



Mid-term internal evaluation

Project title: Building capacity for social risk and impact management in agricultural finance in Africa

XB Symbol: GLO/12/08/AAT

P&B Outcomes: Outcome 3, 4, 5, 7, 8, 10

Country: Multi-country (Africa)

Technical field: Social Finance

Administrative Unit: Enterprise – Social Finance Unit

Timeframe: 3 years (Phase II: 15 July 2015-14 July 2018)

Budget: USD 1'248'655

Donor: Africa Agriculture and Trade Investment Fund

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Table of contents

1. Executive summary	3
2. Project background	6
3. Evaluation background	8
4. Evaluation methodology	9
5. Findings	14
5.1 Continued relevance and validity of design	14
5.2 Efficiency	16
5.2 Effectiveness	18
5.3 Impact and Sustainability	22
5.4 Gender equality and social dialogue	23
6. Conclusions	23
7. Lessons Learned	24
8. Recommendations	25
Annexes	27
Annex I: Evaluation's Terms of Reference	27
Annex II: Inception Report	34
Annex II: List of interviewees	51

1. Executive summary

Established in 2011, the Africa Agriculture and Trade Investment Fund (AATIF) is an example of an impact investing fund initiated by KfW on behalf of the German Federal Ministry for Economic Cooperation and Development. The Fund is an innovative public-private partnership dedicated to uplift Africa's agricultural potential for the benefit of the poor. The Fund invests in companies along the agricultural value chain, targeting small, medium and large scale agricultural farms as well as agricultural businesses.

In June 2012, ILO and AATIF signed a first collaboration agreement with the ILO as the Fund's Compliance Advisor. An internal self-evaluation of the first phase was conducted in August 2014. Subsequently, the agreement was extended for another three-year period in 2015 running through 2018. The project's immediate objective was to build capacity for social risk and impact management of agricultural finance in Africa. The progress made towards achieving this objective was measured by i) the percentage of AATIF partner institutions that improved their social and environmental impact and comply with the AATIF S&E safeguard guidelines, and ii) the number of AATIF participants that completed S&E training and mentoring.

This is the internal mid-term evaluation of project phase II. Its purpose is to document key achievements, challenges, lessons learned and recommendations to improve project performance. The evaluation was carried out from July to September 2018 and considered project activities implemented from July 2015 until April 2018.

The evaluation found that the project was relevant and suited well both the policies and priorities of the ILO and the needs of AATIF and its stakeholders in the financial sector, interested in investing in African agriculture in a socially responsible and environmental-friendly way.

The project's design and its implementation strategy were adequate to meet the project objectives. While the Project Document foresaw an exit strategy in the form of the sustainability strategy to capacitate an AATIF stakeholder to take over the role of Compliance Advisor, this strategy was changed in the course of phase II implementation.

The project was effective in delivering on the objectives designed under each of the six components. Notably, in Phase II a number of guidelines, tools and methodologies for S&E improvements were fine-tuned and revised, impact briefs were produced, targeted technical assistance provided to institutions on S&E safeguards, AATIF stakeholders were trained and capacitated in the use of S&E methodology, a communication and dissemination policy and strategy were developed, as well as collaboration with UNEP enhanced.

The project resources were allocated efficiently with the means available. Overall, despite its major role in strengthening the capacities of AATIF's stakeholders and

clients, the project was not 'Technical Assistance-intensive' and the strategic allocation of resources was handled well and based on the prevailing needs. Nevertheless, the role of Compliance Advisor may have benefited from additional expertise to avoid overstressing the project staff in the light of increasing requests. Furthermore, although a progress was observed (compared to the phase I) in UN Environment's participation in the project activities the involvement of UN Environment in due diligence missions was perceived as weak.

As far as the impact is concerned, the Technical Assistance Facility was specifically referenced by a number of respondent as useful with visible benefits, which were well measured and communicated by the project. In terms of ensuring sustainability, compared to the first phase of the project, there was an increase in the use of local institutions and consultants in the provision of (small-scale) technical assistance and the Social and Environmental Safeguard Guidelines plus Fund-related management system were much more internalised than before amongst all stakeholders.

A main lesson may be learnt from the project, which is related to the inherently innovative nature of the project, which has allowed the ILO to deepen its knowledge base on innovative finance. This knowledge has contributed to the development of a Global Product on Innovative Finance for SDG 8 (GLO209) and it inspired two studies that the Social Finance Unit undertook with 19 development finance institutions in Africa and Asia and the Pacific on how these institutions manage social and environmental risks and impacts. These studies have resulted in conversations with the African Association as well as the Asian Association of development finance institutions about how to address gaps identified in the studies.

The evaluation makes six recommendations:

Recommendation 1: More work should be delegated to independent Social and Environmental consultants, possibly from the countries/regions where the project implements its activities. ILO team should take a step back to let the field work be performed by external advisors. This would result in an immediate broadening of capacities so three or four engagements can happen at the same time. At the same time this will require additional coordination efforts and consistency requirements to be carried out by the ILO team.

Recommendation 2: UN Environment should allocate sufficient staff time for the relevant project's activities. It is estimated that 1 day/week of a technical staff should suffice to drastically increase the impact of UN Environment interventions. More regular planning calls between ILO and UN Environment are also recommended.

Recommendation 3: Improve the internal communication within the ILO both in HQ and in the field as well as the project's Knowledge Management, by documenting and codifying important innovative instruments and approaches developed. A good documentation would be important and in line with the expectations of the ILO for development cooperation projects to be 'engines of innovation'.

Recommendation 4: Leverage access to AATIF partner institutions by backstopping and conducting additional research in order to build a portfolio of evidence on the advantages, for the financial industry, to invest in socially and environmentally-friendly manner.

Recommendation 5: Multiply the number of AATIF partner institutions in the field, as well as the ILO engagement with investment funds. This would both increase the number of 'impact briefs' and 'success stories' as well as lessons learnt to be shared and enhance the project's visibility in the African financial industry. A greater involvement of the DWT enterprise development specialists in Africa will be paramount to roll out the project's initiatives in the field.

Recommendation 6: Continue to explore synergies with other Enterprise Department Units. In particular, the work on enterprise formalisation, value chains development and the promotion of green economy would greatly benefit from the AATIF experience.

2. Project background

Rural areas are home to 75 per cent of the world poor. Despite considerable potential for economic growth and productive livelihoods, rural areas are often characterised by severe decent work challenges. They are frequently typified by high rates of unemployment and underemployment, temporary or casual employment, limited social protection, prevalence of child labour especially in agriculture, low levels of unionisation, and generally inadequate working conditions.

Rural areas are also chronically underserved by financial service providers, which is a limiting factor for economic development. Even where financial services are accessible, and despite existing benchmarks in the financial industry (e.g. Equator Principles, the UN Principles for Responsible Investment, the Principles for Responsible Agricultural Investment, or the IFC Performance Standards), evidence shows that social concerns are often not fully incorporated in funding decisions and delivery of services. Furthermore, many stakeholders of the financial industry who wish to invest in a socially responsible manner lack the capacity to assess the social impact of investments.

In recent years, many investors have recognized the need for integrating social and environmental aspects in their investment decisions. Some have moved a step further and are making investments with an explicitly intentional and measurable positive social and/or environmental impact. These 'impact investors' intend to generate financial returns alongside positive social and environmental impacts through their investments.

