fund. Most projects supported through this Fund were valued at £100,000 or less and were single year in nature. Although this Fund has not yet been formally evaluated overall, the Cabinet Office Implementation Unit has been conducting a review of this Fund. In addition, individual projects and programmes within the FCO Prosperity Fund did undergo internal evaluations.

### Other relevant work

1.11 A number of organisations are doing work which is relevant and related to the work of the Prosperity Fund. This includes economic development work being conducted by DFID, particularly in low income countries, and activities of international financial institutions, including the World Bank, particularly in relation to investment climate [4]. Bidders<sup>1</sup> will be

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<sup>1</sup> Please note that these terms of reference use the term "bidder" to refer to firms submitting proposals to carry out this work, i.e. something required of a bidder would be required in their proposal. The term "contractor" is used to refer to the firm selected to carry out the work, i.e. the successful bidder. Where something is required of a contractor this would be expected during implementation, including during inception in some cases.

expected to show that they have mapped and considered such work in their proposals and the selected contractor will be expected to map such activities in more detail during the inception phase. In particular, the contractor would be expected to identify any relevant evaluations which have been completed, are ongoing or are being planned [5]. It is expected that the Prosperity Fund Management Office's monitoring and evaluation team would lead on interacting with other relevant programmes and their evaluations. While it is likely that the Fund would cooperate with others on some evaluative work, e.g. with the World Bank on operational research, it is not feasible for the Fund's main evaluation and learning activities to be joint with other development partners. However, as a cross-government programme, the Fund's evaluation and learning activities will be implemented jointly on behalf of a number of UK Government Departments.

## Learning from similar funds

1.12 In addition, the Prosperity Fund, in general, and its monitoring, evaluation and learning systems, in particular, have been designed based on lessons learned from similar financing mechanisms and portfolios. In particular, the monitoring, evaluation and learning system has been designed based on the experiences of and lessons learned by the International Climate Fund (ICF) [6]. Bidders are expected to comment on where the Fund's approach to evaluation and learning should be similar to or diverge from ICF.

## 2. Purpose

2.1 The Prosperity Fund is establishing a number of mechanisms and systems for monitoring, reporting, evaluation and learning (MREL). Details are provided in an MREL strategic framework and business case [7, 8]. In principle, although the Prosperity Fund Management Office is establishing an MREL team, it is expected that much of the MREL work will be carried out through a number of contractors. Specifically, there will be three main central contracts – this one focused on Fund level evaluation & learning and two others focused on (i) programme level evaluations and (ii) monitoring & reporting respectively. In addition, there may be other central contracts on matters relevant to MREL, including a contract for economic modelling of secondary/UK benefit and a contract for operational research studies to address key, practical questions relating to the Fund's operations.

2.2 Through this contract, the Fund is seeking to identify a contractor whose purpose will be to lead on the development and implementation of Fund level evaluation and learning systems.

### Focus on learning

2.3 It is expected that the main way information from evaluations will be used is for learning purposes at project, programme and Fund levels. It is expected that this learning would be used to improve performance and, where necessary, to make mid-course corrections. It is also expected that lessons learned would be useful for any similar, future funds. More details on the expected learning functions under these terms of reference are provided in the section on scope (p7).

2.4 This does not mean that the evaluations will have no contribution to accountability mechanisms. For example, Fund level evaluations will be expected to assess the extent to which the Prosperity Fund is contributing to ODA-consistent growth and development (see

overarching question in paragraph 3.22). Evaluations may also contribute to identifying projects and programmes that are not performing optimally allowing corrective measures to be taken or alternative programmes to be identified and supported. However, it does mean that accountability is not the primary purpose of evaluations. More emphasis will be placed on monitoring and reporting in relation to accountability.

## Audiences

2.5 The Fund's evaluation and learning activities have a number of key intended audiences. Although these are indicated here, bidders are expected to comment on these including making suggestions for changes and additions, if necessary. Bidders should suggest how they might tailor their approach to different audiences. The selected contractor would be expected to conduct an in-depth stakeholder analysis and produce a detailed communications plan during inception.

2.6 Key intended audiences are expected to include:

- Ministers and officials of relevant UK Government Departments including FCO, DFID, DIT, BEIS, Cabinet Office and Treasury
- UK general public, Parliament and civil society organisations
- Government Departments and FCO Posts managing and implementing projects and programmes
- Other organisations involved in implementing projects and programmes including contractors
- Businesses and private sector companies in the UK and elsewhere
- Governments, civil society and citizens in partner countries
- Development partners, including the World Bank and other international financial institutions; multilateral organisations and bilateral agencies
- Media including print and broadcast media

## Justification of timing

2.7 It is expected that the evaluation and learning contractor would work over years 2 to 5 of the Fund, i.e. from April 2017 to March 2021. The justification for starting in year 2 is largely practical, i.e. it has taken time to design and develop the Fund's MREL system and contracting service providers will also take time. However, this timing also makes sense as the Fund's first year's activities are likely to be relatively small-scale focused on quite small projects that are broadly similar to those supported by the previous FCO Prosperity Fund (see paragraph 1.10).

2.8 A key timing issue is that the evaluation and learning contractor will work with the Fund on an ongoing basis over years 2 and 5 rather than just coming in for a mid-term and end-term Fund evaluation. The reason behind this is that evaluation and learning activities need to feed into key decision points in the Fund's operations. However, these are not yet all fully known. It will be important that evaluation findings inform decisions for the next spending round (SR) but it is not yet clear precisely when that would be. Consequently, all timings in these terms of reference are indicative. Similarly, although bidders will be expected to propose an indicative timeline and the selected contractor would be expected to provide more detail during

inception, there will be need for flexibility on behalf of both the Fund and the selected contractor to be able to make adjustments throughout the lifetime of the Fund as more information on key timelines becomes available.

2.9 It has been agreed that there will be an evaluation of the impact of the Fund's first five years of work after a further five year period, i.e. ten years after the Fund was established, i.e. in 2026. However, responsibility for this is not included as part of these terms of reference.

### **3. Scope and objectives**

3.1 As stated above (see section 2), the purpose of these terms of reference is to lead on the development and implementation of the Fund's evaluation and learning systems.

#### **Objectives**

3.2 Specifically, the contract has the following four objectives:

- To conduct all Fund level evaluations.
- To conduct evaluations of up to five large and 15 medium-sized programmes supported by the Fund.
- To support and guide decentralised programme and project evaluation in order to maximise learning at the Fund level.
- To ensure learning from the Fund's monitoring, reporting and evaluations is made available to identified stakeholders and audiences.

#### **Fund level evaluations**

3.3 The primary objective of these terms of reference is to carry out all Fund level evaluations required by the Prosperity Fund. Bidders are expected to outline how they would approach this and the selected contractor would provide more detail of this during inception. It is expected that this would involve a mixture of the following:

- Synthesising existing data and information from other sources including programme monitoring & reporting and programme/project-level evaluations.
- Some Fund level evaluation studies to address key themes and issues, such as contribution to primary development benefit, contribution to UK benefit and value for money. Although not fixed at this stage, these Fund level evaluation studies could include a Fund level process evaluation; an evaluation of non-ODA programmes; and evaluations of one or more sub-Funds, e.g. on trade.

3.4 Bidders are expected to outline what kinds of Fund level evaluation studies might be required. In particular, bidders should explain how they would approach the three specific studies highlighted above. Bidders should also highlight what they might expect to be able to cover through synthesis work. It is expected that this would be finalised with the selected contractor during inception. Bidders might also identify key steps and assumptions underpinning any approach to synthesis work that they propose, for example in relation to data availability and quality (see p15).

3.5 As stated above, responsibilities under this contract are limited to the time frame of the Prosperity Fund (years 2-5, 2017/18-2020-21). Specifically, the requirement to conduct a ten



year impact evaluation of the Fund is not part of the scope of these terms of reference. In addition, there may be evaluations of the Prosperity Fund which are commissioned or required by other bodies, e.g. the Independent Commission for Aid Impact (ICAI) or a Parliamentary Committee. While the evaluation and learning contractors would be expected to cooperate with any such evaluations, these are also not part of the expectations of these terms of reference.

### **Programme-level evaluations**

3.6 A key tension in designing MREL systems for the Fund is ensuring a balance between Fund- and project/programme-level. With respect to evaluation and learning specifically, while this contract is focused on the Fund level, it is recognised that most evaluations and learning within the Prosperity Fund may occur at the programme and project level. There has been discussion and debate about how centralised or decentralised the Fund's approach to evaluation and learning should be – and options considered for this are summarised in the MREL business case [9]. Advantages of a highly decentralised system, for example as is found in ICF, include ensuring relevance and applicability to local contexts and projects/programmes. However, it may be more difficult to ensure coherence and cross-portfolio lesson learning if evaluation and learning are completely decentralised. Consequently, it has been decided that the Prosperity Fund will take a fairly centralised approach. The central evaluation and learning contractor will, under this contract, carry out a number of evaluations of large (up to 5) and medium-sized programmes (up to 15). Programmes have not been identified yet but it is likely that these would involve a mixture of thematic and country programmes.

3.7 Bidders are not expected to identify which projects/programmes would be evaluated through this contract at this stage, as the precise nature of these have not been yet finalised. However, they are expected to suggest how they would select the programmes for these evaluations, e.g. the processes and criteria that might be used. They are also expected to explain how they would ensure that any programme evaluations conducted by them would be relevant, applicable and useful to the local programme and context. For example, it is expected that this would involve working with Departments and Posts to develop their own specific evaluation questions in addition to a small number of core, strategic evaluations questions decided at Fund level. Bidders should also explain how they would mitigate the risk of this being seen as a centrally-imposed requirement. It is likely that initial plans for which programmes should be evaluated would be agreed with the contractor during inception. However, it is also likely that these would need to be reviewed and perhaps revised during implementation.

3.8 Broadly, this means that the contractor would need to conduct approximately five programme evaluations per year. However, this would mean that different programmes would be being evaluated at very different times in the overall Fund life cycle. This might be beneficial but it may also be problematic. An alternative might be for each evaluation to run alongside the implementation cycle of the programme, i.e. run all programme evaluations concurrently over years 2-5 of the Fund. It is expected that there might be a peak of evaluation activity in year 3. Bidders should consider these matters in their proposals and suggest the approach they would take.

