Terms of Reference

Evaluation of the

Investment Fund for Developing Countries (IFU)

1. Background

IFU – the Investment Fund for Developing Countries – provides risk capital and advice to companies wanting to setup a business in developing countries. IFU was established by the Danish government in 1967 "with the purpose of promoting economic activity in developing countries by promoting investments in these countries in collaboration with Danish trade and industry". According to the amendments to the law on Danish Development Cooperation (2016), the overall objective of IFU is now indicated as "promoting investments that support sustainable development in developing countries and contribute to the realisation of the Sustainability Development Goals".

IFU is a self-governing fund under the Danish Ministry of Foreign Affairs. The Minister for Development Cooperation approves the statutes of the fund and appoints IFU board members and its CEO.

During the first ten years of operation, IFU was financed by duties on coffee and coffee-related products with a total value of DKK 287 million. Subsequently, the Danish government has provided capital to IFU at several occasions, and the total state financial contribution amounts to DKK 1,166 million. IFUs current equity (end 2016) stands at DKK 2,984 million, and a total amount of DKK 1,250 million has been paid back to the state over the years. In 2016, a dividend policy was adopted for IFU.

IFU provides capital in the form of direct equity investments, loans and guarantees to companies in developing countries. IFU combines the financial services with technical assistance to various aspects of business development and strategic advice at company board level. IFU also to some extent undertakes indirect financing of companies in developing countries through fund investments. IFU furthermore serves as fund manager for a number of dedicated funds, including among other the Danish Climate Investment Fund, The Danish Agribusiness Fund, IFU Investment Partners, the Investment Fund for Central and Eastern Europe, the Arab Investment Fund and the Ukraine Facility. IFU has initiated a project development instrument in 2016 and took over the operational administration of the Danida Business Finance instrument from the Ministry of Foreign Affairs in September 2017. IFU is currently in the process of establishing a SDG Fund aiming at raising DKK 5-6 billion in investment capital of which up to DKK 3 billion will be sought raised from institutional and private investors.

IFU's mandate and area of operation has been subject to a number of adjustments. A timeline of the major developments is included as Annex A. IFU operations are currently guided by its October 2016 strategy update for the 2018-2021 period (building on the strategy 2014-2018) and, more recently, by the Ministry of Foreign Affairs' Strategy Document for IFU 2017-2021.

Since its establishment, IFU[1] has contracted investments of DKK 13 billion in share capital and loans in more than 800 projects in 86 countries. IFU's investments have generated investment projects totalling DKK 140 billion, corresponding to a leverage factor of around 9-10. The current number of IFU projects is 184 with a total outstanding investment of DKK 2.7 billion (at cost). DKK 1,103 million was invested in 41 projects in 2016. At least 50% of IFU's investments must over a three-year rolling period be made in poorer development countries, i.e. countries below 80% of the upper limit of GNI per capita for lower middle-income countries (USD 3,300 in 2015 according to World Bank's categorisation). In 2016, the three-year rolling percentage of investments in poorer development countries was 64 %. Until 2017, IFU's investments have been tied to Danish companies only and before 2015 other restrictions were in place in relation to geographic mandate.

IFU's investments are assessed and monitored both in terms of their financial return and their development outcomes. Since 2004, a Success Criteria Model (SCM) has been used by IFU to measure ex-ante results including development results, environment, social aspects and governance (ESG) and fund efficiency. The SCM was developed in close cooperation with the MFA and has been revised over time – most recently in 2012. With the adoption of the Sustainable Development Goals (SDG) it was decided to introduce a new system for measuring results, the Development Impact Model (DIM), which has been implemented since the beginning of 2017. The Development Impact Model includes 38 indicators covering general and sector specific development aspects as well as aspects related to effects and sustainability of the projects. IFU has annually measured and reported actual jobs created and in recent years also taxes paid in host countries. The expected direct employment effect of both active and excited IFU projects is reported to be approximately 230,000 persons[2] (portfolio report 2016).