Established in 2011, the Africa Agriculture and Trade Investment Fund (AATIF) is an example of an impact investing fund initiated by KfW on behalf of the German Federal Ministry for Economic Cooperation and Development. The Fund is an innovative public-private partnership dedicated to uplift Africa's agricultural potential for the benefit of the poor. The Fund invests in companies along the agricultural value chain, targeting small, medium and large scale agricultural farms as well as agricultural businesses. Furthermore, AATIF activities are embedded in a social and environmental management framework and a strong governance structure both of which safeguard a positive development impact. As of April 2018, AATIF's portfolio is composed of eleven investments including commercial farms, financial institutions and agro-input suppliers and traders located in different African countries (Botswana, Burundi, Ghana, Kenya, Mozambique, Nigeria, Tanzania, Uganda, Zambia and Zimbabwe).

In June 2012, ILO and AATIF signed a first collaboration agreement with the ILO as the Fund's Compliance Advisor. In June 2013, the UN Environment Programme (UN Environment) joined the collaboration through a contribution agreement with ILO and since contributed through complementing the existing ILO expertise on the social side with the wide UN Environment expertise on environmental elements. An internal self-evaluation of the first phase was conducted in August 2014. Subsequently, the agreement was extended for another three-year period in 2015 running through 2018.

The project has a particular focus on agricultural finance and thus is heavily linked to the 2018-2019 P&B Outcome 5 on Decent Work in the Rural Economy. In addition, the project is relevant for Outcome 4 on Promoting Sustainable Enterprises, Outcome 7 on Promoting safe work and workplace compliance including in global supply chains, Outcome 8 on Protecting workers from unacceptable Forms of Work and also links to Outcome 10 on Strong and Representative Employers' and Workers' Organisations.

The **project strategy** of this second phase of the AATIF-ILO collaboration was built on the identification of two main capacity gaps of the financial industry:

Gap 1) Stakeholders who want to engage in agricultural finance in Africa in a socially responsible way considering decent work concerns lack the capacity to assess, monitor and manage social risk and impact relevant for their funding decisions.

Gap 2) The financial industry lacks comprehensive training on social risk and impact management to close the capacity gap on an institutional level. Training needs to be "transformative" and encompass strategy, management and operational levels to enable a change of the DNA of an institution for successful implementation of a social and environmental management system.

Therefore, the project wanted to cover elements on which capacity should be built i) monitoring and managing, ii) risk and impact, as well as iii) stakeholders along agricultural value chain finance and not "only" financial institutions.

At the outset of phase II of the AATIF-ILO collaboration, the project strategy encompassed the following elements:

Component 1) Refining the social and environmental assessment methodology developed in the first project phase with a focus on improving monitoring and improvement tracking and test on partner institutions.

Component 2) Establishing social, environmental and developmental impact of partner institution activities.

Component 3) Providing specialised technical assistance to AATIF partner institutions to build their capacity for implementing social and environmental loan covenants.

Component 4) Training and mentoring at least one AATIF stakeholder in the use of the methodology with the goal to take over the role of compliance advisor.

Component 5) Developing social and environmental risk and impact management training materials for a broader audience interested in responsible agricultural finance.

Component 6) Communicating and disseminate project outcomes jointly with AATIF.

We will see later that element 4 was redefined during project implementation.

The project's **immediate objective** was to build capacity for social risk and impact management of agricultural finance in Africa. The progress made towards achieving this objective was measured by i) the percentage of AATIF partner institutions that improved their social and environmental impact and comply with the AATIF S&E safeguard guidelines, and ii) the number of AATIF participants that completed S&E training and mentoring.

In order to achieve this objective, the project proposed to deliver the following outputs:

Output 1. Refined social and environmental assessment methodology

Output 2. Social, environmental and developmental impact of partner institution activities established

Output 3. Specialised technical assistance provided to AATIF partner institutions to build their capacity for implementing social and environmental loan covenants.

Output 4. At least one AATIF stakeholder/ team member trained and mentored in the use of the methodology and capacitated to take over the role of compliance advisor.

Output 5. Social and environmental risk and impact management training materials for a broader audience interested in responsible agricultural finance developed *[requires additional funding]*

Output 6. Project outcomes communicated and disseminated jointly with AATIF

The Social Finance Programme (SFP) of the Enterprise Department coordinates the overall project and functions as the administrative and backstopping unit. Thus, through the SFP, ILO acts as AATIF's compliance advisor supporting the Fund in the implementation of its social and developmental mission while building up the tools for capacity building of AATIF and the broader financial industry.

The project is managed by a project manager who receives implementation support from a junior technical officer; both are staff of the Social Finance Programme.

3. Evaluation background

This internal mid-term evaluation report will serve five **purposes**:

1. To assess the level of achievement of the project's immediate objective and performance as per project targets and indicators.
2. To apply lessons learnt from Phase II in Phase III of the project and, potentially, in future collaborations with similar partners.
3. To determine to what extent the project's strategic approach reflects the ILO comparative advantage and how the project is integrated in the ILO programmatic framework.

4. To determine to what extent the project has built in a sustainability strategy.
5. To provide recommendations to improve performance, strategy, institutional and partnership arrangements and to scale up the project approach.

The evaluation undertook a comprehensive review of the project components and activities implemented from July 2015 until April 2018, and assessed their adequacy for building capacity for social risk and impact management in agricultural finance. The evaluation's results are intended for the project management that lies with the ILO Social Finance unit, as well as for the AATIF Board of Directors, Investment Manager and other collaboration partners. The findings of the evaluation and its recommendations will contribute to the further development, within the Enterprises Department and its Social Finance Unit, of Global Product 209 on Innovative Finance for SDG 8 (GLO209) including possibilities to scale up similar collaborations by attracting additional development partners and expanding the regional outreach beyond Africa.

In line with the results-based approach of the ILO, the evaluation sought to analyse the achievements of project outputs and outcomes against the indicators contained in the project's logical framework.

The evaluation was conducted in adherence to UN evaluation standards and addressed OECD/DAC **evaluation criteria**, including:

- *Relevance*: The extent to which the project is suited to the priorities and policies of the target group, recipient and development partner;
- *Effectiveness*: The extent to which the project is attaining its objectives;
- *Efficiency*: The extent to which the project is being implemented in the most efficient way compared to alternatives;
- *Impact*: The changes produced by the project to-date (positive and negative);
- *Sustainability*: The extent to which the benefits of the project are likely to continue after the development partner funding has stopped

In addition, the evaluation integrated gender equality as a cross-cutting concern throughout its methodology.

4. Evaluation methodology

The evaluation adhered to the methodology outlined in the evaluation TORs (Annex I) and inception report (Annex II).

The evaluation used a mix of data sources collected through multiple methods.

The first source of data was through a desk review of documentary evidence that had direct relevance for the evaluation (from 01/06/2018 to 08/06/2018). This included the Project Concept Note, Project Document for Phase II, previous evaluation reports, budget and expenses reports, AATIF Annual reports, AATIF social and environmental capacity building strategy, training evaluations, social

and environmental assessment reports, investment proposals, excerpts from the investment contracts and from the AATIF Board Meeting minutes, minutes from other official meetings, documents from the follow-up to investments, among others.