3.9 The contractor will also be expected to coordinate with and provide guidance to other programme evaluations. These will be commissioned and managed through another central contract (see paragraph 3.14). This is likely to involve giving the contractor and their evaluators

some form of guidance as to the types of data and information required at the central level from project/programme evaluations. This might include a small number of common questions that evaluations need to answer; some form of template to aid synthesis activities; and/or early examples of a good quality programme/project evaluation. Bidders should explain in some detail how they might approach this. It is expected that the final approach would be agreed with the selected contractor during inception.

## Learning

3.10 Based on experiences, e.g. of ICF, the Prosperity Fund has identified the importance of linking evaluations very clearly to specific learning plans and activities. This learning aspect is a crucial part of these terms of reference. As mentioned in 1.8 we will also need to consider how to identify and address evidence gaps, particularly when trying to identify areas where mutual benefits are most effectively delivered. Details are provided in the MREL strategic framework (and supporting documents) [7] and are summarised here:

- Learning forms an essential aspect of the MREL strategic framework. Choice of monitoring and evaluation strategies will need to be based upon those that are most likely to facilitate learning (some methods are more aligned with this than are others). Areas in which learning should be prioritised are the Fund's primary purpose, secondary (UK) benefit and value for money.
- There will be need for a detailed learning plan that sets out key audiences mapped against demand for specific learning and knowledge outputs. The plan should identify why these are relevant to the different audiences, and proposed approaches, methods and activities that will be used to reach them and encourage learning.
- While learning will occur from how monitoring and evaluation is carried out, there will also be a need for the contractor to have a dedicated learning team, and for dedicated learning products.
- There will be a need for effective learning strategies that will ensure that knowledge and learning will lead to transformation, change and improvement.
- The purpose of learning within the Prosperity Fund is expected to cover:
  - Continuous improvement of ongoing programmes and activities.
  - Identifying which types of interventions have been successful or not, and the reasons for this.
  - Identification of key themes associated with success (such as context, types of interventions, partners involved etc.)
  - Whether there are some approaches that are most suitable in certain types of contexts (such as economies, country characteristics, and enabling environment at a certain level).
  - Identification of learning and good practices, which others might consider adapting as well as the creation of a system of some form for being able to capture and to share good practices that have been identified and validated in at least some way.

- Identifying other ideas arising from across the Fund's interventions, such as other ideas of supporting inclusive development, and ways in which UK benefit can be enhanced, without compromising development objectives.

3.11 Broadly, it is expected that learning from Fund level evaluations will be focused on central level decision makers within different UK Government Departments. Learning from programme- and project-level will be focused on programme- and project-level managers and implementers.

3.12 Bidders are expected to outline how they would approach the issue of learning within the Prosperity Fund, including presenting an initial learning plan as part of their bids. It is expected that a detailed learning plan will be finalised and agreed with the selected contractor during inception. The plan should provide for learning at different levels and for different stakeholders, such as: different Departments within HMG, partners (countries, cooperating businesses, agencies etc.)

### **Coordination with others**

3.13 The contractor will be expected to coordinate with others who will be contributing in a variety of different ways, to the Prosperity Fund's monitoring, reporting, evaluation and learning (MREL). Effective coordination among those contributing to the Fund's MREL will be critical to the success of the Prosperity Fund, in general, and its monitoring, reporting, evaluation and learning, in particular. Expectations for this have been set out in a document entitled "Strategic Vision for MREL Contracts" [8].

3.14 First, the Fund level evaluation contractor will need to coordinate effectively with both the programme level evaluation contractor and the Fund level monitoring and reporting contractor. Bidders should explain how they will approach this and how they will embed the cooperative values that will underpin successful delivery. Bidders may bid on both the Fund level evaluation and learning contract and the programme level evaluation and learning contract. However, if they do this, they should explain how they would coordinate with others if they were to win both bids or if they were to win only one. It is not expected that firms that bid for either of the evaluation and learning contracts would bid for the monitoring and reporting contract or vice versa.

3.15 The Fund level evaluation contractor will need to quickly identify the sample of programmes that they will look at to conduct their evaluation. The programme evaluation contractor will then work with the other programmes. Both contractors will then need to work with posts and with the Prosperity Fund Management Office team to agree the evaluation methodologies and questions that will need to be asked. It will be important as well for the evaluation teams to coordinate with the monitoring and reporting contractor to ensure that any data critical to the evaluation is correctly identified and collected. This process will need to be complete by the end of the inception phase and a clear plan put in place for delivery of evaluations and their associated outputs.

3.16 Values of cooperation and coordination are also important when working with other departments, posts (UK overseas offices) and their programme teams. These programme teams will contract work out to implementers to deliver the programmes. A feature of the Fund level evaluation and learning contract when conducting programme evaluations is that the contractor should work with the project owner (either a Government Department or FCO post) to help them develop questions that can be used for evaluation and learning within their given programme. The Fund level evaluator will need to determine the evaluation approach that will

be best suited to each programme strand and how evaluation can be best deployed to support successful programme delivery. The bidder should explain how they will build a relationship with programme managers so that this support can be most capably offered.

3.17

3.18 With such a range of cooperative working required for success it will be important to develop an agreed dispute resolution process to manage any conflicts or problems that might arise. The Prosperity Fund Management Office governance group shall be the final adjudicator of disputes between contractors over responsibilities and performance.

## Risks

3.19 Bidders are expected to identify risks associated with these terms of reference and present them in a standard risk matrix, i.e. showing likelihood of occurrence, impact if the risk occurs and their mitigation strategy. Risks identified in the business case [9] may be considered but these are not exhaustive. Bidders are encouraged to identify and present a comprehensive assessment of the risks in the contract that will be awarded on the basis of these terms of reference. It is expected that a definitive risk matrix will be developed by the contractor and agreed by the Prosperity Fund during inception. It is also expected that this will need to be reviewed and updated periodically during implementation.

## Strategic evaluation questions

3.20 A number of strategic evaluation questions have been proposed in the MREL strategic framework and business case [7-8]. These are briefly explained here (in the narrative and in Table 1). Details of how these are considered to relate to the Fund's theory of change and the OECD DAC criteria are presented in the MREL strategic framework [7] and as Annex 1 to these terms of reference (**Error! Bookmark not defined.**).

3.21 However, these questions are not fixed. Bidders are welcome to suggest changes (including deletions and additions) to these. Where such changes are proposed, reasons for the suggested changes should be given. If no changes are suggested, the reasons for this should also be given. It is expected that a list of strategic evaluation questions will be finalised and agreed during inception.

3.22 As outlined in the MREL strategic framework, the Fund's overarching evaluation question is proposed to be "*To what extent, is the Prosperity Fund contributing to the sustainable economic growth and development of partner countries, and in doing so generating direct and indirect benefit for the UK?*" This means that the Fund level evaluation should focus on assessing the extent to which the Prosperity Fund has contributed to achieving its primary purpose and delivering secondary (UK) benefit.

3.23 There are proposed to be three main categories of questions (see Table 1 for more detail):

- What has been, or is likely to be achieved, as a result of the Fund?
- Why is this? What factors have contributed, or not, to what has taken place and been accomplished?
- What does this mean? What can be learned from how well implementation is taking place to improve ongoing activities and to inform future directions?

Table 1: Strategic evaluation questions for the Prosperity Fund

What has been or seems likely to be achieved as a result of the Fund?
<p>1. Which types of interventions, and in which sectors and in types of country settings, have been most successful in leading to outcomes in the areas of investment; innovation and knowledge transfer; trade, financial and economic reform; policy and regular capacity, and ease of doing business?</p> <p>2. In the short-to-medium term, what evidence is there that the Fund has been or is likely to contribute to intended outputs and intermediate outcomes as suggested in the Fund's Theory of Change, as well as unintended or unexpected effects at any level?</p> <p>3. What are the characteristics of programmes and interventions that have led to strengthened partnerships that show evidence of likely contributing to improved economic growth and development and to UK benefit?</p> <p>4. What is the efficiency of Prosperity Fund funding? Which approaches have provided the best value for money (VfM)?</p> <p>5. What lessons can be learned from the experiences of individual programmes as well as that of the Prosperity Fund overall for improving ongoing and future efforts at supporting innovation and increasing inclusive economic growth and in a way that also can lead to UK benefit?</p> <p>6. Who benefits the most, directly and indirectly, through programmes supported by the Fund? Which types of initiative, and under which sets of circumstances, are most likely to lead to growth and development that benefits the poor and to cross-cutting themes, such as gender equality, human rights and respect for minority populations, reductions in corruption, respect for the environment?</p>
What factors are associated with how well the Fund works?
<p>7. What factors have contributed to certain programme approaches in having an impact at any level? In which types of situations/contexts are given approaches most appropriate or not?</p> <p>8. Are there certain types of settings or contexts where support through the Prosperity Fund is most likely to be appropriate and to have the greatest chance of contributing to the Fund's objectives without undesired side effects?</p> <p>9. How valid are the assumptions in the theory of change (ToC)? Are there refinements or changes that should be made, based upon early experiences with programmes and activities supported through the Fund?</p> <p>10. What good practices can be identified from experiences of Prosperity Fund programmes that might be considered in other settings?</p> <p>11. How can the Fund best work in combination with other partners, including with other initiatives also attempting to support economic growth and prosperity, and/or with themes (for example, education) of the Fund?</p> <p>12. Which funding modalities work best in contributing to the Fund's aims?</p>
What are the implications of Fund experiences for future directions?
<p>13. What can be learned from initial experiences of the Fund overall, as well as of ongoing programmes, in order to make adjustments so that the intervention will be more likely to success?</p> <p>14. Which types of programmes and approaches are most efficient and represent better value for money?</p> <p>15. Are there optional approaches or strategies that might be more appropriate or more effective?</p> <p>16. What are the implications of the experiences of the Prosperity Fund for the UK to consider continuing with a similar approach in the future?</p>

## 4. Evaluation criteria

4.1 Evaluations carried out of the Prosperity Fund and its projects/programmes will be expected to consider the OECD-DAC criteria of relevance, effectiveness, efficiency, impact and sustainability [10]. However, there is no expectation that these should be used as a rigid or mechanistic template for Fund evaluations. Annex 1 of these terms of reference shows how the proposed strategic evaluation questions map to the OECD-DAC evaluation criteria. Bidders would be expected to show how the evaluation questions they propose map to these and any other evaluation criteria they may propose. It is expected that the evaluation criteria to be used would be agreed with the selected contractor during inception.