IFU adopted its first consolidated corporate social responsibility (CSR) policy in 2005 including the external environment, occupational health & safety, business ethics and human rights. Since then the policy has evolved up until the latest revision in 2014 and the new Sustainability Policy. The approach has been consolidated in the handbook "Sustainable Investments – A Handbook for our Partners". A timeline and oversight of the development in the CSR/Sustainability policy is included as Annex B, IFUs CSR /Sustainability policy. Furthermore, Corporate Governance (CG) at project/investment level has developed over time with policies and guidelines in different areas, and it was consolidated in 2015 with "IFU's Best Practice on Board Work – A Handbook for Board Members". A reference to the latest policy and IFU's recent toolkit from 2016 on CG is to be found in Annex B. IFU has also prepared the handbooks "IFU's Best Practice on Business Plans" as well as the "Financial Handbook" which cover best practises on budgeting and reporting.

IFU was evaluated by the Ministry of Foreign Affairs in 2004. The evaluation recognised the unique experience developed by IFU and its specific role in Danish development cooperation, and found that the majority of project companies were well operated and generate positive local impacts in the host

[1] Including managed funds, IFU has contracted investments of DKK 19 billion in share capital and loans in more than 1,200 projects in over 100 countries. The investments have generated investment projects totalling DKK 173 billion corresponding to a leverage factor of around 8. The current number of projects are 212 with a total outstanding investment of DKK 3.3 billion (at cost). DKK 1,116 million was invested in 48 new projects in 2016.

[2] Including managed funds.

countries, whether low- or middle-income countries. The evaluation indicated that earlier policy-driven investment strategies to some extent have resulted in portfolio changes towards certain geographies, notably Africa, but that the aim of directing a larger share of investments towards least developed countries was only partially achieved.

Denmark's Strategy for Development and Humanitarian Action (January 2017) emphasises inclusive, sustainable growth and development as one of four strategic aims. A well-functioning business sector with responsibly run businesses is recognised as an important contribution to attaining the Sustainable Development Goals. Danish aid is considered an important catalyst of partnerships providing the needed funding and ideas for this to happen. IFU and the IFU-managed investment funds are considered central to mobilising large-scale private funding, including from pension funds, foundations and businesses with a view to investing in sustainable growth, decent employment and technology transfer for addressing e.g. climate and environmental problems in difficult markets in developing countries. IFU should, at the same time, contribute to enhancing the international efforts and ambitions of Danish businesses, including small and medium-sized enterprises.

2. Evaluation purpose and objectives

In view of the continued central role of IFU in Danish development cooperation, the Evaluation Department of the MFA (EVAL) commissions this independent evaluation. The evaluation will serve both learning and accountability purposes both for IFU and for the MFA by documenting and analysing the relevance, efficiency, effectiveness, impact and sustainability of IFU and its activities. The evaluation will assess the extent to which IFU has fulfilled its mandate and the policy directions of the MFA over the evaluation period and provide an assessment of IFU's role in the future.

More specifically, the two objectives of the evaluation are to:

- assess IFUs contribution to development and commercial outcomes through its investments in developing countries in line with its mandate;
- assess IFU's strategy and envisaged future role in Danish development cooperation, and whether the organisation is fit for purpose.

3. Scope of work

The evaluation will include all IFU activities since the last evaluation, although with an emphasis on the last ten years of operation. It will include IFU investments and, to the extent relevant, other funds managed by IFU.

During the evaluation period, Danish development policy has not been constant, but evolving, and expectations and requirements from the MFA towards IFU have been modified accordingly. The evaluation will take into account these changes in IFU's mandate and policies when assessing its performance during the evaluation period, including CSR/sustainability polices and the commercial framework under which a development finance institution works. See Annex A for an overview in the development of IFU's mandate since 2005.

The evaluation will comprise all five OECD/DAC evaluation criteria of relevance, efficiency, effectiveness, impact and sustainability of IFU activities and funding. The evaluation will involve an analysis of the project portfolio in terms of geographies, sectors and types of projects and funds, and the development of the portfolio composition over time.

4. Evaluation issues

The evaluation should asses a number of issues of relevance to the two overall objectives of the evaluation and the five evaluation criteria. The issues will establish the basis for formulating specific evaluation questions during the inception phase.

Relevance of IFU instruments. IFU works in a broad range of countries and sectors with various instruments involving different types of financing, advisory products and as a strategic partner to companies. IFU needs to remain relevant both for the MFA, for the country governments, for Danish partners and for private sector partners in the countries. The evaluation should assess the relevance of IFU's various tools, how they are used and if new tools or capabilities could better further IFU's strategy.