The second source of data was collected through Skype interviews with collaboration partners as well as AATIF Partner Institutions, in order to complement and validate the findings of the desk review and to identify opportunities for improving the collaboration (from 25/06/2018 to 10/07/2018). Collaboration partners interviewed included members of the AATIF Board of Directors, Investment Committee, Investment Manager Team, Technical Assistance Facility Committee and Manager, AATIF shareholders, AATIF compliance advisor, and ILO staff from the Partnerships and Field Support Department and the Finance Department involved in backstopping the project at ILO HQ. Interviews were semi-structured, largely administered through open-ended questions. Through these interviews, stakeholders were invited to voice their understanding and opinions of the project, its progress (or lack thereof) and reasons for the project's perceived successes or challenges to-date. The interview questions reflected the evaluation questions outlined in the evaluation TORs and inception report.

Individual Skype interviews were also organised for ILO staff, in HQ and Africa, involved directly or indirectly in the project.

The evaluation was based upon the ILO's evaluation policy guidelines which adhere to international standards and best practices, articulated in the OECD/DAC Principles and the Norms and Standards for Evaluation in the United Nations System approved by the United Nations Evaluation Group (UNEG).

The following are key **evaluation questions per criterion**:

Criteria	Questions
Continued relevance and validity of design	<ul style="list-style-type: none"> Does the immediate objective still correspond to the needs of stakeholders in the financial sector, who are interested in investing in African agriculture? How well does the project complement other initiatives in the industry and region? Does the immediate objective, components or activities need to be adapted to new developments in the sector? To what extent do the planned activities and outputs address the capacity gaps of the financial sector? Are the indicators described in the Project document appropriate and useful to assess the progress? How have stakeholders (including ILO constituents) been involved in the design? Does the project have a performance plan and an M&E plan? If not, what are the reasons for this?

Progress and Effectiveness	<ul style="list-style-type: none"> To what extent is the project on track for achieving its immediate objective? Which components have had the greatest achievements and which the least achievements? Why? How can positive factors be leveraged? How can limitations be addressed? How have stakeholders (including ILO constituents) been involved in the implementation?
Efficiency	<ul style="list-style-type: none"> Have resources, including funds, human resources, time, expertise, been used efficiently? Have the funds and activities been delivered in a timely manner? Has the project made strategic use of other ILO projects, products and initiatives to increase its effectiveness and impact? How efficient was the project in utilizing ILO expertise both at HQ and field level?
Effectiveness of management arrangements	<ul style="list-style-type: none"> Are management, monitoring and governance arrangements for the project adequate? How effectively is the project management monitoring project performance and results? Is a monitoring & evaluation system in place and how effective is it? Is relevant information systematically collected and collated? Is the data disaggregated by sex?
Impact orientation and Sustainability	<ul style="list-style-type: none"> How has the knowledge generated from the project been shared? How are sustainability considerations taken into account in the design and implementation of the project's activities? To what extent has the AATIF strengthened its capacity to assess social and environmental risks in investments? What recommendations and lessons could be offered to improve the sustainability of ILO's work with impact investors?

The following are **evaluation questions per project's component**:

Components	Questions
Refining the social and environmental assessment methodology developed in the first project phase with a focus on improving monitoring and	<ul style="list-style-type: none"> Has the project developed or revised: <ul style="list-style-type: none"> S&E Screening Tool S&E Screening template S&E Due Diligence template = S&E Assessment Report S&E Capacity Building Strategy S&E Safeguard Guidelines S&E Policy AATIF Risk Management Policy AATIF Communication Policy

improvement tracking and test on partner institutions.	
Establishing social, environmental and developmental impact of partner institution activities	<p>All Q for <u>Technical Assistance Facility Manager</u>:</p> <ul style="list-style-type: none"> • Have impact studies, including rapid appraisals, been conducted during the period covered by the evaluation and if yes, how many have been conducted? • If no impact studies have been conducted, what are the reasons for it? • If no impact studies have been conducted, are there plans to conduct them during phase III of the project? • Has feedback been received from AATIF stakeholders and project beneficiaries on the impact studies? If yes, what has it been like (positive/negative/neutral)? • What challenges were encountered in the research process? • How do you evaluate the role of ILO in ensuring successful preparation and implementation of AATIF-related research?
Specialised technical assistance provided to AATIF partner institutions to build their capacity for implementing social and environmental loan covenants.	<ul style="list-style-type: none"> • Has small-scale technical assistance been provided to AATIF partner institutions during the evaluation period? How many institutions have benefited from this technical assistance? (ILO) • What was the spectrum of small-scale TA provided? What pockets of accumulation occurred in phase II? (ILO) • Has there been an increase in the ILO's engagement in the provision of small-scale technical assistance for AATIF partner institutions? (ILO) • Has the project made efforts to gradually use local institutions in implementing small-scale technical assistance as part of the sustainability strategy? (ILO) • Has the project made efforts to increase local capacity by supporting local actors to undertake implementation and monitoring activities? (ILO, Chase Bank / RMG / BancABC / Agrivision) • Tailor-made questions to Chase Bank / RMG / BancABC / Agrivision about concrete small-scale technical assistance provided and backstopping "proper" AATIF TA projects (see annex 3 tables 1 and 3)
At least one AATIF stakeholder/ team member trained and mentored in the use	<ul style="list-style-type: none"> • Have training materials been developed, finalized and tested? (ILO, IM) • How many AATIF stakeholders have been trained using the training materials? Has there been an

of the methodology and capacitated to take over the role of compliance advisor	<p>increase in the number of beneficiaries of this training? (ILO)</p> <ul style="list-style-type: none"> • How many AATIF stakeholders have been mentored in the use of the methodology? (ILO) • Has the project collected feedback from the users of the training materials or does it plan to do so? (ILO) • What challenges were encountered in the capacity building process? (ILO, IM)
Project outcomes communicated and disseminated jointly with AATIF	<ul style="list-style-type: none"> • What communication / dissemination tools were developed in phase II? (ILO) • Has project management prepared brief information sheets on the project (and on the website) and sent them to internal ILO partners to increase awareness of the project objectives and activities? (ILO) • How has the project communicated and disseminated project outcomes, results and impact with AATIF? Is there a joint strategy which systematizes the dissemination process? (ILO, IM, BOD/IC) • Has the project promoted AATIF's approach and resources by combining ILO and UNEP resources? Is there evidence of AATIF participation in regional and topical conferences/meetings during the evaluation period (AFDB annual meeting, African Ministerial Conference on the Environment or Sustainable Finance Conference)? (ILO, UN Environment) • Has the project management integrated the lessons learnt from phase I into phase II? What lessons have been learned during the project evaluation period and have they been identified? (ILO)

The following are **additional evaluation questions** which served to cover elements not covered under the components above:

1. Has the project management made additional efforts to increase UN Environment's involvement in the project? Has UN Environment been included in teleconferences with implementing partners? Have UN Environment and ILO conducted joint due diligence missions during the evaluation period? What challenges has UN Environment faced in the collaboration with ILO?
2. Has the project undertaken efforts to improve communication between the Board and ILO so as to ensure that the former is aware of the role of the ILO? Has the Chairman of the Board visited ILO to better understand what is being done and learning about other ILO projects/initiatives? Have there been joint appearances at events and conferences during the evaluation period?
3. Has the project management undertaken efforts to ensure that all project partners fully understand what the partnership is about in order to avoid discussions during the implementation phase that affect project progress?

4. Has project management engaged ILO staff in the field to increase the projects' outreach and what examples of this can be provided?

