

Annex A: Terms of Reference

EVALUATION OF THE PRIVATE AGRICULTURAL SECTOR SUPPORT (PASS)

TANZANIA

1 INTRODUCTION TO PASS

Economic private sector-led growth is essential for achieving the Sustainable Development Goals. According to the Danish Strategy for Development cooperation and Humanitarian Action – “The World 2030” - Denmark will through its development cooperation catalyse partnerships between various public and private partners with a view to coupling the best knowledge, the most innovative ideas and financing and contributing to developing markets and promoting market-driven sustainable growth and employment.

For many years, access to finance for the agricultural sector in Tanzania has been challenging. Financial service providers (FSP) have viewed it as too risky to finance agriculture due to, among other reasons, weak collateral, poor production skills, low technical skills and a general lack of bankable investment opportunities, which would provide FSPs with a commercial incentive to finance.

The Private Agricultural Sector Support (PASS) was established in 2000 as a pilot project under the Agriculture Sector Programme (ASPS I) with a grant of DKK 20 million. Subsequently, a grant of DKK 40.9 million was allocated to PASS under the second phase of the programme (ASPS II) 2003-2008. From 2008, PASS was funded as a component of the Business Sector Programme Support, Phase III (2008 – 2011) with DKK 125 million. Under the current programme, BSPS IV (2013-2019), a grant of DKK 125 million has been allocated to PASS. Information about BSPS IV is available at the Danish Embassy [website](#).

In addition to the current funding by Denmark, Sweden has provided paper guarantee ceiling to USD 20 million. PASS registered in 2007 as a non-profit making and non-governmental

organisation under the Trustees Incorporation Act and is taxed as a charitable organisation. It operates on commercial terms charging subsidised commercial rates for its services.

The Vision of PASS Trust is to be an innovative agro-finance development institution that improves the quality of life for small-scale agribusiness entrepreneurs. Its mission is to facilitate access to financial and business development services for agribusiness entrepreneurs in Tanzania. The objective of PASS was formulated as: Promote and facilitate investments in the primary agricultural sector and agro-businesses in Tanzania.

In its recently approved five-year strategy (2018), three broad goals were set:

- a. PASS Trust is to enhance outreach for small and medium commercial agricultural entrepreneurs and maintain the quality of its business development services (BDS) and financial services;
- b. PASS Trust is to maintain and enhance its branch network and increase its overall efficiency in the diversification and expansion of its products and services; and
- c. PASS Trust is to expand the cooperation with the number of partner banks and rural financial institutions, while maintaining operational and financial sustainability.

PASS combines technical assistance with financial services through existing financial institutions. PASS is, in essence, a loan guarantee company designed to broaden and deepen credit provision to agricultural enterprises by vetting potential borrowers, assisting the borrowers to develop a financeable business plan and guaranteeing loans from financial institutions to the borrower (based on the borrower's business plan). Initially, CRDB Bank was an exclusive partner to PASS in a number of regions, where PASS provided loan guarantees. Later, this has been expanded and now includes 15 commercial banks.

Agribusiness Innovation Centre (AIC) in Tanzania is a business oriented agribusiness service centre under PASS Trust mandated to provide business development services to agro-enterprises that are growth oriented. It specifically focuses on growing the value adding enterprises giving special attention to women entrepreneurs in Tanzania.

As indicated above, the PASS strategy is composed of two inter-related approaches:

The direct approach concerns itself with consulting and providing a range of business development services on direct request of *individual small and medium size agro-entrepreneurs, farmer groups, cooperative and irrigation associations* etc. PASS, often in conjunction with a partner bank, makes an assessment of the viability of the investment and the creditworthiness of the client. The trust has predominantly been working with micro enterprises. It has recently shifted to a more balanced client base through increasing its support to more established medium sized enterprises (growers and processors).

The indirect approach is about working through *financial intermediaries and facilitates improving their reach (or client base)*, including those supported through the Agribusiness Innovation Centre (AIC). The institutions include formal commercial banks, community banks, savings and credit associations, including rural financial institutions. Their customers are individual agri business entrepreneurs or groups of small and medium size commercial agri-businesses who need financial products and associated services. The trust used to work mainly with commercial banks and has established, of late, partnerships with a more balanced portfolio of Financial Service Providers.