4.2 It is likely that there will be some programming themes that are similar across different programme strands, that is they are crosscutting. It is expected that programmes will have been fully identified by the start of this contract and the successful contractor will be expected to review these for discussion with the Prosperity Fund Management Office to identify cross-cutting issues and include them within the Fund level evaluation.

## 5. Methodology

5.1 Bidders are expected to explain how they would approach the implementation of these terms of reference if selected. In particular, bidders are asked to explain how they would interpret and apply, in practice, the principles outlined in the MREL strategic framework. In particular bidders should explain what they understand:

- As a formative approach to evaluation and how they would apply this if selected as the Fund's evaluation and learning contractor.
- By a utilisation-focused approach to evaluations and how they would apply this if selected as the Fund's evaluation and learning contractor.
- By a contribution analysis approach to evaluations and how they would apply this if selected as the Fund's evaluation and learning contractor.
- As a methods-based approach to synthesis of evidence and development of evidence-based lessons and answers to the strategic evaluation questions and how they might apply it if selected as the Fund level evaluation and learning contractor.
- Bidders should also set out suggestions for how they could apply these methods when, across the portfolio, higher level outcome results may not be achieved in time to be evaluated and most evidence will be derived from formative evaluations.

5.2 It is expected that the Fund's theory of change (conceptual framework) will be used as a framework for Fund evaluations. Bidders are expected to explain how they would do this including explaining how the framework would be used:

- To assess the Prosperity Fund's contribution to its primary purpose, secondary (UK) benefits and value for money
- To identify and organise evaluation questions.
- As a basis for analysis using evaluation data and findings.
- To organise and present evaluation findings, conclusions and recommendations, e.g. using annotated versions of the theory of change and/or proposed revisions and adjustments to the theory of change based on evaluation evidence.

5.3 The list of strategic evaluation questions is indicative at this stage and during the inception phase of the contract the contractor is expected to refine and sharpen these, based on interviews with critical stakeholders. These stakeholders will be identified with the Prosperity Fund Management Office. The revised evaluation questions will then need to be considered against the backdrop of approved programmes so that the most appropriate evaluation methodologies can be adopted and deployed to deliver the best possible information and feedback on the questions asked. Bidders should outline how they will approach the amendment of the strategic evaluation questions and how they will develop methods to answer them.

5.4 Bidders are expected to outline approaches and methods they would use to meet the objectives specified in these terms of reference. It is recognised that these may be general outlines at this stage with more detail being finalised with the selected contractor during inception. Bidders should outline the approach and methods they would use to:

- Synthesise lessons learned at the Fund level from monitoring, reporting and programme/project evaluations.
- Conduct Fund level evaluations on topics to be identified.
- Bidders are expected to outline how they will approach sub-Funds within the overarching Prosperity Fund. It appears that there will be one or two large challenge funds that will disburse funding across multiple projects on, for example, trade policy development.
- Approach the evaluation of the selected large and medium-sized programmes that will form the sample for the Fund level evaluation. It is recognised that approaches and methods for such evaluations may vary by type and specific context. But, bidders should be able to outline general approaches and methods including the steps they might take to finalise these in particular cases.
- Guide and support decentralised programme and project evaluations.

5.5 Value for money is a key objective for the Fund and while at the time of drafting the ideal approach for indentifying, measuring and reporting value for money has not been finalised, bidders are asked to explain how they would approach the calculation of value for money in the context of the fund and its programmes as described. It is expected that an agreed methodology will be in place at the inception of this contract.

5.6 One area that bidders should comment on is how issues of gender and social inclusion will be addressed. It is relatively unlikely that programme and project data will include data items which are well-suited to disaggregation, e .g. by gender. Other options may be to approach part of the synthesis work using a “gender” lens. Another approach may be to carry out a specific study focused on issues of gender. Bidders would be expected to comment on these and other options with a decision as to how to proceed being taken during inception.

## 6. Stakeholders

6.1 One complicating feature of the Fund is the variety of its stakeholders. Bidders should describe how they will map these and assess their likely importance to the successful evaluation and learning products that are expected. These stakeholders include:

- Departments and Posts managing and implementing projects and programmes
- Other organisations involved in implementing projects and programmes including contractors
- Ministers and officials of relevant UK Government Departments including FCO, DFID, DIT, BEIS, Cabinet Office and Treasury.
- UK general public, Parliament and civil society organisations
- Businesses and private sector companies in the UK and elsewhere

- Governments, civil society and citizens in partner countries
- Development partners, including the World Bank and other international financial institutions; multilateral organisations and bilateral agencies

## 7. Data

7.1 In general, it is expected that Prosperity Fund evaluations will use a combination of quantitative and qualitative data.

7.2 The main source of data for Fund and programme/project level evaluations is likely to be Fund and programme/project reporting and monitoring. These systems have not yet been established but they are expected to include, from each project/programme, monthly financial reports, quarterly reports of results and annual reviews. In addition, there is expected to be a dashboard at Fund level which should be able to provide real-time data. At this stage, it is not possible to assess the quality of data available through these systems as they have not yet been established. However, there are expectations that the quality of data should be good. Resources are available within the Prosperity Fund to contract an external provider to support the design and implementation of monitoring and reporting systems. It is expected that the Fund would track a relatively small number of core indicators at different levels of the theory of change and that projects/programmes would be required to report on all core indicators in the thematic areas in which they are working. Annual reviews are also expected to provide scores of project/programme performance, risk and value for money.

7.3 Some of the indicators that the Fund may track at the intermediate outcome level may depend on existing indices and/or sub-components of these, e.g. perceptions of corruption index [11]; trade openness index [12]; open markets index [13]; trade logistics performance index [14]; and ease of doing business index [15]. At this stage, these indices are not formally agreed as Prosperity Fund indicators. Some may be removed or added or sub-components of some indices may be used. There are concerns that these indices may be at too high a level to document Prosperity Fund effects. However, they could be useful as measures of intended outcomes as part of the contribution analysis approach mentioned earlier.

7.4 Bidders are expected to comment on issues of data sources, availability and quality. They should cover any expectations they have on data availability and quality for the approach and methods they are proposing; any assumptions on which their proposal is based; any clarifications they would need about data availability and quality; and any suggestions they might make to improve data availability and quality. It is expected that the selected contractor would conduct a detailed assessment of data availability and quality during inception.

## 8. Outputs

8.1 The contract that will be developed based on these terms of reference will expect a large number of outputs or deliverables over the four year period that it operates (2017/18 to 2020/2021).

8.2 It is anticipated that there will be an extended inception phase of around six months and this is expected to run from January to June 2017. The output of this phase will be an inception report which should outline in detail how the selected contractor will fulfil these terms of reference. Specifically, the inception report should:

- Present an evaluability assessment of the Prosperity Fund as a whole.



- Map other relevant programmes and initiatives – and any evaluations that have been conducted, are ongoing or are planned.
- Include a communications plan.
- Outline a timeline and plan for the evaluation and learning activities including how they fit with key Prosperity Fund timings.
- Explain how the contractor will assess and measure the Fund's secondary (UK) benefit
- Explain how the contractor will conduct synthesis activities and any primary Fund level evaluation studies.
- Explain how the contractor will select and conduct the programme evaluations for which it is responsible.
- Explain how the contractor will support and guide other programme/project evaluations.
- Include a learning plan.
- Include a risk matrix with plans for mitigation.
- Include a definitive list of main evaluation questions.
- Present approaches and methods to be used.
- Include an assessment of data sources, availability and quality.
- Propose a plan for consulting key informants for different evaluations. It is expected that this plan would recognise Departments and Posts as key stakeholders in this process.
- Explain how the evaluation will assess issues of gender and value for money.

8.3 Bidders should explain in some detail the approach, process and methods they would use in the inception phase. It is expected that Departments and Posts would be key stakeholders to be consulted in this process.

8.4 Expected evaluation and learning outputs in the operational phase are expected to include:

- An annual evaluation and learning report for the Prosperity Fund (i.e. as of March 2018, March 2019, March 2020 and March 2021). It is expected that these reports may highlight key issues of particular importance at the time, e.g. assessment of secondary (UK) benefit and/or key lessons learned to be included in any future Prosperity Fund after 2021.
- Annual synthesis reports bringing together monitoring and evaluation data and findings at the Fund level.
- Reports of Fund level studies
- Reports of (up to 20) programme evaluations conducted by the contractor.
- Support to decentralised programme and project evaluations, e.g. templates and guidance.
- A programme of learning (outputs to be specified in learning plan).

- Final overall evaluation report by March 2021.

8.5 Bidders should explain the audiences they see for these different outputs. It may be that different versions of particular outputs are needed for specific audiences, e.g. UK government officials and the UK public. It may also be that specific outputs need to be targeted at particular audiences and bidders should explain this.