5. Findings

Phase II of the project "Building capacity for social risk and impact management in agricultural finance in Africa" has been assessed for its relevance, effectiveness, validity of design, efficiency and sustainability.

5.1 Continued relevance and validity of design

Relevance is the extent to which the objectives of the project are consistent with beneficiaries' requirements, country needs, global priorities and development partners' policies.

The phase II of the project continues to be relevant and its design remains valid. The immediate objective is highly relevant to the needs of AATIF and its stakeholders in the financial sector interested in investing in African agriculture in a socially responsible and environmentally-friendly way. Building knowledge for social risk and impact management in agricultural investments in Africa is seen as an excellent example of innovative finance.

Overall, all partners interviewed during the evaluation unanimously stated the importance of the ILO's contribution to strengthening the capacities of AATIF stakeholders in social risk and impact management of agricultural finance in Africa.

Furthermore, the G20 has been looking at the issue of Inclusive Business for several years, including the Inclusive Business Framework (2015), and the launch of the G20 Global Platform on Inclusive Businesses in 2016¹. The development and promotion of inclusive businesses represents one potential solution to address some of the challenges emerging from imminent changes to the world of work. In the framework of its Future of Work Initiative and with the aim to promote financing inclusive businesses, the ILO is placing innovation and experimentation in financial solutions and arrangements at the heart of its strategy engaging with the innovative finance sector. The AATIF project is the cornerstone of this strategy. The relevance of the project for the ILO is also reflected in the project document by a well-documented section on the links between the project's immediate objective and the ILO's Programme and Budget and Country Programme Outcomes (CPOs) in Africa.

In terms of other initiatives in the industry and the region, the evaluation found not many initiatives like AATIF collaborating with UN agencies. While a number of structure funds exist, the AATIF is special in having an independent compliance advisor function and constant social and environmental capacity building activities

¹ <http://www.g20inclusivebusiness.org>

foreseen and implemented. Furthermore, the resources allocated to research single out the AATIF. AATIF's focus on social and environmental sustainability is complementary to initiatives of Development Finance Institution which typically insist on minimum standards and at times provides funding for technical assistance to improve social and environmental practices. Examples are AATIF and DEG coordinating in Kenya as well as Nigeria to ensure that capacity building for developing or upgrading Social and Environmental Management Systems in financial institutions happen in parallel but encourage capacity building in different technical areas. Similar examples exist for supporting AATIF partner institutions where IFC or Norfund co-invested.

In terms of relevance, a notable development was observed during phase II and linked to the revision of the AATIF S&E safeguard guidelines. The compliance advisor updated these guidelines in phase II based on discussion held within the Fund. However, in Dec 2017 the AATIF Board of Directors decided to orient financing decisions along the IFC Performance Standards on Environmental and Social Sustainability and not anymore on Fund-specific social and environmental safeguard guidelines. This development was not preceded by any discussion. As a consequence, the S&E safeguard guidelines as updated in several iterations (=time) by the ILO would not be used anymore and instead ILO developed a separate S&E policy in order to operationalise the IFC performance standards for the Fund. On the one hand, the IFC performance standards are known throughout the financial industry while the AATIF S&E safeguard guidelines were tailor-made to the specific context of the Fund (agriculture, Africa). Replacing them with more generic performance standards would, however, imply a loss of the specificity of AATIF's S&E approach while, on the other hand, making the AATIF fund comparable to other actors in the field through the IFC Performance Standards. In terms of project implementation, the change of approach resulted in duplication / sunk costs.

The project has gender considerations integrated into all project aspects and into the full project cycle. By paying particular attention to equally including women and men in the revision of the S&E assessment methodology and by developing gender-sensitive training materials, the project demonstrates its relevance for an inclusive private sector development. Moreover, acknowledging the importance of mainstreaming gender in the social, environmental and developmental impact of partner institution activities, the project has put emphasis on sex disaggregated quantitative targets and indicators in all its components and reports. Whether or not there is a long-term impact orientation and sustainability of the gender mainstreaming efforts through this project alone, cannot be answered at this point in time. However, it is obvious from this evaluation that the project contributes towards gender equality acceptance among the AATIF clients as well as among the project implementing partners.

It was observed that the project design did not sufficiently build on social dialogue mechanisms and, did not foresee in-depth consultation and participation of social partners. As a result, participation of workers' representatives was limited in the project activities. However, the assessment methodology and implementation

thereof as part of project implementation includes participation of workers and/or their representatives at the level of the Fund's partner institutions.

While the Project Document foresaw an exit strategy in the form of the sustainability strategy to capacitate an AATIF stakeholder to take over the role of Compliance Advisor, this strategy was changed in the course of phase II implementation. The initial exit strategy was jointly developed with and endorsed by the key stakeholders that are responsible for putting in place measures ensuring that the progress made by the project is not lost upon exit. With the change in strategy, the design and implementation of an exit strategy should be part of phase III of the project. The section on recommendations will again address this issue.

5.2 Efficiency

Efficiency is a measure of how economically resources and inputs (funds, expertise, time, etc.) are converted to results.

As far as management arrangements are concerned, the Social Finance Unit (SFU) of the Enterprise Department of the ILO coordinated the overall project and functions as the administrative and backstopping unit. Thus, through the SFU, ILO acted as AATIF's compliance advisor supporting the Fund in the implementation of its social and developmental mission while building up the tools for capacity building of AATIF and the broader financial industry.

The project was managed by a project manager who receives implementation support from a junior technical officer; both are staff of the Social Finance Unit. The project manager also coordinated additional external implementation support, like the collaboration with UN Environment.

In the second phase of the project, it was found that the management arrangements were well-suited to the project's needs. The project management contribution to AATIF, from a technical point of view, was found to be excellent with strong commitment to playing the role of a critical analyst. The project management receives regular information requests from AATIF stakeholders and the responses from the ILO were deemed to be reliable and fast, with a lot of effort visible in responding to these ad hoc requests. Nevertheless, in one instance, the observation made was that the information provided by the Compliance Advisor was not well-founded as it relied on farm management information. This challenge was also highlighted by the Compliance Advisor as monitoring via e-mail or phone is different from field-level visits but often the only available source of information in response to ad-hoc requests.

Overall, despite its major role in strengthening the capacities of AATIF's stakeholders and clients, the percentage of project's funds allocated to ILO technical experts was rather limited and the strategic allocation of resources was handled well and based on the prevailing needs. The project efficiency was affected positively by the management's constant attempts to optimize the use of the efforts and to look for synergies (within and outside the ILO) and multiplier

effects. Efficiency was also increased by the high absorption capacity and the project's counterparts.

On UN Environment's involvement as environmental advisor, findings are mixed. On the one hand, UN Environment was not seen as actively involved in the project, keeping a low-profile. On the other hand, project management made efforts to increase UN Environment's involvement in the project – in response to the recommendations of the self-evaluation of project phase I. For example, regular teleconferences were organized between UN Environment and ILO (once or twice a month). It was also observed that the volume of work and interaction between both agencies had increased in phase II. UN Environment was also found to have delivered more competence and knowledge to the project in areas of their expertise such as waste, water, forestry, endangered species etc. in phase II.

Furthermore, in view of the recommendation of the self-evaluation after phase I on the need to have more UN Environment involvement in due diligence missions, progress was observed in phase II. It was found that there were certain challenges for UN Environment in undertaking joint due diligence missions due to internal travel guidelines. Nevertheless, UN Environment conducted missions to Ethiopia, Kenya, and Zambia (not joint with ILO). Also, UN Environment and ILO jointly conducted a training for the Investment Manager team in phase II. Video Conference was used in this training.