Efficiency of the organisation. Benchmark figures for other European development finance institutions are available, but due to differences in mandate, size and field of operation the organisations are difficult to compare directly. Aspects of efficiency that may be important for the evaluation include assessing IFUs ability to adapt to changing demands, the efficiency of the organisation and the risks related to IFU's increasing role as a manager of earmarked funds, the governance and interactions with the MFA as well as matters related to country representation and possible synergies with other Danish development instruments.

Risk management. The evaluation should look into the risk management procedures of IFU in all stages of the project cycle. This should involve IFUs management of the financial risks and how other types of risks are taken into account, including contextual risks (most notably the host country policy framework environment), programmatic risks (investment design and partners) and reputational risks.

Results measurement and communication. As part of its communication strategy, IFU provides data on development effects (e.g. actual jobs created and taxes paid) in its annual reports and in recent years also in an annual operating report. Going forward, reporting will have special focus on the SDG's. Based on the experience from IFU and comparable DFIs, the evaluation should assess past and present efforts to measure results, the validity and reliability of the data and their use and relevance as management information and communication. This should include results assessment ex-ante, results communication during project implementation and results measurement ex-post in the final project evaluation and its use. An overall assessment of IFUs communication to the public should also be included in this assessment.

The effectiveness of IFU in terms of the desired outputs. An assessment of what IFU has delivered in terms of the geographical and sectoral distribution of the project portfolio, and IFUs role as a portfolio investor in private equity funds.

The effectiveness of IFU in promoting development outcomes. IFU aims at contributing to development outcomes through the economic and social benefits of the investees and through improved consideration of the environment, social aspects or governance (ESG). The effects can be direct (in the business), indirect (to other businesses/actors linked to the investee) and spill-over effects (through for instance replication of ESG initiatives).

The effectiveness of IFU in leveraging other funds by mobilising capital both at project and at fund level is also a goal in itself and should be assessed by the evaluation and linked to the discussion on additionality.

Sustainability of IFU investments. The evaluation should assess the sustainability of investments and how IFU has contributed to this. It will involve assessing commercial sustainability, i.e. the continued financial return of the investments, the continued development results of the investments and the continued management of ESG issues in exited companies/projects. It also involves assessing issues of relevance for the project sustainability in the pre-investment phase and during implementation as well as assessing IFUs strategy for exiting companies.

The balance between a demand driven and a policy-driven investment portfolio. The 2004 evaluation finds that the policy-driven initiatives to some extent have the potential to influence IFUs portfolio, which is otherwise based on client demand. Whether this has led to better projects has not been answered by the evaluation. It is assumed that the development effects of IFU are furthered by introducing specific requirements to the overall portfolio composition, for instance in terms of geographies or sectors. Investments in countries and sectors which have limited access to capital normally involves higher risk or prospects of lower return. This could, however, work as a disadvantage for commercial effectiveness and viability of the investments. The evaluation should analyse the balance between high risk countries and sectors (with presumably high level of financial additionality) on one side and lower risk investments (with lower level of financial additionality) on the other side in terms of their overall development effects, both short-term and longer-term (i.e. possibly fewer successful investment with high financial additionality vs. more successful investments with lower financial additionality). The evaluation will assess the possible limitations to promoting a policy-based investment portfolio and how this is managed by IFU and the MFA, while still maintaining IFU's ability as bilateral DFI to seize important opportunities as they arise.

5. Approach and Methodology

The evaluation shall be undertaken in accordance with the Danida evaluation guidelines and the evaluation policy. IFU will provide the relevant programme information and will be fully informed of the process and given opportunity to comment on interim findings of the evaluation. Due to the private sector nature of the projects, certain disclosure and confidentiality principles apply.

During the inception phase of the evaluation, specific evaluation questions will be developed based on an initial portfolio analysis and discussions with EVAL and the Evaluation Reference Group (ERG). The evaluation questions and the evaluation matrix should be included in the inception report, discussed with the ERG and approved by EVAL.

Considerable emphasis will be given to the desk analysis, primarily based on the information and data available from IFU. Evaluation questions will be addressed and to the extent possible analysed during the desk phase and reported in a desk review report. On the basis of the desk review report, the evaluation team will suggest a strategy for further data collection, including field visits where a number of projects/businesses will be visited. The evaluation time schedule includes time between desk review report and the field work for planning of the field visits.