8.6 It is expected that the appointed contractor will adhere to DFID ethics principles for research and evaluation [16] particularly:

- Principle number eight which emphasises that DFID and, in this case, the UK government is committed to publication and communications of all evaluation studies. It is therefore expected that all evaluation and learning outputs would be made publicly available without intellectual property restrictions. In particular, UK Government Departments would have unlimited access to all material produced by the supplier under the contract arising from these terms of reference.
- Principle number nine on evaluation independence

8.7 Bidders are expected to explain in their proposals how they would approach these ethical matters.

## 9. Workplan

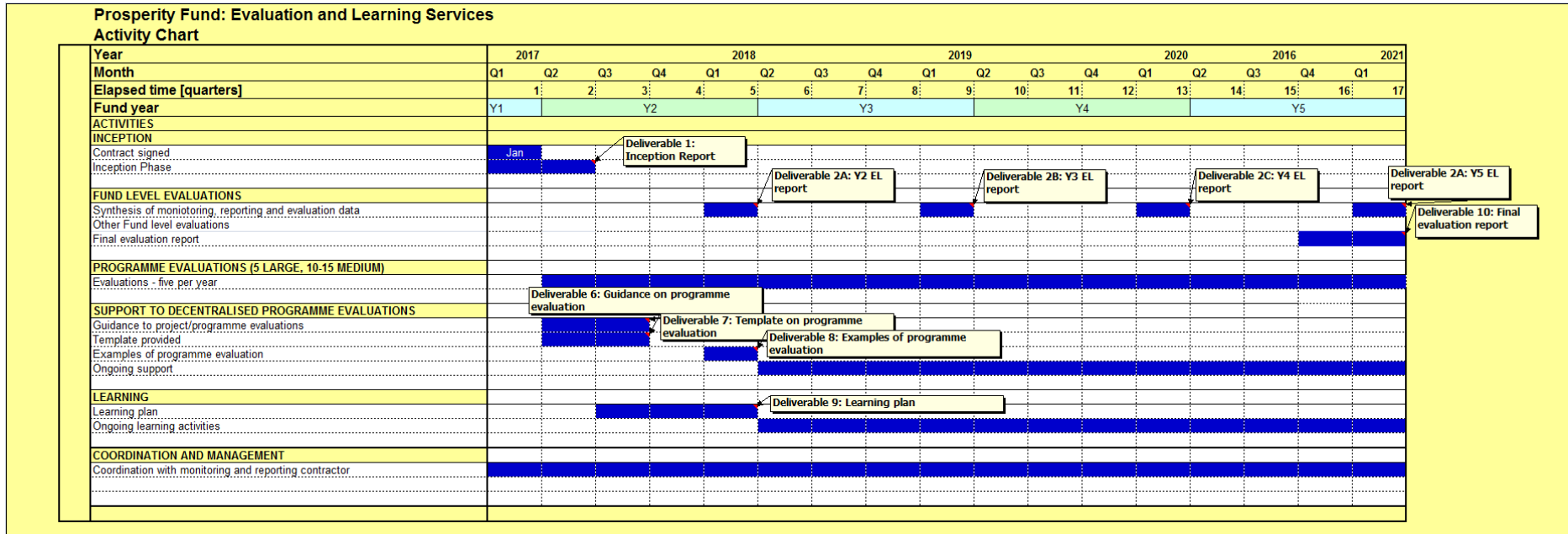
### Timeline

9.1 A tentative timetable is presented in these terms of reference and this is shown diagrammatically in Figure 3. This shows groups of evaluation and learning activities including inception; Fund level evaluations; programme-level evaluations; support to decentralised programme evaluations; learning activities; and coordination and management activities. It also shows indicative deliverables and expected deadlines for these for each activity group. These are shown in summary form in Table 2.

*Table 2: Fund level evaluation and learning deliverables (indicative only)*

No.	Deliverable	Deadline
1	Inception report	End June 2017 (assuming contract starts January 2017)
2a-d	Annual evaluation and learning report	End March 2018, 2019, 2020, 2021
3	Fund level evaluation reports	To be confirmed during inception
4	Programme evaluation reports	To be confirmed during inception
5	Technical assistance to programmes	To be confirmed during inception
6	Guidance on programme evaluations	September 2017
7	Templates for programme evaluations	September 2017
8	Examples of programme evaluations	March 2018
9	Learning plan	March 2018
10	Fund evaluation report – final	March 2021

Figure 3: Proposed timetable for Fund level evaluation and learning services



9.2 Bidders are invited to comment on this proposed timeline and the identified deliverables. Bidders should seek to provide more detail and to also flag areas needing more clarification and discussion. It is expected that the evaluation and learning timeframe and deliverables would be specified and agreed with the selected contractor during inception.

## Budget

9.3 In principle, five per cent of the Fund's finances (approximately £65m) are available for monitoring and evaluation activities. The maximum budget available for the activities described in these terms of reference is given here. These figures are provided to give bidders an idea of the scale and scope of activities planned. However, part of the assessment criteria of bids (40%) will be according to proposed cost.

9.4 The maximum budget available for activities described in these terms of reference is as follows:

- Fund level evaluations – £4.2m
- Programme evaluations - £16m

9.5 Bidders are expected to submit detailed financial proposals which cover all their expected costs. The budget figure provided is expected to cover all costs including professional fees, travel expenses etc. and all applicable taxes, e.g. VAT. However, the maximum budget figures are exclusive of VAT.

## Composition and skills of team(s)

9.6 Bidders are expected to explain in some detail how they would establish and provide a team (or teams) to carry out the work outlined in these terms of reference. Precise arrangements are for bidders to determine but provisions would be expected to cover all the objectives of these terms of reference including conducting all Fund level evaluations; conducting evaluations of up to five large and 15 medium-sized programmes supported by the Fund; supporting and guiding decentralised programme and project evaluation in order to maximise learning at the Fund level; and ensuring learning from the Fund's monitoring, reporting and evaluations is made available to identified stakeholders and audiences.

9.7 Given the scale and scope of expected activities under these terms of reference, proposals based on consortium arrangements, for example with different organisations leading on different areas, are particularly encouraged.

9.8 Given that some of the details of the precise work to be carried out under these terms of reference are not yet known, e.g. which programmes will be evaluated under these terms of reference, bids should clearly indicate identity of team members where these are known. In addition, proposals should indicate the available mechanisms to bidding organisations and consortia to identify people required to fulfil other roles, e.g. teams to evaluate particular programmes.

9.9 Given the nature of the countries in which the Prosperity Fund is likely to be operating, proposals which include significant and leading roles for regional and national organisations and individuals are particularly welcome. It is particularly expected that any evaluations of

country programmes would have significant and leading roles for national/in-country consultants.

9.10 Bidders should indicate the nature of any agreements reached with organisations and individuals in relation to services to be provided under these terms of reference, particularly where these involve exclusivity requirements. In general, the Prosperity Fund recognises that there will be a limited pool of organisations and individuals with the skills required for the activities described in these terms of reference. Therefore, the Prosperity Fund neither requires nor encourages the use of exclusivity arrangements for bids. This is particularly the case for regional and national organisations and consultants.

9.11 The team or teams proposed will be expected to have the following skills, experience and qualifications:

- Experience of conducting evaluations of official development assistance (ODA) (essential) and of the secondary UK benefits arising from such assistance (desirable).
- Extensive experience of managing and implementing large, complex evaluations (essential).
- Experience of evaluating aid instruments/financing mechanisms (essential).
- Experience of evaluating programme and project portfolio funds (essential).
- Extensive experience of formative evaluation; utilisation-focused evaluation and contribution analysis (essential).
- Experience of different approaches to assessing value for money (essential).
- Proven capacity and track record in using theories of change as the basis for evaluations of large, complex programmes (essential).
- Access to evaluation expertise in all sectors in which the Prosperity Fund is likely to support programmes – including infrastructure, energy, health, education, future cities, technology, low carbon transition, financial services, trade, business environment, transparency and corruption (essential).
- Access to evaluation expertise in regions and countries in which the Prosperity Fund is likely to support large and medium-sized programmes – including Bangladesh, Brazil, China, Egypt, India, Indonesia, Iran, Kenya, Libya, Malaysia, Mexico, Nigeria, Pakistan, South Africa, Thailand, Turkey and Ukraine (essential).
- Skills and experience in providing learning programmes based on evaluation evidence (essential).
- Proven capacity and track record in working supportively and collaboratively with other evaluation service providers (essential).
- Proven capacity and track record in managing large, complex programmes including logistics of in-country activities (essential).
- Proven capacity and track record in producing high quality communication products, including technical reports (essential).

- Access to a range of language skills including English (essential), Spanish (essential), Portuguese (essential), Arabic (desirable), Chinese (desirable) and Russian (desirable).
- Experience in using systematic synthesis and cross-case analytical methods for assessing performance and testing theory against empirical evidence.

## Logistics

9.12 Evaluation teams conducting work under these terms of reference are expected to be self-supporting in terms of logistical arrangements for any evaluations to be conducted. While it is expected that Government Departments and FCO Posts implementing programmes would cooperate fully with any evaluation conducted under these terms of reference, the evaluation team would be responsible for their own logistical arrangements including making their own travel and accommodation arrangements and organising their own schedules, arranging interviews etc.

9.13 Bidders should explain how they would handle these matters. In particular, bidders are expected to explain how they would ensure the security and safety of any individuals working for them under these terms of reference.

9.14 The supplier is responsible for all acts and omissions of the supplier's personnel and for the health, safety and security of such persons and their property. The provision of information by any UK Government Department shall not in any respect relieve the supplier from responsibility for its obligations under any contract issued under these terms of reference. Positive evaluation of proposals and award of this contract (or any future contract amendments) is not an endorsement by FCO or any other UK Government Department of the supplier's security arrangements. Supplier personnel are defined under the contract as any person instructed pursuant to this contract to undertake any of the supplier's obligations under this contract, including the supplier's employees, agents, and sub-contractors.

## 10. Responsibilities

10.1 Bidders are expected to explain how their team or teams would be managed and organised, for example, through the provision of a proposed organisational chart or organogram. Bidders should be clear as to where different responsibilities (e.g. technical, contractual) lie within their proposed structures.

10.2 The evaluation and learning team will be managed by and will report to the Monitoring and Evaluation Manager within the Prosperity Fund Management Office (Andrew Millar).

10.3 The Prosperity Fund is establishing a monitoring and evaluation advisory group with representation from different UK Government Departments and independent technical experts. It is expected that the evaluation and learning contractor would engage extensively with this group on a wide range of matters, including overall technical direction and quality of the work being conducted under these terms of reference. However, formal management direction and decisions would come through the Prosperity Fund Management Office's M&E Manager and not from this group collectively or from any individual member of the group.

10.4 It is expected that the Fund's M&E advisory group will interact with the Fund's overall management and governance structures, e.g. the Programme Board. It is likely that the evaluation and learning contractor may also need to have such interactions.

10.5 Bidders should explain their own internal arrangements for ensuring the quality of any products they will generate under these terms of reference. The Prosperity Fund will also arrange for independent quality assurance of significant products (including terms of reference, inception reports, final reports) through DFID's proposed Evaluation Quality Assurance and Learning Service (EQuALS) or equivalent.

10.6 Given the nature and scale of the Prosperity Fund, it is likely that many stakeholders will need to review and comment on draft products produced by the contractor. These would include staff of the Prosperity Fund Management Office, members of the M&E advisory group from other Government Departments, independent technical experts and EQuALS. The Prosperity Fund's M&E Manager will provide such comments as consolidated feedback with clear direction as to what elements the contractor needs to act on, particularly where conflicting comments are given.

10.7 The contractor may make recommendations that are relevant to a number of different actors. The Fund's M&E Manager will ensure that a management response is produced in relation to any recommendations made and will be responsible for ensuring that appropriate implementation arrangements are made for those recommendations that are accepted by the Prosperity Fund's management.