During the phase II, the project has collaborated with the ILO department of NORMES, the FUNDAMENTALS branch and with the MULTI Unit of the Enterprise department in the revision of the AATIF S&E safeguard guidelines and the development of the AATIF S&E Policy as well as in the integration of Child Labour and Occupational, Safety and Health issues as part of the small-scale technical assistance provided by ILO to AATIF partner institutions. According to its design, the phase II of the project should have actively interacted with the Social Finance Network members and the ILO Decent Work Teams (DWT) in the field. In practice, collaboration with Social Finance Network members was more frequent than with enterprise development specialists in the DWT and the latter remains a potential to be further explored by the project phase III. Instances of involvement of both Social Finance Network members and/or enterprise development specialists in the DWT showed to be an efficient way of implementation.

Lastly, project management undertook efforts in phase II to ensure that all project partners fully understood the role of the Compliance Advisor and the functioning of the AATIF social and environmental management system. In 2017, there were suggested shifts in terms of responsibilities when the Investment Manager indicated the team's inability to take on Social and Environmental responsibilities as foreseen by the phase II project document as well as the social and environmental capacity building strategy. A solution was found that only one part of the responsibilities would fall under the Investment Manager and the rest would remain with the Compliance Advisor. Overall, the partnership arrangements and collaboration with AATIF stakeholders and partner institutions has been excellent and thus the project is making best use of its partner resources. This also resulted in an enhanced project ownership by the Fund and its partner institutions.

In terms of value for money, it was found difficult to measure progress against this indicator. On the one hand, it was found that for some AATIF's value for money, seen over two to three years, would be low as the project would be seen as expensive. On the other hand, over 10 years, value for money will be moderate to high, as the effects and impact of the project would appear over time. One interviewee deemed AATIF as bringing to the table not just the technical input, but also the reputation of the ILO. For companies, becoming an AATIF partner institution was found to be like a trigger where AATIF was seen as an added value (a non-monetary value to their loan).

The results achieved so far justify the allocated resources in all components. The evaluators cannot see how the same results could have been achieved with fewer resources.

Funds have been timely disbursed, both in terms of transfers from the development partner to the ILO and from the ILO towards project activities. The project mobilized human resources quite quickly, succeeded to ensure a low turnover of the project staff over the two phases and has thereafter implemented activities in an efficient manner.

Finally, the support and back-up services provided by the admin team of the Social Finance Unit of the Enterprise Department were paramount to allow the project management to carry out its function in an efficient and timely manner.

5.2 Effectiveness

The effectiveness is the extent to which the project's objective is achieved, or expected to be achieved.

Component 1. Refined social and environmental assessment methodology

In phase II, the following were developed and revised by the ILO which facilitated the process of integrating Social and Environmental information in the investment management process:

- S&E Screening Tool: newly developed
- S&E Screening template: newly developed in phase II and it is currently being revised
- S&E Due Diligence template: more comprehensive and user-friendly versions were prepared for different types of partner institutions
- S&E Capacity Building Strategy: newly developed in phase II. This was appreciated by AATIF. The strategy is up for review in project phase III.
- S&E Safeguard Guidelines: The compliance advisor updated these guidelines in phase II based on discussion held within the Fund. However, in Dec 2017 the AATIF Board of Directors decided to orient financing decisions along the IFC Performance Standards on Environmental and Social Sustainability and not anymore on Fund-specific social and environmental safeguard guidelines. As a consequence, the S&E safeguard guidelines as updated in several iterations by the ILO would not be used

anymore and instead ILO developed a separate S&E policy in order to operationalize the IFC performance standards for the Fund.

- S&E Policy: As a consequence of the S&E safeguard guidelines not being used anymore, the ILO developed a separate S&E policy in order to operationalize the IFC performance standards for the Fund. On the one hand, the IFC performance standards are known throughout the financial industry while the AATIF S&E safeguard guidelines were tailor-made to the specific context of the Fund (agriculture, Africa). Replacing them with more generic performance standards would, however, imply a loss of the specificity of AATIF's S&E approach while, on the other hand, making the AATIF fund comparable to other actors in the field through the IFC Performance Standards. In terms of project implementation, the change of approach resulted in duplication / sunk costs. It was developed and the Board had approved it in principle. Pending minor revisions, the policy would go 'live' in phase III.

In addition, the following two policy documents were developed by the AATIF Investment Manager and received input from the ILO. Both policy documents facilitates the process of integrating Social and Environmental information in the investment management process:

- AATIF Risk Management Policy: newly developed and contains a section on social and environmental risks (developed by the ILO)
- AATIF Communication Policy: newly developed and the ILO reviewed and provided inputs.

There was a clear roadmap on the roll-out of the above tools and all stakeholders were systematically consulted and their feedback taken into account. Each milestone in the roll-out process had a review relating to their delivery.

Component 2. Social, environmental and developmental impact of partner institution activities established

In phase II, three Impact Briefs (publicly-available on the [AATIF website](#)) were produced by the project describing the impact generated by AATIF partner institutions. An independent evaluation company assessed this impact and looked at the transformation over a three year period. The ILO technically backstopped the process including drafting terms of reference, technical assessment of research applicants, reviewing research tools and research reports, and editing the final research reports. In addition, the ILO initiated the AATIF impact series consisting of different levels of impact publications with the Impact Briefs being the first ones that were published.

Furthermore, the ILO launched an S&E study on one of the AATIF Partner Institutions, BancABC in Zambia. Due to challenges in obtaining the required number of client interviews by the hired research company, the study could not be completed in phase II.

Component 3. Specialised technical assistance provided to AATIF partner institutions to build their capacity for implementing social and environmental loan covenants.

In phase II, all partner institutions received small-scale technical assistance with the exception of the Trade Development Bank. The Compliance Advisor engaged with all AATIF partner institutions on their Social and Environmental action plans and provided advice on their implementation. As an example, mention may be made of a company (RMG Concept Ltd) that asked for support for reviewing the Human Resources policy, for drafting an Occupational Safety and Health guidelines, or drafting a biodiversity policy.

In phase II, the ILO and the AATIF Technical Assistance Facility manager continued to work effectively together which resulted in an increased number of S&E-related Technical Assistance projects submitted and approved for implementation by the AATIF Technical Assistance Committee. While the general management of Technical Assistance projects lies with the AATIF Technical Assistance Facility manager, the ILO typically supported the drafting of terms of reference based on initial social and environmental assessments conducted on each AATIF partner institution. Once approved, the ILO provided the technical backstopping for the implementation of S&E-related Technical Assistance projects. One example of such a project is the upgrading of a Social and Environmental Management System (SEMS) at BancABC which resulted in the finalisation of new SEMS documentation and completion of capacity building activities in 5 countries of operation.

Component 4. At least one AATIF stakeholder/ team member trained and mentored in the use of the methodology and capacitated to take over the role of compliance advisor.