PASS achieved operational sustainability in 2007, covering the day to day costs of its operations. PASS has a head office in Dar es Salaam and six zonal offices in Morogoro, Mbeya, Arusha, Mtwara, Kigoma and Mwanza.

2 BACKGROUND TO THE EVALUATION

PASS is one of two Development Engagement Partners (DEP) – with the Financial Sector Deepening Trust being the other – implementing the financial sector component of the Danida Business Sector Programme Support Phase IV (BSPS IV). The overall component objective is: Improved employment and income opportunities for farmers and micro, small and medium enterprises through green economic growth. PASS and FSDT both contribute to this objective in different ways and in partnership with different institutions in the financial sector.

As part of the Danish development cooperation with Tanzania, PASS submits progress reports and it has been subject to annual and mid-term reviews as well as technical reviews. PASS was furthermore evaluated in 2009 as part of the evaluation of Danish Support for Financial Services in Tanzania involving PASS, FSDT and Danish support to CRDB. The evaluation can be found at at the Evaluation departments [website](#).

The recent mid-term review of the Tanzania Country Programme finds that PASS has obtained impressive results, and estimates that about 732,000 agribusinesses have benefitted. It is furthermore stated that, a large number of direct and indirect jobs have been created, probably more than 1.8 million, but “that there is a need to establish better data on this”. It is estimated by PASS that an expansion of the loan guarantee fund is needed in order to deliver on its five-year strategy.

3 OBJECTIVE AND SCOPE

The objective of the evaluation is to assess the contribution of PASS to the overall objective of providing jobs and increasing incomes for farmers and micro, small and medium enterprises, and

the sustainability of these results. In a wider perspective the evaluation should assess to which extent PASS has contributed to a transformation of the Tanzanian agricultural sector and its future potential.

The conclusions of the evaluation will be used as documentation for the development effects of PASS, which is needed for future funding decisions. Furthermore, the evaluation will also provide PASS management and the Board of Trustees with lessons and insights on both strategic and operational aspects of PASS so that they can respond and adapt accordingly.

The evaluation will cover the entire period since the establishment of PASS in 2000, but with most emphasis on the period from 2008.

4 EVALUATION CRITERIA AND EVALUATION QUESTIONS

The evaluation will use the overall OECD/DAC evaluation criteria of relevance, efficiency, effectiveness, impact and sustainability as an overall reference for the evaluation. It is envisaged that main emphasis will be put on the aspects of impact and sustainability, but the other criteria will also be considered.

The main focus of the evaluation will therefore be to establish a reliable assessment of the effects of PASS support with the clients, and the positive or negative indirect effects that client companies have had on other economic entities. This could be for instance by assessing up-stream or down-stream linkages, demonstration effects or displacement effects and by looking at possible effects in relation to working environment, possible environmental consequences, etc. The effectiveness and impact of PASS will be compared to objectives, outcomes and their targets in the programme document and in the PASS strategies over the period.

The evaluation will also address organisational and operational aspects of PASS, including the operational efficiency, the institutional viability and governance. Furthermore, the evaluation will assess PASS strategy and its role in relation to other relevant programmes and institutions in Tanzania.

The evaluation questions and the evaluation matrix will be prepared in the inception phase of the evaluation. The following evaluation questions and issues are envisaged to be included:

1. How has the PASS strategy developed since the start of PASS in 2000, and to which extent has the PASS instruments been relevant for the overall transformational development of the agricultural sector in Tanzania?
 - beneficiaries of PASS support in terms of types of agribusinesses and farmers
 - integration of aspects related to gender and green growth

2. What are the effects and impacts of PASS?
 - the effects on productivity (yield) and total production of selected commodities and PASS contribution to the economic performance of client agribusinesses
 - direct employment and income effects for PASS clients and indirect effects for other economic entities or individuals (positive or negative)⁰
 - longer term development impact and sustainability in terms of livelihood, social and human development at household level of employees, farmers and other relevant stakeholders
 - effects of collaborating with PASS for the financial institutions.
3. To which extent has the PASS organisation ensured an accountable, transparent and efficient management of PASS over the evaluation period?
 - PASS governance and strategic management
 - PASS operational efficiency (project selection, work planning, monitoring and reporting and financial control)
 - PASS external communication
4. How has the aspect of institutional and financial sustainability of PASS been addressed and what are the prospects for the future?