## Supporting Documents

[1] 2015 Strategic Defence and Security Review see [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/478933/52309\\_Cm\\_9161\\_NSS\\_SD\\_Review\\_web\\_only.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/478933/52309_Cm_9161_NSS_SD_Review_web_only.pdf) Section 6.1.4, p70

[2] UK aid strategy, Tackling Global Challenges in the National Interest see [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/478834/ODA\\_strategy\\_final\\_web\\_0905.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/478834/ODA_strategy_final_web_0905.pdf) particularly, p4, p10 and p17

[3] Prosperity Fund Call for Bids: Year 1 see <https://www.gov.uk/government/publications/cross-government-prosperity-fund-programme>

[4] Investment Climate see <https://www.wbginvestmentclimate.org/>

[5] Investment Climate Reforms: An Independent Evaluation of World Bank Group Support to Reforms of Business Regulations see [http://ieg.worldbank.org/Data/reports/investment\\_climate\\_final.pdf](http://ieg.worldbank.org/Data/reports/investment_climate_final.pdf)

- [6] UK International Climate Fund: Tackling Climate Change, Reducing Poverty see [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/48217/3389-uk-international-climate-fund-brochure.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/48217/3389-uk-international-climate-fund-brochure.pdf)
- [7] Prosperity Fund MREL Strategic Framework – and two supporting documents – evaluation strategy and M&E framework
- [8] Strategic Vision for MREL Contracts
- [9] Prosperity Fund MREL Business Case
- [10] OECD DAC Evaluation Criteria see <http://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm>
- [11] Corruptions Perceptions Index see <http://www.transparency.org/research/cpi/overview>
- [12] Trade (% of GDP) on World Bank web see <http://data.worldbank.org/indicator/NE.TRD.GNFS.ZS>
- [13] Open Markets Index see <http://www.iccwbo.org/global-influence/g20/reports-and-products/open-markets-index/>
- [14] Logistics Performance Index see <http://lpi.worldbank.org/>
- [15] Doing Business 2015: Going Beyond Efficiency see <http://www.doingbusiness.org/~media/GIAWB/Doing%20Business/Documents/Annual-Reports/English/DB15-Chapters/DB15-Report-Overview.pdf>  
Also see <http://www.doingbusiness.org/rankings>
- [16] DFID Ethics Principles for Research and Evaluation see [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/67483/dfid-ethics-prcpls-rsrch-eval.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67483/dfid-ethics-prcpls-rsrch-eval.pdf)



## 11. Programme Evaluations: Introduction and background

11.1 The 2015 Strategic Defence and Security Review [1] announced a £1.3 billion cross-government Prosperity Fund to run over the next five years (2016/17 to 2020/21) to promote the economic reform and development needed for growth in partner countries. Priorities include improving the business climate, competitiveness and operation of markets; energy and financial sector reform; and increasing the ability of partner countries to tackle corruption. As well as contributing to a reduction in poverty in recipient countries, it is expected that these reforms will create opportunities for international business including UK companies. The role of the Fund is also set out in the UK aid strategy, Tackling Global Challenges in the National Interest [2]. The cross-government Prosperity Fund promotes the economic reform and development needed for growth in partner countries.

### Theory of change

11.2 Although the Fund is currently still being developed and designed, it has an indicative theory of change which shows that the Prosperity Fund is primarily a funding mechanism or portfolio (Figures 1 and 2) and not a unitary programme. It is expected that the Fund would support a number of medium-sized/large multi-year projects/programmes in priority countries and a number of medium-sized/large multi-year projects/programmes across priority themes. Large projects/programmes are >£50m and medium-sized projects/programmes are £10-49m. Medium-sized and large projects/programmes are expected to operate from Years 2-5. In the Fund's first year, an indicative budget of £55m was set aside for relatively small, single year projects. Smaller projects may be supported in other ways, e.g. through funds for scoping and a possible Strategic Opportunities Fund.

11.3 Similarly, the countries in which the Prosperity Fund will work have not yet been finalised but it is expected that priority will be given to middle-income countries based on development potential and UK economic interests. Large, multi-year programmes are likely to focus on those countries with the greatest potential in both of these areas. The range of countries and topics covered by the Prosperity Fund in the first year can be seen from the various calls for bids for Y1 [3].

11.4 It is expected that projects and programmes would support activities in identified sectors based on tailored diagnostics and proposals developed in priority countries and themes. It is expected that these activities would contribute to progress on five intermediate outcomes which are shown as purple circles in Figures 1 and 2. These intermediate outcomes are considered to represent the Fund's primary or developmental benefits. In addition, it is expected that such progress would be made in ways which would promote mutually beneficial partnerships in areas in which the UK has comparative advantage (green box in Figures 1 and 2). This secondary or UK benefit is a key element of the Prosperity Fund's approach. However, this is clearly secondary to the primary developmental benefit.

11.5 A number of key assumptions are shown in Figure 2, including that the Fund uses inputs to produce outputs in a way that represents value for money. Ensuring value for money is a key and critical requirement within the Prosperity Fund alongside the requirements of the

primary benefit of producing positive developmental outcomes and the secondary benefit relating to promoting partnerships which benefit the UK.

11.6 It is expected that as a result of achieving intermediate outcomes, the Fund's outcome would be that, internationally and in partner countries, there would be improved conditions for growth, namely structural and economic reforms that promote a sustainable growth path; government policies that promote strategic integration with the global economy; and better international rules and greater adherence to domestic and international rules delivering a better business environment.

11.7 It is expected that this outcome would contribute to ultimate developmental impact in terms of growth-promoting relationships leading to higher rates of sustainable growth; greater investment flows and greater trade flows.

### **Available evidence**

11.8 There are a number of areas where there are evidence gaps and it is expected that the Prosperity Fund, in general, and its monitoring and evaluation, in particular, would contribute to filling those gaps. While it is expected that official development assistance can be used to promote economic development in middle income countries in ways which promote mutually beneficial partnerships with the UK, evidence is needed not only that this can be done in practice but also about the best ways of doing this in different contexts

### **Implementation arrangements**

11.9 The Prosperity Fund is a cross-government programme involving a number of Government Departments including the Foreign and Commonwealth Office (FCO), the Department for International Development (DFID), the Treasury, the Cabinet Office, the Department for International Trade (DIT) and the Department for Business, Energy and Industrial Strategy (BEIS). The Fund is being managed by a cross-government Prosperity Fund Management Office located at the Foreign and Commonwealth Office. It is expected that Government Departments and FCO Posts will bid for Prosperity Fund finances. The majority of funds for large and medium-sized multi-year projects and programmes are expected to be allocated over the Fund's first year of operations (2016-2017) through three funding windows.

### **The previous FCO Prosperity Fund**

11.10 The cross-government Prosperity Fund is building on work conducted by a smaller Prosperity Fund which was operated previously by FCO. This FCO Fund disbursed around £20-30m per year through FCO Posts. It was broadly similar in size and nature to the first year's operations of the cross-government Prosperity Fund. Most projects supported through this Fund were valued at £100,000 or less and were single year in nature. Although this Fund has not yet been formally evaluated overall, the Cabinet Office Implementation Unit is currently conducting a review of this Fund. In addition, individual projects and programmes within the FCO Prosperity Fund did undergo internal evaluations.

### Other relevant work

11.11 A number of organisations are doing work which is relevant and related to the work of the Prosperity Fund. This includes economic development work being conducted by DFID, particularly in low income countries, and activities of international financial institutions, including the World Bank, particularly in relation to investment climate [4]. It is expected that the Prosperity Fund Management Office's monitoring and evaluation team would lead on interacting with other relevant programmes and their evaluations.

### Learning from similar funds

11.12 In addition, the Prosperity Fund, in general, and its monitoring, evaluation and learning systems, in particular, have been designed based on lessons learned from similar financing mechanisms and portfolios. In particular, the monitoring, evaluation and learning system has been designed based on the experiences of and lessons learned by the International Climate Fund (ICF) [5]. Bidders<sup>2</sup> are expected to comment on where the Fund's approach to programme evaluation, in particular, should be similar to or diverge from ICF.

## 12. Purpose

12.1 The Prosperity Fund is establishing a number of mechanisms and systems for monitoring, reporting, evaluation and learning (MREL). Details are provided in an MREL strategic framework and business case [6, 7]. In principle, although the Prosperity Fund Management Office is establishing an MREL team, it is expected that much of the MREL work will be carried out through a number of contractors. Specifically, there will be three main central contracts – this one focused on commissioning and managing programme evaluations and two others focused on (i) Fund level evaluation & learning and (ii) monitoring & reporting respectively. In addition, there may be other central contracts on matters relevant to MREL, including a contract for economic modelling of secondary/UK benefit and a contract for operational research studies to address key, practical questions relating to the Fund's operations.

12.2 Through this contract, the Fund is seeking to identify a contractor whose purpose will be to commission and manage those programme evaluations which will not be handled through the central contract focused on Fund level evaluation and learning.

### Focus on learning

12.3 It is expected that the main way information from evaluations will be used is for learning purposes at project, programme and Fund levels. It is expected that this learning would be used to improve performance and, where necessary, to make mid-course corrections. It is also expected that lessons learned would be useful for any similar, future funds. More details

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<sup>2</sup> Please note that these terms of reference use the term "bidder" to refer to firms submitting proposals to carry out this work, i.e. something required of a bidder would be required in their proposal. The term "contractor" is used to refer to the firm selected to carry out the work, i.e. the successful bidder. Where something is required of a contractor this would be expected during implementation, including during inception in some cases.

on the expected learning functions under these terms of reference are provided in the section on scope (p7).

12.4 This does not mean that the evaluations will have no contribution to accountability mechanisms. Evaluations may also contribute to identifying projects and programmes that are not performing optimally allowing corrective measures to be taken or alternative programmes to be identified and supported. However, it does mean that accountability is not the primary purpose of evaluations. More emphasis will be placed on monitoring and reporting in relation to accountability.