The capacity building enshrined in project component 4 constituted the exit strategy at the outset of phase II. Implementation started off by designing a comprehensive S&E capacity building strategy and was followed by a launching a series of capacity building activities for all AATIF entities. The activities included a training organised by the Compliance Advisor for the Board of Directors and the Investment Committee; several trainings organised with the Investment Manager; a training for support service providers to the AATIF, including the Technical Assistance Facility Manager, the legal advisor and the AATIF Fund Secretary. Materials were developed for all these workshops/trainings. The trainings focused mainly on an introduction to sustainable investing, an introduction to the AATIF Social and Environmental Management System, and the investment screening process. In addition, 5-6 members of the Investment Manager team were mentored. Altogether, 6 workshops were held in phase II and a total of 42 people participated.

The compliance advisor asked training participants to complete evaluation forms after each training. Evaluation feedback was found to be overall quite good. For the first workshops, it was found that participants learned best when actual cases

were provided during trainings. The compliance advisor addressed this feedback in subsequent workshops and continued to work with case studies.

Component 5. Social and environmental risk and impact management training materials for a broader audience interested in responsible agricultural finance developed

As not enough evidence on progress in this component was collected during the desk review and the interviews with the key stakeholders, the evaluation would recommend assessing the progress on this component in phase III of the project.

Component 6. Project outcomes communicated and disseminated jointly with AATIF

AATIF approved a new communication policy in phase II, to which the ILO contributed.

The following outputs were produced under component 6 in phase II:

- The ILO Enterprises Department developed a leaflet on impact investing where the collaboration with AATIF was featured.
- The ILO Partnership Department developed a two-pager on the AATIF-ILO collaboration. An updated factsheet will be a deliverable for phase III.
- Webinars were conducted for industry stakeholders such as with the AGRIFIN network where the AATIF partnership was featured.
- FAO produced a report with a feature on AATIF, the project contributed by providing inputs. FAO disseminated the report.
- In 2016, Deutsche Bank published a CSR report where AATIF was featured. The project contributed to the text.
- A Dutch consultancy firm (ENCLUDE) prepared a study where AATIF was featured.
- Impact briefs finalized in early 2018 and work was ongoing to update the AATIF fund website so it has a tab on impact measurement. Currently, three impact briefs are finalized with some delay on the part of the Compliance Advisor to review the underlying full research reports.
- Annual reports and quarterly reports (with a section on social and environmental outcomes) were prepared and professionally edited.

Formal communication is established through regular reporting and project-sector meetings and events. Although the project and its components have been presented in various ILO Social Finance Network events, ILO Enterprise Development retreats, and ILO Enterprises Department Global Team (GTT) meetings, the evaluation found the project and its achievements are not well known within the ILO, both in HQ and in the field.

5.3 Impact and Sustainability

The impacts summarize the positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.

Sustainability indicates the likely continuation of the benefits from the project after the development assistance has been completed. It estimates the probability of continued long-term benefits from the project and the resilience to risk of the net benefit flows over time.

In terms of impact, the ILO support to projects of the AATIF Technical Assistance Facility was specifically referenced as useful with visible benefits.

On tracking and measuring impact, the project had a process for generating and distributing/disseminating information about the impact of AATIF interventions. For example, AATIF provided funding to a regional bank (PTA/TD Bank) financing a tea company in Zimbabwe. AATIF conducted a rapid appraisal on this financing and published the findings as an Impact Brief. Annual reports of the Fund were published providing a written account of the impact from AATIF interventions, as well as quarterly reports with separate sections on Social and Environmental activities and improvements of each AATIF partner institution. Additionally, two rapid appraisals of investments were conducted and one in-depth impact evaluation is currently on-going. The results of these research efforts were published in three Impact Briefs describing the impact generated by AATIF investments. These were assessed by an independent evaluation company. Impact briefs and annual reports were made publicly available on the [AATIF website](#).

In terms of ensuring project sustainability, there was an increase in the use of local institutions and consultants in the provision of (small-scale) technical assistance. This was deemed as a useful service by AATIF partner institutions receiving such support. A couple of examples include:

- The Compliance Advisor hired a Zimbabwean consultant to conduct a S&E due diligence on a financial institution in Rwanda and complete the Social and Environmental assessment template including the assessment plus recommendations.
- In 2017, the ILO published a call for proposals for conducting an S&E study in Zambia. It received six applications from consultancy firms from Kenya and Zambia. The Kenyan firm was finally chosen to conduct research activities in Zambia. As part of a Technical Assistance project, the Compliance Advisor drafted terms of reference for a Social and Environmental audit which was then conducted by a locally hired consultant.

By involving local consultants who have the required country knowledge in S&E matters, we can conclude that the project has built-in sustainability considerations during phase II.

Underscoring this effort in phase II to promote sustainability considerations, it was found that the knowledge of Social and Environmental matters was much more internalised than before amongst all stakeholders. Concretely, members of the Investment Manager team were taking over some of the S&E screening tasks previously completed by the Compliance Advisor.

However, more can be done to promote the projects' sustainability as evidenced by a limitation highlighted by interviewees i.e. monitoring environmental and social issues arising within sub-investments from a distance (HQ). The interviewee indicated that there was an issue in Zambia where conflicting information was received. The Compliance Advisor was seen as monitoring Social and Environmental risks 'on paper' but the question remains as to what is actually happening on the ground. This discrepancy of information was indeed highlighted as a shortcoming of the Compliance Advisor based in Geneva. Missions to investment sites were considered as useful and a viable option, but considered inadequate due to the distance from the investments.

5.4 Gender equality and social dialogue

As for the cross-cutting issues, the project has devoted a good attention to gender mainstreaming and female access to the services provided by the AATIF partners. Trade unions and employers' organizations were involved in the project at a company level, as this is where the social and environmental risks and impacts of business operations are assessed. The project does typically not engage with social partners at a national level as this is not the outreach level aimed at.

Therefore, although the PPP at the basis of the project was reviewed and cleared by both ACTEMP and ACTRAV, the involvement of the social partners reveals a potential, yet to be fully exploited.

6. Conclusions

This AATIF-ILO collaboration was designed to build capacity for social risk and impact management of agricultural finance in Africa. In particular, the focus of this second phase has placed a specific emphasis on closing two main gaps related to capacity of the financial industry: (i) the limited capacity of stakeholders who want to engage in agricultural finance in Africa to assess, monitor and manage social risk and impact relevant for their funding decisions and (ii) the lack of training on social risk and impact management tools.

The evaluation has found the project relevant and well-suited to both AATIF and ILO priorities, as well as to the needs of the financial industry. Nevertheless, it did not sufficiently build on social dialogue mechanisms and, did not allow for in-depth consultation and participation of social partners at national levels while it has

developed good outreach mechanisms to trade union and employer organization representatives at a company level.

The project's design and its strategy were adequate to meet its objective.

The project has allocated resources efficiently and consistently focused on cost-effective procurement of goods and services. From both management and technical points of view, the project team was found to be excellent with strong commitment to playing the role of a critical analyst.

The project has been implemented effectively and achieved its planned outcomes, providing AATIF's partner institutions with the tools and the advisory needed to strengthen their capacities in assessing and improving social risk and impact management of agricultural finance in Africa. Although UN Environment's involvement in due diligence missions improved in this second phase, it was found that there were certain challenges for UN Environment in undertaking joint due diligence missions due to internal travel guidelines.

As for sustainability, in this phase, there was an increase in the use of local institutions and consultants in the provision of (small-scale) technical assistance and the benefits of several activities under the project are likely to continue after funding from the development partner has stopped.