It is envisaged that projects for field visit will be selected not as a representative sample, but through a purposeful selection based on specified criteria aiming at gaining specific information of relevance to the evaluation questions. Specific cases may be used to document and illustrate certain aspects of the evaluation. A part from visiting on-going projects, it is envisaged that the evaluation will gather information regarding a number of exited IFU projects/companies in order to answer questions regarding factors relevant for sustainability.

For budget purposes, team visits to four countries of 12 days' duration each (including travel time) should be planned allowing visits to approximately 10-15 projects per country. The countries to be visited will be decided during the inception phase. For budget purposes, country visits to East Africa, West Africa, East Asia and Latin America should be considered. The Team Leader should participate in all field visits. Depending on their profiles, the two other team members should not necessarily participate in all four field trips, but they should each participate fully in at least three field trips.

Assessing the developmental effects of IFU's activities will be central to the evaluation, but it is also methodologically challenging. The developmental effects of the companies supported could for instance be from jobs created, increased income or from a developmental effect of the services/products of the business. Furthermore, improved consideration of the environment, social aspects or governance (ESG) in the business could also constitute developmental effects. The analysis should include consideration of the indirect and spill-over effects of the company, although a complete mapping of these are in many cases not possible.

Data for determining developmental effects of IFU investments and activities will as indicated above come from IFU's own results data supplemented with qualitative data collection by the evaluation team testing the theory of change and alternative contributing factors to development outcomes.

While IFU's contribution to a company's commercial and developmental results to some extent may be possible to establish, the share (or magnitude) of the results, which can be attributed to IFU's engagement is more difficult to determine.

The concept of additionality is central to the understanding of IFU's role and to the evaluation in order to establish not only the effects of IFU's engagement, but also whether IFU is supporting the private sector to do something it would otherwise not have done, thereby increasing the development effects on the society. It is not envisaged that the evaluation will be able to assess IFU's additional effects on an overall level, but rather assess and compare various aspects of the portfolio in order to determine where and how IFU can provide the best and most efficient effect of its activities. For the purpose of this evaluation, it is suggested to attempt to establish the developmental additionality by linking enhanced development effects of the company to IFU's investment and activities. This could furthermore be supported by an independent analysis of

i) financial additionality, i.e. investments in regions, sectors, segments or companies that would not otherwise have access to the required financial resources, and
ii) value additionality, which has to do with the quality of IFUs advisory functions provided through project appraisal, implementation, board representation in the operational phase, etc.

Financial or value additionality is seen as a necessary (but not sufficient) prerequisite for developmental additionality.

The commercial/financial sustainability of the company invested in by IFU will be an important part of the analysis of development effects, because the two aspects are considered closely linked. Not only is viability of the company a prerequisite for continued development effects, but the developmental aspect of the company may also further its commercial sustainability.

6. Documentation

In addition to project documentation regarding individual investments, the documents listed in Annex B will be made available for the evaluation.

As indicated, IFUs own records will be used as part of the data for the evaluation. Records and data are for the most part accessible at the IFU head office in Copenhagen, but may also be made available in a virtual data room. Restrictions in terms of download and printing may apply.

The information received by the evaluation team in connection with the evaluation shall be treated as strictly confidential and shall not be handed over to others. The evaluation report and possible other information provided to the MFA shall not refer to any concrete companies, and it shall therefore not be possible to identify concrete companies from the information given in the report.

Public documentation available on IFUs webpage [link] include annual reports, the Evaluation of IFU from 2004 and a portfolio overview.

Documents available on Danida transparency web-page [link] include the proposals submitted for the Council for Development Policy, including the proposal for the SDG-fund (March 2017) and the MFA strategy regarding IFU (March 2017).

Danida evaluation guidelines are available at http://evaluation.um.dk.

7. Outputs and milestones

The outputs of the evaluation are:

1. An inception report in draft and final version (not exceeding 20 pages excluding annexes) including:
   - Portfolio analysis of IFU projects;
   - Description of IFU's various investment and advisory tools;
   - outline of the evaluation methodology;
   - evaluation matrix indicating evaluation questions, judgement criteria and data sources;
   - detailed work plan;

The draft inception report should be submitted to Danida Evaluation Department and the Evaluation Reference Group for comments, based on which a final version will be prepared for approval by EVAL.