## **Audiences**

12.5 The Fund's evaluation activities have a number of key intended audiences. It is expected that products of programme evaluations will focus largely on those involved in managing and implementing projects and programmes, i.e. these will be the contractor's primary audience. These may include:

- Government Departments and FCO Posts managing and implementing projects and programmes
- Other organisations involved in implementing projects and programmes including contractors

12.6 Secondary audiences may include:

- Ministers and officials of relevant UK Government Departments including FCO, DFID, DIT, BEIS, Cabinet Office and Treasury.
- UK general public, Parliament and civil society organisations
- Businesses and private sector companies in the UK and elsewhere
- Governments, civil society and citizens in partner countries
- Development partners, including the World Bank and other international financial institutions; multilateral organisations and bilateral agencies
- Media including print and broadcast media

12.7 Bidders are expected to comment on these identified audiences including making suggestions for changes and additions, if necessary. Bidders should suggest how they might tailor their approach to different audiences, particularly explaining how they would approach their primary audience. The selected contractor would be expected to conduct an in-depth stakeholder analysis and produce a detailed communications plan during inception.

## **Justification of timing**

12.8 It is expected that the programme evaluation contractor would work over years 2 to 5 of the Fund, i.e. from April 2017 to March 2021. The justification for starting in year 2 is largely practical, i.e. it has taken time to design and develop the Fund's MREL system and contracting service providers will also take time. However, this timing also makes sense as the Fund's first year's activities are likely to be relatively small-scale focused on quite small projects that are broadly similar to those supported by the previous FCO Prosperity Fund (see paragraph 1.10).

12.9 A key timing issue is that the programme evaluation contractor and the evaluation teams they establish will work with the Fund's programmes on an ongoing basis over years 2 and 5 rather than just coming in for a mid-term and end-term evaluation. The reason behind this is that evaluation and learning activities need to feed into key decision points in the Fund's programmes. However, as the programmes are not yet established, these are not yet fully known. Consequently, all timings in these terms of reference are indicative. Similarly, although bidders will be expected to propose an indicative timeline and the selected contractor would be expected to provide more detail during inception, there will be need for flexibility on behalf of the Fund, its programmes and the selected contractor to be able to make adjustments throughout the lifetime of the Fund as more information on key timelines becomes available.

## 13. Scope and objectives

13.1 As stated above (see section 2), the purpose of these terms of reference is to commission and manage those programme evaluations which will not be handled through the central contract focused on Fund level evaluation and learning.

### Objectives

13.2 Specifically, the contract has the following three objectives:

- To commission and manage programme evaluations for the Prosperity Fund.
- To coordinate with the contractor responsible for Fund level evaluation and learning to ensure that central needs and requirements are reflected in programme evaluations and that learning from programme evaluations informs learning at Fund level.
- To ensure learning from programme evaluations is used by implementers and managers to improve programmes.

### Programme evaluations

13.3 The primary objective of these terms of reference is to commission and manage the majority of programme evaluations within the Prosperity Fund. It is expected that some programme evaluations (up to five large and 15 medium-sized) would be conducted as part of a separate contract focused on Fund level evaluation and learning, i.e. those evaluations are outside the scope of this contract. As the Fund's programmes are not yet known, it is expected that the two contractors and the Prosperity Fund Management Office would need to discuss and agree during inception and on an ongoing basis which programme evaluations were going to be managed by which contractor. Bidders should explain how they would approach this process identifying any risks that they identify in relation to this. It is expected that this contract might involve managing 20-30 programme evaluations. It is currently proposed that all programmes over £10m should have an evaluation but bidders might wish to comment on this criterion, suggesting alternative approaches and criteria if they think these might be appropriate.

13.4 Bidders are not expected, at this stage, to identify which projects/programmes would be evaluated, as the precise nature of these have not been yet finalised. However, they are expected to suggest how programmes to be evaluated should be identified. It is likely that

initial plans for which programmes should be evaluated would be agreed between the Prosperity Fund Management Office and the contractors during inception. However, it is also likely that these would need to be reviewed and perhaps revised during implementation.

13.5 It is expected that the contractor might carry out some of the evaluations itself and that it might commission and manage others through third parties. Bidders are expected to outline how they would approach this and the selected contractor would provide more detail of this during inception. Bidders should explain in detail how they might ensure they can evaluate effectively a wide range of programmes in different sectors and countries.

13.6 In general, the Prosperity Fund is intending to centralise the management of programme evaluations based on lessons learned and feedback received from other funds, e.g. ICF. Bidders may wish to comment on the expected benefits and possible risks of such an approach. In particular, bidders should explain how they would ensure, if appointed, that managers and implementers were engaged with and felt ownership of any evaluation of their programmes and that evaluations conducted were relevant to each programme and its context. For example, it is expected that this would involve working with Departments and Posts to develop their own specific evaluation questions in addition to a small number of core, strategic evaluations questions decided at Fund level.

13.7 Broadly, this means that the contractor would need to commission and manage between five to eight programme evaluations per year. However, this would mean that different programmes would be being evaluated at very different times in the overall Fund life cycle. This might be beneficial but it may also be problematic. An alternative might be for each evaluation to run alongside the implementation cycle of the programme, i.e. run all programme evaluations concurrently over years 2-5 of the Fund. It is expected that there might be a peak of evaluation activity in year 3. Bidders should consider these matters in their proposals and suggest the approach they would take.

### Using learning from evaluations in programmes

13.8 Based on experiences, e.g. of ICF, the Prosperity Fund has identified the importance of linking evaluations very clearly to specific learning plans and activities. Bidders are expected to outline how they would ensure learning from programme evaluations was used particularly within the Fund's programmes. A detailed programme level learning plan would need to be developed during inception. The contractor would need to show how this fitted together with and complemented any Fund level learning plan being implemented by another contractor.

### Coordination with others

13.9 The contractor will be expected to coordinate with others who will be contributing in a variety of different ways, to the Prosperity Fund's monitoring, reporting, evaluation and learning (MREL). Effective coordination among those contributing to the Fund's MREL will be critical to the success of the Prosperity Fund, in general, and its monitoring, reporting, evaluation and learning, in particular. Expectations for this have been set out in a document entitled "Strategic Vision for MREL Contracts" [7].

13.10 First, the programme level evaluation contractor will need to coordinate effectively with both the Fund level evaluation contractor and the Fund level monitoring and reporting contractor. Bidders should explain how they will approach this and how they will embed the cooperative values that will underpin successful delivery. Bidders may bid on both the Fund level evaluation and learning contract and the programme level evaluation and learning contract. However, if they do this, they should explain how they would coordinate with others if they were to win both bids or if they were to win only one. It is not expected that firms that bid for either of the evaluation and learning contracts would bid for the monitoring and reporting contract or vice versa.

13.11 The Fund level evaluation contractor will need to quickly identify the sample of programmes that they will look at to conduct their evaluation. The programme evaluation contractor will then work with the other programmes. Both contractors will then need to work with posts and with the Prosperity Fund Management Office team to agree the evaluation methodologies and questions that will need to be asked. It will be important as well for the evaluation teams to coordinate with the monitoring and reporting contractor to ensure that any data critical to the evaluation is correctly identified and collected. This process will need to be complete by the end of the inception phase and a clear plan put in place for delivery of evaluations and their associated outputs.

13.12 Values of cooperation and coordination are also important when working with other departments, posts (UK overseas offices) and their programme teams. These programme teams will contract work out to implementers to deliver the programmes. A feature of programme level evaluations is that the contractor should work with the project owner (either a Government Department or FCO post) to help them develop questions that can be used for evaluation and learning within their given programme. The programme level evaluator will need to determine the evaluation approach that will be best suited to each programme strand and how evaluation can be best deployed to support successful programme delivery. The bidder should explain how they will build a relationship with programme managers so that this support can be most capably offered.

13.13 With such a range of cooperative working required for success it will be important to develop an agreed dispute resolution process to manage any conflicts or problems that might arise. The Prosperity Fund Management Office governance group shall be the final adjudicator of disputes between contractors over responsibilities and performance.

### Risks

13.14 Bidders are expected to identify risks associated with these terms of reference and present them in a standard risk matrix, i.e. showing likelihood of occurrence, impact if the risk occurs and their mitigation strategy. Risks identified in the business case [8] may be considered but these are not exhaustive. Bidders are encouraged to identify and present a comprehensive assessment of the risks in the contract that will be awarded on the basis of these terms of reference. It is expected that a definitive risk matrix will be developed by the contractor and agreed by the Prosperity Fund during inception. It is also expected that this will need to be reviewed and updated periodically during implementation.

## Strategic evaluation questions

13.15 A number of strategic evaluation questions have been proposed in the MREL strategic framework and business case [6-7]. These are briefly explained here (in the narrative and in Table 1). Details of how these are considered to relate to the Fund's theory of change and the OECD DAC criteria are presented in the MREL strategic framework [6] and as Annex 1 to these terms of reference (p**Error! Bookmark not defined.**).

13.16 However, these questions are not fixed and not all questions may be relevant to all programme evaluations. Bidders are invited to suggest how they would approach these questions in relation to programme evaluations. It is also expected that the contractor would identify programme-specific questions for individual evaluations in discussion with individual programme managers.

13.17 As outlined in the MREL strategic framework, the Fund's overarching evaluation question is proposed to be "To what extent, is the Prosperity Fund contributing to the sustainable economic growth and development of partner countries, and in doing so generating direct and indirect benefit for the UK?"

*Table 3: Strategic evaluation questions for the Prosperity Fund*

What has been or seems likely to be achieved as a result of the Fund?
1. Which types of interventions, and in which sectors and in types of country settings, have been most successful in leading to outcomes in the areas of investment; innovation and knowledge transfer; trade, financial and economic reform; policy and regular capacity, and ease of doing business?
2. In the short-to-medium term, what evidence is there that the Fund has been or is likely to contribute to intended outputs and intermediate outcomes as suggested in the Fund's Theory of Change, as well as unintended or unexpected effects at any level?
3. What are the characteristics of programmes and interventions that have led to strengthened partnerships that show evidence of likely contributing to improved economic growth and development and to UK benefit?
4. What is the efficiency of Prosperity Fund funding? Which approaches have provided the best value for money (VfM)?
5. What lessons can be learned from the experiences of individual programmes as well as that of the Prosperity Fund overall for improving ongoing and future efforts at supporting innovation and increasing inclusive economic growth and in a way that also can lead to UK benefit?
6. Who benefits the most, directly and indirectly, through programmes supported by the Fund? Which types of initiative, and under which sets of circumstances, are most likely to lead to growth and development that benefits the poor and to cross-cutting themes, such as gender equality, human rights and respect for minority populations, reductions in corruption, respect for the environment?
What factors are associated with how well the Fund works?
7. What factors have contributed to certain programme approaches in having an impact at any level? In which types of situations/contexts are given approaches most appropriate or not
8. Are there certain types of settings or contexts where support through the Prosperity Fund is most likely to be appropriate and to have the greatest chance of contributing to the Fund's objectives without undesired side effects?
9. How valid are the assumptions in the theory of change (ToC)? Are there refinements or changes that should be made, based upon early experiences with programmes and activities supported through the Fund?
10. What good practices can be identified from experiences of Prosperity Fund programmes that might be considered in other settings?
11. How can the Fund best work in combination with other partners, including with other initiatives also attempting to support economic growth and prosperity, and/or with themes (for example, education) of the Fund?
12. Which funding modalities work best in contributing to the Fund's aims?