5 METHODOLOGY

The evaluation will be undertaken in accordance with Danida evaluation policy and evaluation guidelines¹. The available documentation will constitute the point of departure for developing a methodology for the evaluation. Together with evaluation stakeholders (PASS and the embassy), the evaluation will establish a theory of change for PASS and in this process consider whether the theory of change has changed over the evaluation period. The evaluation will apply both qualitative and quantitative approaches to test the theory of change and answer the evaluation questions. The qualitative analysis will address the issues of relevance, impact and sustainability, including the pathways and causality linking PASS support to the observed impacts. It is expected that qualitative methods will include combinations of focus groups discussions and in-depth key informant interviews with core PASS beneficiaries (including financial service providers and agribusinesses).

¹ <http://um.dk/en/danida-en/results/eval/reference-documents/>

Quantitative approaches will be used in order to assess programme outcomes. The available data registered by PASS regarding beneficiaries will be used to the extent possible. Establishing a valid counterfactual is an important feature of the methodology. It will be considered to use a method where current values of specific indicators are compared between new and old beneficiaries. Alternatively, identifying a comparison group by propensity score matching may be an option.

PASS uses Navision as a primary tool to organise data of their clients. With this tool information is segmented by geographical areas, gender, age etc. PASS also undertakes client satisfaction surveys that collect data on, inter alia, production, productivity and employment. It also collects detailed data on the number of business plans it helps agribusinesses develop and submit to FSPs, the values of credit these generate, their default rates and the type of credit guarantee associated with them

The inception phase of the assessment will specifically look into the usability of the existing qualitative and quantitative data base of PASS collected through their MIS (Navision) and Client Satisfaction Survey. The evaluation will initially assess what can be said about the impact of PASS based on existing PASS monitoring data. It follows, therefore, that it is also a test of the current monitoring system. This should build and follow up on the 2016 technical review's recommendations.

It is envisaged that two field visits will be undertaken: One visit in the inception phase of the evaluation in order to assess the monitoring data available and plan for further data collection and a longer visit involving data collection in the field. It is furthermore envisaged that a survey will be undertaken involving beneficiaries and control groups.

6 OUTPUTS AND MILESTONES

The evaluation will be undertaken from 20 August 2018 and involve the outputs described below. All reporting must be in English.

1. An inception report in draft and final version (max. 15 pages excluding annexes), including:
 - Description of PASS history and evolution taking into consideration PASS strategies
 - Portfolio analysis of PASS projects
 - Proposed theory of change for PASS to be used in the evaluation
 - Description of the evaluation methodology
 - Evaluation matrix, including evaluation questions, judgement criteria and data sources
 - Detailed work plan

- Outline of the evaluation report
2. A survey report analysing the survey data.
 3. A short paper on preliminary findings of the evaluation following the field work.
 4. An evaluation report (max. 35 pages). The evaluation report must include an executive summary of maximum 4 pages.

All draft reports are submitted to the Evaluation Reference Group for comments and will only be considered final when EVAL has approved them.

The following timetable shall apply unless otherwise agreed in writing:

Milestones	Date (2018)
Initiation of assignment	20 August
Inception visit, Tanzania	3 - 5 September (tbc)
Draft Inception report	17 September
Completion of survey and field work in Tanzania	19 October
Preliminary findings paper	29 October
Draft evaluation report	23 November
Final evaluation report	10 December

7 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 representatives of PASS Founders Committee, PASS board of Trustees, PASS management, the Danish Embassy in Dar es Salaam, the Swedish Embassy in Dar es Salaam and the Evaluation Department will be established for the duration of the evaluation. Management of the evaluation will follow the Danida Evaluation Guidelines (2018) 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.

The Evaluation Management (EVAL)

In cooperation with the Danish Embassy in Tanzania, the Evaluation Management will:

- Undertake the selection of evaluation team based on received tenders.
- 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.
- Select members for and organise 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.

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 Tanzania.
- 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 expected that the Team Leader is closely involved in the elaboration of the tender for the assignment.

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 of PASS Founders Committee, PASS Board of Trustees, PASS management, the Danish Embassy in Dar es Salaam, the Swedish Embassy in Dar es Salaam. 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 in Dar es Salaam, 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 PASS, 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.