2. A desk review report including preliminary response of the evaluation questions and issues for further analysis in the field work.

3. A short paper on preliminary findings of the evaluation following the field work to be discussed with EVAL and the ERG.

4. An evaluation report in draft (possibly several draft versions) and in final version according to the agreed outline not exceeding 40 pages excluding annexes. The evaluation report must include an executive summary of maximum 4 pages, introduction and background, presentation and justification of the methodology applied, findings, conclusions and recommendations.

Only the final evaluation report will be published. The evaluation report should follow Danida lay-out guidelines for evaluations as indicated on http://evaluation.um.dk.

The following timetable shall apply, unless otherwise agreed in writing:

Milestones	**Date (2018)**
Initiation of assignment and start-up meetings in Copenhagen.	16 April
Draft inception report	7 May
1st Meeting in ERG	14 May
Draft desk review report	11 June
2nd meeting in ERG	18 June
Field work	July-August
Preliminary findings paper	3 September
3rd meeting in ERG	10 September
Draft evaluation report	1 October

Milestones	Date (2018)
4th meeting in ERG	15 October
Final report	15 November
Management response and publication	15 December

8. Organisation of the Evaluation

The evaluation will be undertaken by a consultant selected through a competitive tender process and managed by EVAL. An Evaluation Reference Group (ERG) with members from IFU, relevant MFA departments and external stakeholders or experts will be established for the duration of the evaluation. Management of the evaluation will follow the Danida Evaluation Guidelines (2012) and OECD-DAC quality standards (2010). There are three sets of roles in the evaluation process: a) the Evaluation Management b) the Evaluation Team (Consultant) and c) the Evaluation Reference Group.

Role of the Evaluation Management (EVAL)
The tasks of the Evaluation Management are to:

- Participate in the selection of evaluation team based on received tenders. The MFA contract office chairs the tender committee, assisted by an external tender consultant.
- Coordinate with all relevant evaluation stakeholders.
- Ensure that quality control is carried out throughout the evaluation process. In so doing, EVAL may make use of external peer reviewers.
- Provide feedback to the evaluation team. Comment on draft reports and approve final reports.
- Organise and chair meetings of the Evaluation Reference Group.
- Organise presentation of evaluation results and follow-up on the evaluation to internal Danida Programme Committee and the Minister for Foreign Affairs.
- Advise relevant stakeholders on matters related to the evaluation (reference is made to the Codes of Conduct, which form part of the Danida Evaluation Guidelines, and which can be found at http://evaluation.um.dk).

Role of the evaluation team (the Consultant)

The evaluation team will carry out the evaluation based on a contract between MFA and the incumbent company/institution. The evaluation team will:

- Prepare and carry out the evaluation according to these Terms of Reference (ToR), the agreed contract, the approved inception report, the DAC Evaluation Quality Standards and the Danida Evaluation Guidelines.
- Be responsible for the findings, conclusions and recommendations of the evaluation.
- Ensure that quality assurance is carried out and documented throughout the evaluation process according to the Consultant's own Quality Assurance Plan as described in the proposal.
- Report to the evaluation management regularly about progress of the evaluation.

- Organise and coordinate meetings and field visits, and other key events, including debriefing session and/or validation workshops in the field visit countries.
- The Team Leader is responsible for the team's reporting and for communication with EVAL. The evaluation Team Leader will participate in the Evaluation Reference Groups' meetings and other meetings as required and upon request. It is envisaged to have participation of the Team Leader in approximately four meetings in Copenhagen during the whole evaluation. It is expected that the Team Leader is closely involved in the elaboration of the tender

Role of the Evaluation Reference Group

An Evaluation Reference Group (ERG) will be established and chaired by EVAL. Other members of the ERG will include representatives of IFU, the Department of Growth and Employment and the Department of Technical Quality Support of the MFA and possibly other units within the MFA as well as external members (representatives of the private sector, academia and civil society). The mandate of the ERG is to provide advisory support and inputs to the evaluation team and the evaluation management. The ERG will work with direct meetings, e-mail communication and video-conferencing. The members will be requested not to share documents or information from the discussions with external stakeholders during the process.