**What are the implications of Fund experiences for future directions?**

- 13. What can be learned from initial experiences of the Fund overall, as well as of ongoing programmes, in order to make adjustments so that the intervention will be more likely to success?
- 14. Which types of programmes and approaches are most efficient and represent better value for money?
- 15. Are there optional approaches or strategies that might be more appropriate or more effective?
- 16. What are the implications of the experiences of the Prosperity Fund for the UK to consider continuing with a similar approach in the future?

13.18 There are proposed to be three main categories of questions (see Table 1 for more detail):

- What has been, or is likely to be achieved, as a result of the Fund?
- Why is this? What factors have contributed, or not, to what has taken place and been accomplished?
- What does this mean? What can be learned from how well implementation is taking place to improve ongoing activities and to inform future directions?

## 14. Evaluation criteria

14.1 Evaluations carried out of the Prosperity Fund and its projects/programmes will be expected to consider the OECD-DAC criteria of relevance, effectiveness, efficiency, impact and sustainability [9]. However, there is no expectation that these should be used as a rigid or mechanistic template for Fund evaluations. Annex 1 of these terms of reference shows how the proposed strategic evaluation questions map to the OECD-DAC evaluation criteria.

14.2 It is likely that there will be some programming themes that are similar across different programme strands. The bidder should describe how learning from one programme will be shared across similar strands. It is expected that programmes will have been fully identified by the start of this contract and the successful contractor will be expected to review these and identify cross-cutting issues for discussion with the Prosperity Fund Management Office.

## 15. Methodology

15.1 Bidders are expected to explain how they would approach the implementation of these terms of reference if selected. In particular, bidders are asked to explain how they would interpret and apply, in practice, the principles outlined in the MREL strategic framework. In particular bidders should explain:

- What they understand as a formative approach to evaluation and how they would apply this if selected to contract and manage programme evaluations.
- What they understand by a utilisation-focused approach to evaluations and how they would apply this if selected to contract and manage programme evaluations
- What they understand by a contribution analysis approach to evaluations and how they would apply this if selected to contract and manage programme evaluations.
- What they understand by cross-case analysis and what method would be used to develop this.

- What approach they will take to developing learning summaries and how these might be disseminated across the fund programmes.

15.2 Value for money is a key objective for the Fund and while at the time of drafting the ideal approach for indentifying, measuring and reporting value for money has not been finalised, bidders are asked to explain how they would approach the calculation of value for money in the context of the fund and its programmes. An agreed methodology will be in place at the inception of this contract.

15.3 One area that bidders should comment on is how issues of gender and social inclusion will be addressed. It is relatively unlikely that programme and project data will include data items which are well-suited to disaggregation, e .g. by gender. One option may be to approach part of the synthesis work using a “gender” lens. Bidders would be expected to comment on possible options with a decision as to how to proceed being taken during inception.

15.4 In addition, it is expected that the contractor responsible for Fund level evaluation and learning would identify a small number of core issues and questions which programme evaluations would need to address to inform Fund level evaluation and learning. It is likely that this will involve providing common templates and guidance/training on how to use these. Bidders should explain how they would expect to be involved in and contribute to this process.

## 16. Stakeholders

16.1 One complicating feature of the Fund is the variety of its stakeholders. Bidders should describe how they will map these and assess their likely importance to the successful evaluation and learning products that are expected. These stakeholders include:

- Departments and Posts managing and implementing projects and programmes
- Other organisations involved in implementing projects and programmes including contractors
- Ministers and officials of relevant UK Government Departments including FCO, DFID, DIT, BEIS, Cabinet Office and Treasury.
- UK general public, Parliament and civil society organisations
- Businesses and private sector companies in the UK and elsewhere
- Governments, civil society and citizens in partner countries
- Development partners, including the World Bank and other international financial institutions; multilateral organisations and bilateral agencies

## 17. Data

17.1 In general, it is expected that Prosperity Fund evaluations will use a combination of quantitative and qualitative data.

17.2 The main source of data for programme/project-level evaluations is likely to be programme/project reporting and monitoring. These systems have not yet been established but they are expected to include, from each project/programme, monthly financial reports,

quarterly reports of results and annual reviews. In addition, there is expected to be a dashboard at Fund level which should be able to provide real-time data. At this stage, it is not possible to assess the quality of data available through these systems as they have not yet been established. However, there are expectations that the quality of data should be good. Resources are available within the Prosperity Fund to contract an external provider to support the design and implementation of monitoring and reporting systems. It is expected that the Fund would track a relatively small number of core indicators at different levels of the theory of change and that projects/programmes would be required to report on all core indicators in the thematic areas in which they are working. Annual reviews are also expected to provide scores of project/programme performance, risk and value for money.

17.3 While indicators are, in the main, going to be used to drive portfolio reporting through the Monitoring and Reporting workstream, the data that is gathered may be useful to the evaluation approach. The bidder will need to consider the data that will be required to fit with a particular programme specific evaluation approach within a formative framework. In discussion with the monitoring and reporting contractor and the Fund level evaluation contractor, the bidder will need to agree the data that will be required and how it will be gathered and reported. In addition, the contractor may need to consider how to approach developing programme theories of change through the evaluation feedback. This will involve examining the assumptions embedded in the theory of change and the theories that, in turn, underpin them.

17.4 Some of the indicators that the Fund may track at the intermediate outcome level may depend on existing indices and/or sub-components of these, e.g. perceptions of corruption index [10]; trade openness index [11]; open markets index [12]; trade logistics performance index [13]; and ease of doing business index [14]. At this stage, these indices are not formally agreed as Prosperity Fund indicators. Some may be removed or added or sub-components of some indices may be used. There are concerns that these indices may be at too high a level to document Prosperity Fund effects. However, they could be useful as measures of intended outcomes as part of the contribution analysis approach mentioned earlier.

17.5 Bidders are expected to comment on issues of data sources, availability and quality particularly in relation to programme evaluations. They should cover any expectations they have on data availability and quality for the approach and methods they are proposing; any assumptions on which their proposal is based; any clarifications they would need about data availability and quality; and any suggestions they might make to improve data availability and quality. It is expected that the selected contractor would conduct a detailed assessment of programme level data availability and quality during inception.

## 18. Outputs

18.1 The contract that will be developed based on these terms of reference will expect a large number of outputs or deliverables over the four year period that it operates (2017/18 to 2020/2021).

18.2 It is anticipated that there will be an extended inception phase of around six months and this is expected to run from January to June 2017. The output of this phase will be an

inception report which should outline in detail how the selected contractor will fulfil these terms of reference. Specifically, the inception report should:

- Identify key stakeholders for the Fund's programme evaluations.
- Include a communications plan.
- Outline a timeline and plan for programme evaluations including how timings fit with key Prosperity Fund timings.
- Discuss and agree with the Prosperity Fund Management Office and the Fund level evaluation and learning contractor which programmes are to be evaluated and by whom. This discussion and agreement should also cover the criteria on which these decisions are made.
- Explain how many evaluations might be conducted by the contracting organisation themselves and how many might be sub-contracted through others. Bidders should also explain how this will be decided.
- Include a programme level learning plan and show how this would fit together with the Fund level learning plan.
- Include a risk matrix with plans for mitigation.
- Explain the extent to which the Fund's strategic evaluation questions will be used in programme evaluations. If additional questions are to be identified for particular programme evaluations a clear process for this should be outlined. The evaluator needs to show how any questions selected relate to the OECD DAC evaluation criteria or other criteria being used.
- Present approaches and methods to be used in programme evaluations.
- Explain how the contractor will work with Departments, Posts and their programmes to ensure programmes are as good as possible.
- Include an assessment of programme level data sources, availability and quality.
- Propose a plan for consulting key informants for different programme evaluations. It is expected that this plan would recognise Departments and Posts as key stakeholders in this process.
- Explain how programme evaluations will assess issues of gender and value for money.

18.3 Bidders should explain in some detail the approach, process and methods they would use in the inception phase. It is expected that Departments and Posts would be key stakeholders to be consulted in this process.

18.4 Expected programme evaluation outputs in the operational phase are expected to include:

- An annual programme evaluation process report for the Prosperity Fund (i.e. as of March 2018, March 2019, March 2020 and March 2021). This is expected to summarise and synthesise lessons learned from the programme evaluations.

- Reports of (up to 30) programme evaluations conducted, contracted or managed by the contractor.
- Learning summaries of each programme evaluation (in format to be agreed with Prosperity Fund Management Office and Fund level evaluation and learning contractor.)

18.5 Bidders should explain the audiences they see for these different outputs. It is expected that the primary audiences for the evaluation reports will be at the programme level. However, they will be of interest to a more central audience too. The annual progress report is likely to be mainly of interest to a central audience, e.g. the Prosperity Fund Management Office. It may be that specific outputs need to be targeted at particular audiences and bidders should explain this.