7. Lessons Learned

When the project started into its first phase, back in 2012, it was the ILO's first direct engagement with an impact investing fund and provider of innovative finance solutions. Since, it has spurred a number of breakout activities: firstly, it inspired two studies that the ILO Social Finance Unit undertook with 19 development finance institutions in Africa and Asia and the Pacific on how these institutions manage social and environmental risks and impacts. These studies have resulted in conversations with the African Association as well as the Asian Association of development finance institutions about how to address gaps identified in the studies. Currently, both the associations and ILO are actively fundraising for implementation of the identified strategies. Secondly, the work on social and environmental management systems has sparked conversations with the development finance institutions sector in South Africa about building capacity at the national and provisional level. Currently, funding is actively sought for implementation. Thirdly, the experience of working with AATIF partner institutions that are financial institutions has enabled the ILO to provide advice to the Social Performance Task Force on how investors can integrate social performance management into their due diligence processes. Fourthly, the advice to the Social Performance Task Force resulted in further advice given to the Global Impact Investing Network in the formulation of impact strategies for financial inclusion. Finally, all this work has resulted in the formulation of a Global Product on Innovative Finance for SDG 8 (GLO209) for ILO's 2018-2019 outcome-based work planning to which the project will also be linked.

The project is an example of a PPP, but at the same time it is not a typical PPP. The ILO partners with an impact investing fund with multiple stakeholders and interlocutors covering a range of countries. Additionally, the ILO signed a partnership agreement with UN Environment as it is a project requiring both agencies to contribute their value added in line with their mandate. This is the reason why the AATIF project cannot be seen as a 'typical' PPP. Overall, the arrangement has resulted in the creation of a successful intervention model for the ILO to engage with impact investors in a particular sector. More systematic collaboration between the two Compliance Advisor arms (ILO and UN Environment) helps to underscore their crucial role in ensuring checks and balances while reviewing information submitted by applicants.

Frontloading information to potential investees in AATIF in phase II has ensured better understanding amongst all project stakeholders as to what the partnership is about. The ILO and the Fund Manager agreed to provide to possible investees an indicative list of topics and information from the get-go.

Absent in phase I, training sessions organised in phase II with the Board of Directors, the Investment Committee, the Investment Manager, with support service providers to the AATIF Fund (TAFM, Legal Advisor, AATIF Fund Secretary) in Phase II have definitely contributed to increase/improve the understanding about Social and Environmental safeguards.

8. Recommendations

Based on the final internal evaluation and its conclusions, the following recommendations are made to the project stakeholders:

Recommendation 1: More work should be delegated to independent Social and Environmental consultants, possibly from the countries/regions where the project implements its activities. ILO team should take a step back to let the field work be performed by external advisors. This would result in an immediate broadening of capacities so three or four engagements can happen at the same time. At the same time this will require additional coordination efforts and consistency requirements to be carried out by the ILO team.

Recommendation 2: UN Environment should allocate sufficient staff time for the relevant project's activities. It is estimated that 1 day/week of a technical staff should suffice to drastically increase the impact of UN Environment interventions. More regular planning calls between ILO and UN Environment are also recommended.

Recommendation 3: Improve the internal communication within the ILO both in HQ and in the field as well as the project's Knowledge Management, by documenting and codifying important innovative instruments and approaches developed. A good documentation would be important and in line with the expectations of the ILO for development cooperation projects to be 'engines of innovation'.

Recommendation 4: Leverage access to AATIF partner institutions by backstopping and conducting additional research in order to build a portfolio of evidence on the advantages, for the financial industry, to invest in socially and environmentally-friendly manner.

Recommendation 5: Multiply the number of AATIF partner institutions in the field as well as the ILO engagement with investment funds. This would both increase the number of 'impact briefs' and 'success stories' as well as lessons learnt to be shared and enhance the project's visibility in the African financial industry. A greater involvement of the DWT enterprise development specialists in Africa will be paramount to roll out the project's initiatives in the field.

Recommendation 6: Continue to explore synergies with other Enterprise Department Units. In particular, the work on enterprise formalisation, value chains development and the promotion of green economy would greatly benefit from the AATIF experience.

Annexes

Annex I: Evaluation's Terms of Reference



INTERNATIONAL LABOUR ORGANIZATION

**Terms of Reference for the mid-term Internal Evaluation of the project
“Building capacity for social risk and impact management in agricultural finance in Africa”
(GLO/1208/AAT)**

Technical and Administrative Unit: Social Finance Unit / Enterprises Department

1. Introduction and rationale for evaluation

In June 2012, the ILO and the Africa Agriculture and Trade Investment Fund (“AATIF”) entered into a partnership agreement, aiming at building knowledge for social risk and impact management in agricultural investments in Africa. During Phase I of the project (2012-2015), the ILO, together with the Regional Office for Africa of the United Nations Environment Program (UN Environment), contributed to improving the Fund’s Social and Environmental Safeguard Guidelines and developed and tested a methodology for social and environmental assessments on partner institutions that have applied for AATIF funding.

Phase II (2015-2018) built on the outputs and lessons derived from the first project phase and aims to address the capacity gaps of the financial industry in terms of social risks and impacts assessment and monitoring. It entails refining the social and environmental assessment methodology developed in the first phase, establishing impact, building capacity of AATIF and its partner institutions, communicating and disseminating project outcomes and developing social and environmental risk and impact management training materials for a broader audience interested in responsible agricultural finance. Both parties have shown interest to extend the collaboration (Phase III).

Following ILO’s evaluation policy for a multiphase projects, an internal mid-term evaluation should be conducted prior to the end of the second phase. The purpose of the evaluation is to extract lessons that will lead to:

- Accountability for results.
- Improved project planning and implementation for the final months of Phase II.
- Applying lessons learnt from Phase II in Phase III of the project.
- Applying lessons learnt from the collaboration at large in future collaborations with similar partners.

2. Background and context

Agriculture accounted for 26% of global employment in 2017, down from 43% in 1991. While the numbers of people working in agriculture are expected to continue to decline over time, the sheer scale of the working poor in the sector, and the inherently dangerous and uncertain nature of agricultural work requires addressing decent work deficits at all levels. Particularly in developing countries, there are major constraints that need urgent attention, including inadequate skills, exclusion of agricultural workers from national labour laws, low wages, dangerous working conditions, and a high incidence of child and forced labour.

Responsible investment in agriculture is essential for reducing poverty, and enhancing food security. In addition, it can contribute to creating sustainable livelihoods, in particular for smallholders, and members of marginalized and vulnerable groups, and generating decent work for agricultural workers.

In recent years, many investors have recognized the need for integrating social and environmental aspects in their investment decisions. Some have moved a step further and are making investments with an explicitly intentional and measurable positive social and/or environmental impact. These ‘impact investors’ intend to generate financial returns alongside positive social and environmental impacts through their investments.

Established in 2011, the Africa Agriculture and Trade Investment Fund (AATIF) is an example of an impact investing fund initiated by KfW on behalf of the German Federal Ministry for Economic Cooperation and Development. The Fund is an innovative public-private partnership dedicated to uplift Africa's agricultural potential for the benefit of the poor. The Fund invests in companies along the agricultural value chain, targeting small, medium and large scale agricultural farms as well as agricultural businesses. Furthermore, AATIF activities are embedded in a social and environmental management framework and a strong governance structure both of which safeguard a positive development impact. As of April 2018, AATIF's portfolio is composed of eleven investments including commercial farms, financial institutions and agro-input suppliers and traders located in different African countries (Botswana, Burundi, Ghana, Kenya, Mozambique, Nigeria, Tanzania, Uganda, Zambia and Zimbabwe).