The tasks of the ERG are to:

- Comment on the draft reports with a view to ensure that the evaluation is based on factual knowledge about IFU, its operations and the context and the evaluation field in general,
- Where possible support the implementation of the evaluation,
- Subsequently promote the dissemination of the evaluation conclusions and recommendations.

Other key stakeholders may be consulted by the evaluation management (EVAL) at strategic points in time of the evaluation either through mail correspondence or through participation in stakeholder meetings/workshops.

9. Composition and Qualifications of the Evaluation Team

The evaluation team must have substantial experience in evaluation of development assistance (i.e. evaluations that conform to the DAC evaluation definition undertaken for international development organisations), including evaluations of private sector development, private sector engagement, financial services or evaluations of development finance institutions. Experience within the team from working with private sector investments or within development finance institutions are required.

The evaluation team must consist of three members: A Team Leader, a private sector evaluation expert and a finance expert (see profiles below). Variations in the number of team members will not be accepted and will lead to disqualification of the tender. The three profiles will be assessed with a view to their competences and the role they are suggested to cover in the team. A personnel assignment chart (schedule 4.2) must be included in the technical proposal with the exact input of person days proposed.

A fixed budget of DKK 125,000 should be reserved for research assistance as part of the fees budget. CVs of research assistant(s) should be included in the technical proposal, but such personnel will not be assessed on an individual basis, but as part of the overall organisation of the evaluation (under the criterion "organization"). Research assistants will (as the team members) be remunerated on the basis of a daily fee rate and time actually spent. The daily fee rate for a research assistant shall not be more than DKK 5,000 per day.

The CV of a Quality Assurance manager should be included in the proposal, but the CV will not be assessed on an individual basis (it will be assessed under the criterion "reporting, QA and BIMP").

In total, the following CVs should be included in the technical proposal:

- Team Leader
- Private Sector Evaluation Expert
- Finance Expert
- Research Assistant(s) (could be one or several within the budget indicated)
- Quality Assurance Manager

The organisation of the team's work is the responsibility of the consultant and should be specified and explained clearly in the tender. The Tenderers should clearly state who of the proposed team members cover which qualification criteria. The team leader and team members are expected to complement each other. This aspect will be assessed under "organisation".

More specifically, the Evaluation Team will be assessed on the basis of the following criteria (as part of the assessment of the technical proposal under the criterion "qualifications and competence of the team"):

<u>Preferred qualifications of the Team Leader:</u>

General experience:

- Relevant, higher academic degree.
- A profile with major emphasis on development issues, with 10 years or more of relevant professional experience from development cooperation in several countries, preferably including work in relation to development finance.
- Extensive experience in evaluation of development assistance at project, programme and strategy or country level (three or more references).
- Good report writing skills.

Adequacy for the assignment:

- Proven capacity to plan and lead similar kind of evaluations, i.e. evaluations following the OECD/DAC quality criteria for clients comparable to the Danish MFA and of a budget above DKK 1 million per reference (preferably two references as team leader).

- Knowledge of and experience with developing evaluation approaches and application of evaluation methods, including theory based evaluations, contribution analysis, and mixed methods evaluation.
- Substantial experience with collecting, systematizing, analysing and reporting large amounts of different types of data. Experience with synthesis studies will be an advantage.
- Knowledge of and experience with analysis or evaluation of development finance institutions and/or investments or loans to private sector investments in developing countries.

Experience in the region and language*:*
- Working experience from Sub-Saharan Africa and Asia (length of permanent postings or number of short-term missions)
- Fluent in English and proven experience with English report writing.

<u>Preferred qualification of the private sector evaluation expert:</u>

General experience:
- Relevant, higher academic degree.
- A profile with major emphasis on development issues, with 10 years or more of relevant professional experience from development cooperation in several countries.
- Extensive experience from development evaluation.
- Experience from initiatives involving the private sector in developing countries.

Adequacy for the assignment:
- Experience from evaluation of private sector development, financial instruments, development finance institutions or private sector engagement in relation to international development assistance.
- Knowledge of and experience with developing evaluation approaches and application of evaluation methods, including theory based evaluations, contribution analysis, and mixed methods evaluation.
- Experience from the private sector or from planning or implementing development programmes related to private sector development is an advantage.

Experience in the region and language:
- Working experience from Sub-Saharan Africa and Asia (length of permanent postings or number of short-term missions)
- Fluent in English.