18.6 It is expected that the appointed contractor will adhere to DFID ethics principles for research and evaluation [15] particularly:

- Principle number eight which emphasises that DFID and, in this case, the UK government is committed to publication and communications of all evaluation studies. It is therefore expected that all evaluation and learning outputs would be made publicly available without intellectual property restrictions. In particular, UK Government Departments would have unlimited access to all material produced by the supplier under the contract arising from these terms of reference.
- Principle number nine on evaluation independence

18.7 Bidders are expected to explain in their proposals how they would approach these ethical matters.

## 19. Workplan

### Timeline

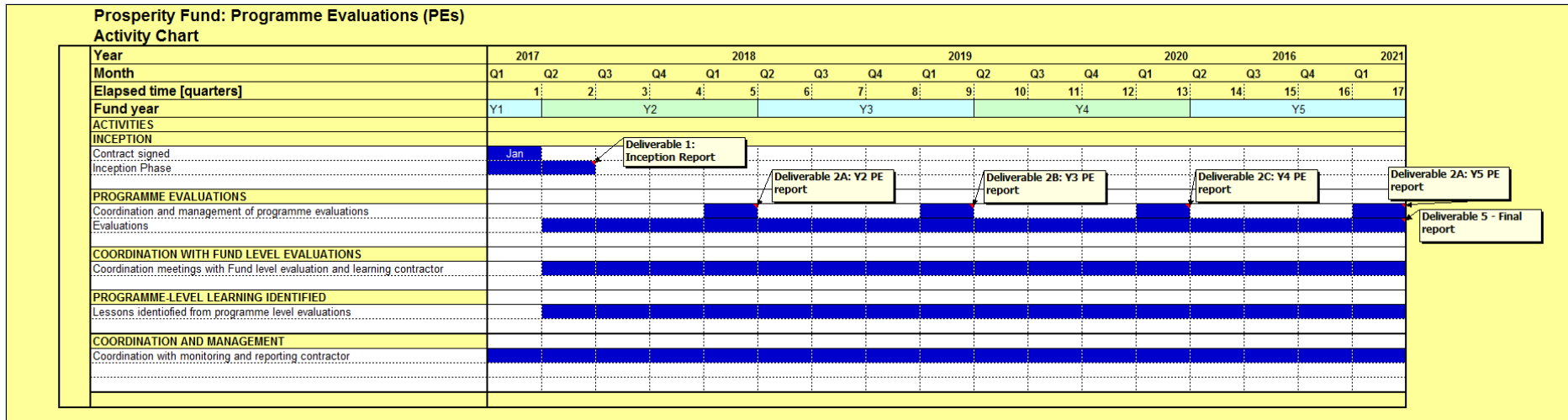
19.1 A tentative timetable is presented in these terms of reference and this is shown diagrammatically in Figure 3. This shows groups of programme evaluation activities including inception; programme level evaluations; coordination with the Fund level evaluation and learning contractor; promotion of learning from programme evaluations and coordination and management activities. It also shows indicative deliverables and expected deadlines for these for each activity group. These are shown in summary form in Table 4.

Table 4: Programme evaluation deliverables (indicative only)

No.	Deliverable	Deadline
1	Inception report	End June 2017 (assuming contract starts January 2017)
2a-d	Annual programme evaluation process and progress report	End March 2018, 2019, 2020, 2021
3	Programme evaluation reports	To be confirmed during inception
4	Technical assistance to programmes	To be confirmed during inception
5	Learning summaries from each programme evaluation and across evaluations	To be confirmed during inception

No.	Deliverable	Deadline
6	Programme evaluation completion report – final	March 2021

Figure 3: Proposed timetable for Prosperity Fund programme evaluations



19.2 Bidders are invited to comment on this proposed timeline and the identified deliverables. Bidders should seek to provide more detail and to also flag areas needing more clarification and discussion. It is expected that the evaluation and learning timeframe and deliverables would be specified and agreed with the selected contractor during inception.

## **Budget**

19.3 In principle, five per cent of the Fund's finances (approximately £65m) are available for monitoring and evaluation activities. The maximum budget available for the activities described in these terms of reference is given here. These figures are provided to give bidders an idea of the scale and scope of activities planned. However, part of the assessment criteria of bids (40%) will be according to proposed cost.

19.4 The maximum budget available for activities described in these terms of reference is up to £15m.

19.5 Bidders are expected to submit detailed financial proposals which cover all their expected costs. The budget figure provided is expected to cover all costs including professional fees, travel expenses etc. and all applicable taxes, e.g. VAT. However, the maximum budget figures are exclusive of VAT.

## **Composition and skills of team(s)**

19.6 Bidders are expected to explain in some detail how they would establish and provide a team (or teams) to carry out the work outlined in these terms of reference. Precise arrangements are for bidders to determine but provisions would be expected to cover all the objectives of these terms of reference including conducting approximately 30 programme evaluations; coordinating with the Fund level evaluation and learning contractor and identifying lessons learned from programme evaluations.

19.7 Given the scale and scope of expected activities under these terms of reference, proposals based on consortium arrangements, for example with different organisations leading on different areas, are particularly encouraged.

19.8 Given that some of the details of the precise work to be carried out under these terms of reference are not yet known, e.g. which programmes will be evaluated under these terms of reference, it is expected that bidders might identify a core team to manage the work indicating how this team might access personnel for evaluation teams across a wide range of themes and countries. Bidders might indicate human resources available to them within their own organisation, through consortium partners and through other means, e.g. consultant databases and networks. Bids should clearly indicate identity of team members where these are known. In addition, proposals should indicate the available mechanisms to bidding organisations and consortia to identify people required to fulfil other roles, e.g. teams to evaluate particular programmes.

19.9 Given the nature of the countries in which the Prosperity Fund is likely to be operating, proposals which include significant and leading roles for regional and national organisations and individuals are particularly welcome. It is particularly expected that any evaluations of country programmes would have significant and leading roles for national/in-country



consultants. Bidders should explain how they would identify such organisations and individuals.

19.10 Bidders should indicate the nature of any agreements reached with organisations and individuals in relation to services to be provided under these terms of reference, particularly where these involve exclusivity requirements. In general, the Prosperity Fund recognises that there will be a limited pool of organisations and individuals with the skills required for the activities described in these terms of reference. Therefore, the Prosperity Fund neither requires nor encourages the use of exclusivity arrangements for bids. This is particularly the case for regional and national organisations and consultants.

19.11 The team or teams proposed will be expected to have the following skills, experience and qualifications:

- Experience of contracting and managing a large number of programme evaluations concurrently (essential)
- Access to sufficient human resources to be able to conduct the required number of programme evaluations (essential)
- Extensive experience of formative evaluation; utilisation-focused evaluation and contribution analysis (essential).
- Experience of different approaches to assessing value for money (essential)
- Proven capacity and track record in using theories of change (or other frameworks) as the basis for programme evaluations (essential).
- Access to evaluation expertise in all sectors in which the Prosperity Fund is likely to support programmes – including infrastructure, energy, health, education, technology, future cities, low carbon transition, financial services, trade, business environment, transparency and corruption (essential).
- Access to evaluation expertise in regions and countries in which the Prosperity Fund is likely to support large and medium-sized programmes – including Bangladesh, Brazil, China, Egypt, India, Indonesia, Iran, Kenya, Libya, Malaysia, Mexico, Nigeria, Pakistan, South Africa, Thailand, Turkey and Ukraine (essential).
- Skills and experience in providing learning summaries from programme evaluations evidence (essential).
- Proven capacity and track record in working constructively and collaboratively with other evaluation service providers (essential).
- Proven capacity and track record in managing multiple programme evaluations concurrently including logistics of in-country activities (essential).
- Proven capacity and track record in producing high quality communication products, including technical reports (essential).
- Access to a range of language skills including English (essential), Spanish (essential), Portuguese (essential), Arabic (desirable), Chinese (desirable) and Russian (desirable).

## Logistics

19.12 Evaluation teams conducting work under these terms of reference are expected to be self-supporting in terms of logistical arrangements for any evaluations to be conducted. While it is expected that Government Departments and FCO Posts implementing programmes would cooperate fully with any evaluation conducted under these terms of reference, the evaluation team would be responsible for their own logistical arrangements including making their own travel and accommodation arrangements and organising their own schedules, arranging interviews etc.

19.13 Bidders should explain how they would handle these matters. In particular, bidders are expected to explain how they would ensure the security and safety of any individuals working for them under these terms of reference.

19.14 The supplier is responsible for all acts and omissions of the supplier's personnel and for the health, safety and security of such persons and their property. The provision of information by any UK Government Department shall not in any respect relieve the supplier from responsibility for its obligations under any contract issued under these terms of reference. Positive evaluation of proposals and award of this contract (or any future contract amendments) is not an endorsement by FCO or any other UK Government Department of the supplier's security arrangements. Supplier personnel are defined under the contract as any person instructed pursuant to this contract to undertake any of the supplier's obligations under this contract, including the supplier's employees, agents, and sub-contractors.

## 20. Responsibilities

20.1 Bidders are expected to explain how their team or teams would be managed and organised, for example, through the provision of a proposed organisational chart or organogram. Bidders should be clear as to where different responsibilities (e.g. technical, contractual) lie within their proposed structures.

20.2 The evaluation and learning team will be managed by and will report to the Monitoring and Evaluation Manager within the Prosperity Fund Management Office (Andrew Millar).

20.3 The Prosperity Fund is establishing a monitoring and evaluation advisory group with representation from different UK Government Departments and independent technical experts. It is expected that the programme evaluation contractor would engage extensively with this group on a wide range of matters, including overall technical direction and quality of the work being conducted under these terms of reference. However, formal management direction and decisions would come through the Prosperity Fund Management Office's M&E Manager and not from this group collectively or from any individual member of the group.

20.4 It is expected that the Fund's M&E advisory group will interact with the Fund's overall management and governance structures, e.g. the Programme Board. It is likely that the programme evaluation contractor may also need to have such interactions.

20.5 Bidders should explain their own internal arrangements for ensuring the quality of any products they will produce under these terms of reference. The Prosperity Fund will also arrange for independent quality assurance of significant products (including terms of reference, inception report, final reports) through DFID's proposed Evaluation Quality Assurance and Learning Service (EQuALS) or equivalent.

20.6 Given the nature and scale of the Prosperity Fund, it is likely that many stakeholders will need to review and comment on draft products produced by the contractor. These would include staff of the Prosperity Fund Management Office, members of the M&E advisory group from other Government Departments, independent technical experts and EQuALS. The Prosperity Fund's M&E Manager will provide such comments as consolidated feedback with clear direction as to what elements the contractor needs to act on, particularly where conflicting comments are given.

20.7 The contractor may make recommendations that are relevant to a number of different actors. The Fund's M&E Manager will ensure that a management response is produced in relation to any recommendations made and will be responsible for ensuring that appropriate implementation arrangements are made for those recommendations that are accepted by the Prosperity Fund's management.