8 COMPOSITION AND QUALIFICATIONS OF THE EVALUATION TEAM

The evaluation team must have substantial international experience in evaluation of development assistance (i.e. evaluations that conform to the OECD/DAC evaluation definition for international development organisations), including evaluations of private sector development and financial services. Furthermore, the team should have recent experience from related work in Tanzania.

It is envisaged, but not a requirement, that the team is composed of two core team members. It is a requirement that the team possesses or has access to expertise related to quantitative evaluation methods and data analysis.

Furthermore, it is a requirement that the Consultant appoints a person responsible for Quality Assurance who will undertake internal quality assurance of the deliverables before submission to EVAL and the ERG. The person may be a staff member or may be external to the Consultant, and is expected to have a solid experience in planning and managing/undertaking evaluations in topics relevant to this assignment. Expenses for quality assurance should be covered by the Consultant and can not be included in the financial proposal. The Tender shall comprise a description of the quality assurance procedure. Records documenting the quality assurance process shall be kept by the Consultant, and EVAL may subsequently request the Consultant to submit documentation of the quality assurance undertaken.

Preferred qualifications of the Team Leader:

General experience:

- An academic degree in a relevant discipline (minimum a M.Sc. or equivalent)
- A profile with major emphasis on development issues, with 15 years or more of relevant international professional experience from development cooperation in several countries in Africa.

- Extensive experience (5 years or 5 or more short-term references) from evaluation of development assistance for clients comparable to the Danish MFA.

Adequacy for the assignment:

- Experience as team leader of evaluations.
- Knowledge of and experience with approaches to development evaluation, including qualitative and quantitative methods.
- Knowledge of and experience with analysis or evaluation of private sector development or financial services in East Africa.

Experience in the region and language:

- Working experience from Sub-Saharan Africa, preferably from Tanzania.
- Fluent in English and proven ability to write evaluation reports.

Preferred qualifications of the Private Sector Development Expert:

General experience:

- An academic degree in a relevant discipline (minimum a M.Sc. or equivalent)
- A profile with major emphasis on development issues, with 10 years or more of relevant international professional experience from cooperation in several countries in Africa.
- Extensive experience (5 years or 5 or more short-term references) from private sector development or financial services in East Africa.

Adequacy for the assignment:

- In-depth knowledge of financial sector development in Africa, preferably in Tanzania from permanent positions or repeated short-term work.
- Good understanding of the agri-business sector in East Africa, preferable from work in Tanzania.
- Knowledge of and experience with evaluation work.

Experience in the region and language:

- Extensive experience from Eastern Africa, preferably from Tanzania.
- Fluent in English.

The following CVs must be included in the proposal:

1. Evaluation Team Leader
2. PSD Expert

3. Quality Assurance Manager

The following CVs should be included if these positions are part of the proposal:

4. Quantitative Data Analyst
5. Other team members / assistants

Only CV 1 and CV 2 (Evaluation Team Leader and PSD Expert) will be assessed individually. CVs 3, 4 and 5 will be assessed as part of the overall methodology.

9 ELIGIBILITY

The DAC evaluation principles of independence of the Evaluation Team will be applied. 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).

In assessing independence and impartiality of the Tenderer, both the experience of the tendering consulting company (in the pre-qualification stage) and of the individual consultants are important. Assessments will be made on a case-by-case basis. If consultants (companies or individuals) have worked extensively for PASS, they would normally be excluded. Individual consultants' participation as a team member in reviews, studies, etc. for PASS do normally not constitute grounds for exclusion in itself.

10 FINANCIAL PROPOSAL

The maximum budget for the contract for this evaluation is DKK 1 million (excluding VAT). This includes all fees and reimbursable expenses required for implementation of the contract, including expenses related to two field visits in Tanzania and one visit to Copenhagen.

It is a requirement that the Consultant include a fixed sum of a minimum of DKK 100,000 in the financial proposal (within the overall budget frame) earmarked for undertaking a quantitative field survey, possibly by sub-contracting a Tanzanian institution responsible for undertaking the quantitative field survey.

It is the responsibility of the Tenderer to ensure that the outputs specified above and all other tasks specified in these terms of reference are performed within the frame of the Tenderer's financial proposal and the specified ceiling amount.

The cost of Quality assurance should be covered by the Tenderer and the time used by the Quality Assurance Manager should not be part of the financial proposal and cannot be invoiced.

In addition to this contract, EVAL will cover the expenditures for graphic lay-out services in relation to preparing the final evaluation report for web publishing.