<u>Preferred qualifications of the finance expert:</u>

General experience*:*
- Relevant, higher academic degree (e.g. economics or finance).
- A profile with major emphasis on the financial sector, with 10 years or more of relevant professional experience.

Adequacy for the assignment:

- Experience from working in or with a development finance institution.
- Experience from working with banking, financial instruments or private sector investments in developing countries is an advantage.
- Broader knowledge of development finance institutions.
- Experience from evaluation is an advantage.

Experience in the region and language:

- Fluent in English.
- Work experience from developing countries (length of permanent postings or number of short-term missions) is an advantage.

10. Eligibility

The DAC evaluation principles of independence of the Evaluation Team will be applied. In situations where conflict of interest occurs, candidates may be excluded from participation, if their participation may question the independence and impartiality of the evaluation. Tenderers are obliged to carefully consider issues of eligibility for individual consultants and inform the Client of any potential issues relating to a possible conflict of interest (cf. Danida Evaluation Guidelines).

Individuals that have been employed by IFU within the last 15 years will not be considered eligible for the evaluation team. A company or an individual having undertaken consultancy assignments for IFU or for the MFA in relation to IFU may be considered ineligible, depending on the scope and magnitude of the assignments. Generally, single assignments will not be considered a problem.

11. Financial Proposal

The maximum budget for the consultancy services of this evaluation is DKK 2.45 million (excluding VAT). This includes all fees and project related expenses required for the implementation of the contract, including field visits to four countries and a fixed amount of DKK 125,000 for research assistance and a fixed amount of DKK 20,000 should be included for translation services during field work.

It is the responsibility of the Tenderer to ensure that the products and outputs specified above and all other tasks specified in these terms of reference are performed within the framework of the Tenderer's financial proposal and the specified ceiling amounts, cf. Appendix 3.

The cost of QA should be included in the Tenderer's overhead.
In addition to this contract EVAL will cover the expenditures for graphic lay-out services, etc. in relation to preparing the final evaluation report for publication and any additional dissemination activities as and if agreed upon.

NB: One year of full time work is equivalent to 220 working days (as fees shall not be paid during annual vacations, holidays etc.), unless otherwise agreed in writing.

12. Requirements to home office support

The Evaluation Team's home office shall provide the following, to be covered by the Consultants fees:

- General home office administration and professional back-up (activities shall be specified in the Tender).
- Quality assurance (QA) of the consultancy services in accordance with the quality management and quality assurance system described in the Tender. Special emphasis should be given to quality assurance of draft reports prior to the submission of such reports. EVAL may request documentation for the QA undertaken in the process.

The Tender shall comprise a detailed description of the proposed QA, in order to document that the Tenderer has fully internalized how to implement it and in order to enable a subsequent verification that the QA has been carried out as agreed.

Annex A: Overview of development in IFU's mandate since 2005

Annex B: IFUs CSR /Sustainability policy and Corporate Governance Toolkit

Annex A

Timeline – IFU mandate 2005 - 2017

2005

New threshold for eligible Investment countries: Countries with GNI at 80 % of the World Bank's upper limit for loans with a maturity of 17 years (USD 2,428 in 2005)[1]

Exemption for South Africa

Due to phasing out of IØ all IØ countries expect Ukraine, Belarus and Russia was transferred to IFU.

Limit for investments in China set to 20 % of the total portfolio.

2006

Botswana and Namibia was exempted from the 2005 threshold.

2011

Threshold for eligible investment countries was raised to countries with a GNI per capita income below 50% of the limit for Upper Middle Income Countries, according to the World Bank's classification. (USD 6,098 GNI pr. capita in 2011).

At least 50 % of new investments must be made in countries with a GNI per capita income below 80% of the upper limit for LMIC (Lower Middle Income Countries), according to the World Bank's classification.[1]

Due to the governments decision in 2010 to close IØ Ukraine and Belarus was transferred to IFU.

2015

Threshold for eligible investment countries set to all DAC-countries.

At least 50 percent of IFU's investments must be in countries with a GNI per capita income below 80% of the upper limit for LMIC (Lower Middle Income Countries), according to the World Bank's classification.[1]

The 50 per cent is calculated over a three year rolling period

Investments are no longer restricted to include a financially engaged Danish partner. Investments can also be made in projects with a Danish economic interest

2017

IFU was legally untied from only making investments with a Danish partner or a Danish interest.

1: The World Banks classification limit referring to 80 % of the World Bank's upper limit for loans with a maturity of 17 years and the 80% of the upper limit for LMIC (Lower Middle Income Countries) are identical. From 2008 IFU referred to the latter.

Annex B: IFUs CSR /Sustainability policy

Year	Policies and handbooks (Danida CSR Training Fund not included)	Comments
24. Nov. 2005	Corporate Social Responsibility (CSR) policy + General CSR operational guidelines and procedures + Specific CSR operational procedures	Includes a commitment to: • "constantly strive to apply high standards for the external environment, occupational health & safety, business ethics and human rights". • "apply Danish legal requirements whenever critical and significant environmental issues are identified".
24. Nov. 2005	Animal Welfare policy HIV/AIDS policy Industrialised pig production policy	Includes a requirement for projects to: • apply Danish legal requirements on animal welfare and slurry management • adopt a HIV/AIDS policy
2006	Introduction of IFU due diligence tool "the Quick Check" – HRCA Human Rights Compliance Assessment	The tool included 28 questions regarding human rights/labour practices, community impact/supply chain, land management and corruption. Developed together with the Danish Institute of Human Rights
26. Oct. 2006	Anti-corruption Policy	States that IFU under no circumstances accept corruption/bribery
26. Oct. 2006	Anti-corruption Guidelines	Explains the policy in more detail
2008	Introduction of the IFU due diligence tool, "the Environment Quick check" –	The tool included 12 questions regarding environmental management and specific issues
17. July 2008	IFU/IØ becomes a signatory of Global Compact	
23. Oct. 2008	(Updated) Corporate Social Responsibility (CSR) policy	More specific zero tolerances and requirements on specific issues
23. Oct. 2008	(Updated) Corporate Social Responsibility (CSR) Appraisal and Monitoring guidelines	More specific on appraisal process and available tools
2009	IFU publish its first "Sustainable investments – a CSR handbook"	Explains the CSR policy requirements for project in detail
2010	(Updated) UN Global Compact Self-Assessment tool are launched and becomes the IFU CSR self-assessment tool	The due diligence tool included 45 questions regarding all Global Compact principles. Replaces the Quick check and was developed together with the Danish Institute of Human Rights and the Federation of Danish Industries.
10 Nov. 2010	CSR categorisation and ESIA guidelines	Includes specific environmental and social requirements for DFIs appraisal process and projects based on common European DFI harmonized Environmental and Social Standards for Direct Investments
29. March 2012	CSR guidelines for IFU investments in funds	Includes specific environmental and social requirements for Fund managers based on common European DFI guidelines
2013	(Updated) "Sustainable investments – A CSR handbook"	Expanded on certain issues including supply chain management
October	(Updated) Anti-corruption policy and	Updated on specific requirements for project

2013	guidelines	companies
Nov. 2014	New Sustainability Policy	CSR is changed to ESG/Sustainability, development effects and corporate governance and some requirements are more explicit
February 2015	(updated) Anti-corruption guidelines	Includes a new paragraph on IFUs right to pass on information to Danish Law Enforcement authorities
2015	(Updated) “Sustainable investments – A handbook for our partners”	Expanded on certain issues including high risk companies, community engagement and UNGP
22. Dec. 2015	UNGP referenced in IFUs statutes/Articles of Association	The fund must use relevant international standards for sustainability and responsible investments based on intergovernmental agreements, including UN Guiding Principles for Business and Human Rights. The fund must continuously work to implement such standards in the fund’s investments and procedures.
1.Feb. 2017	UN Guiding Principles for Business and Human Rights is referenced in the Law on development cooperation (law no. 1741 of 27. December 2016) regarding IFU	Same text as above

Sustainability Policy and handbooks can be found on IFU’s homepage.

IFU Corporate Governance (CG) Toolkit

Year	Policies, tools and handbooks	Comments
2015	IFU’s best practice on Board Work – a handbook for board members	Compilation of best practice tools for board work
12 Oct. 2016	Policy on corporate governance for investments	Explains IFU’s objectives in corporate governance of project companies
17 Oct. 2016	IFU Corporate Governance toolkit	Includes CG tools for project preparation and due diligence

Policy and handbook can be found on IFU’s homepage.