In June 2012, ILO and AATIF signed a first collaboration agreement with the ILO as the Fund's Compliance Advisor. In June 2013, UN Environment joined the collaboration through a contribution agreement with ILO and since contributed through complementing the existing ILO expertise on the social side with the wide UN Environment expertise on environmental elements. An internal self-evaluation of the first phase was conducted in August 2014. Subsequently, the agreement was extended for another three-year period in 2015 running through 2018.

3. ILO Strategic Pillars

Rural development and agriculture have been on the ILO agenda since its establishment in 1919, initially with a focus on labour standards, working conditions, workers and employers' representation and social dialogue and later on employment and social protection dimensions. The 2008 International Labour Conference (ILC) set a clear mandate for greater ILO involvement in rural development for poverty reduction. As a follow-up to the 2008 ILC conclusions, the March 2011 Governing Body adopted a strategy paper on promoting decent work for rural development. Informed by these developments, decent work in the rural economy has become one of the outcomes of the ILO's Programme and Budget 2016-2017 and 2018-2019.

The project is contributing to Outcome 5 (Decent Work in the Rural Economy), but also addresses Outcomes 4, 7, 8, and 10. It is currently linked to three Decent Work Country Programmes: ZMB177, KEN126, ZWE101.

4. Description of Project Components

The immediate objective of the project's Phase II is to build capacity for social risk and impact management of agricultural finance in Africa. In order to achieve this objective, the project proposed to deliver the following outputs:

Component 1. Refined social and environmental assessment methodology

Building on the methodology developed in phase I of the project for assessing social and environmental risks and impacts, during the second phase, the methodology will be refined. The refinement consists of adopting a risk and impact management approach that goes beyond the initial risk assessment and that pro-actively monitors and manages risks and impacts. Concretely, two elements will be added: improving monitoring and improvement tracking. UN Environment will contribute the environmental part to the refined methodology.

ILO will test the refined methodology on approx. 12+3 partner institutions that apply for AATIF funding and monitor their compliance over time. For approx. 12 partner institutions, ILO will take the lead while the newly trained AATIF entity (see component 4) will execute an additional 3 assessments under the overall guidance and responsibility of ILO in year 3 of phase II. Monitoring will cover existing AATIF partner institutions.

ILO will coordinate the refinement, testing and monitoring process. ILO will function as compliance advisor to the AATIF and as such provide an opinion to the Fund's Investment Manager and Investment Committee on whether an AATIF partner institution is in compliance with the Fund's Development Policy Statement and Social and Environmental Safeguard Guidelines (S&E Safeguard Guidelines). ILO will also provide recommendations to the Investment Committee that would allow the potential partner institution to come into compliance with the Fund's Development Policy Statement and S&E Safeguard Guidelines. In addition, ILO will provide advice to the AATIF Board of Directors on developments in international S&E law or good practice which is deemed relevant to the Fund's S&E safeguard guidelines.

Component 2. Social, environmental and developmental impact of partner institution activities established

ILO will work with the Investment Manager and the Technical Assistance Facility (TAF) Manager on establishing the development impact of investments guided by the Fund's Development Policy. ILO will advise and assist the TAF Manager in identifying relevant investments to undergo such assessment, drafting Terms of Reference for impact assessments, identifying competent consultants, selecting consultants, technically backstopping study design and implementation, and commenting on draft reports.

Furthermore, ILO will conduct social and environmental surveys (S&E surveys) with selected AATIF partner institutions to assess the effect of combining social safeguard guidelines with a compliance mechanism and technical assistance on decent work of agricultural investments in Africa. The effect will be measured at the level of the investment – e.g. introduction of an internal social and environmental management system in a local financial institution.

Based on the results of S&E surveys and the first AATIF impact evaluation, ILO will support AATIF to review its M&E framework and provide suggestions for improvements.

Component 3. Specialised technical assistance provided to AATIF partner institutions to build their capacity for implementing social and environmental loan covenants.

In the likely case that an AATIF partner institution is in need of additional small-scale technical assistance in order to be able to implement S&E improvements and to comply with the AATIF S&E safeguard guidelines, ILO will provide the needed technical assistance.

If the need exceeds small-scale technical assistance, ILO will refer the partner institution's request to the AATIF TAF and assist the AATIF TAF Manager to draft a Technical Assistance proposal that can then be submitted to the AATIF TAF Committee for funding.

Component 4. At least one AATIF stakeholder/ team member trained and mentored in the use of the methodology and capacitated to take over the role of compliance advisor.

ILO will train and mentor at least one AATIF stakeholder/ team member in the use of the refined methodology. AATIF will determine at the latest at the beginning of the second project year (Q3 2016) who shall undergo the training and mentoring.

The training is to take place at the end of the second last year of the collaboration (Q4 2017). This timeline will ensure that all trained individuals can undergo a one-year mentoring period during which approx. 3 partner institutions shall be assessed by the mentee under the overall guidance and responsibility of ILO before fully assuming the compliance advisor function/s.

Preceding the training, ILO will develop gender-sensitive training materials based on the preparatory work done in phase I. ILO will add components on monitoring and improvement tracking resulting from testing the refined methodology as well as results of S&E surveys and the impact evaluation.

Component 5. Social and environmental risk and impact management training materials for a broader audience interested in responsible agricultural finance developed [requires additional funding]

Along elaborating and conducting the AATIF specific training, ILO will broaden the focus of the materials for a wider audience interested in responsible agricultural finance. Such training could be made available to development finance institutions or other interested financial sector players to learn from AATIF's experience.

Component 6. Project outcomes communicated and disseminated jointly with AATIF

ILO will regularly contribute results of assessment and monitoring reports to AATIF publications, in particular quarterly reports and annual reports. These reports are communicated to the public through the AATIF website.

ILO will regularly participate and contribute to AATIF meetings including Board of Directors, Investment Committee, TAF, annual stakeholder meeting as well as in the annual compliance conversation with the German Federal Ministry for Economic Cooperation and Development.

In addition, phase II will engage in disseminating project outcomes jointly with other AATIF stakeholders by publications, input to answers to German parliamentarians compiled by KfW, participation in conferences and other knowledge sharing events, and updating the ILO project website. The analytical results of the S&E surveys and impact evaluations are of particular relevance for informing stakeholders of agricultural finance including policy makers.

Target groups

The main collaboration partner, the Africa Agriculture and Trade Investment Fund, is an investment fund that emerged through a private-public-partnership initiated by KfW on behalf of the German Federal Ministry for Economic Cooperation and Development and Deutsche Bank acting as the Fund's Investment Manager. Components 1, 2, 4 and 6 are targeted at the AATIF.

Through a collaboration partner like the AATIF, ILO has the potential to directly and indirectly work with a number of additional stakeholders: on the one hand, it is the AATIF shareholders (providing funding, main target group for Component 6) and on the other hand it is AATIF partner institutions (applying for funding) as well as the clients and employees (and their families) of partner institutions. Components 2 and 3 target partner institutions like financial institutions, agricultural input providers or aggregators of produce as well as commercial farmers that receive funding from AATIF and are given the opportunity to set up or improve social and environmental management systems in their institutions. In addition, smallholder farmers and their families as well as employees of commercial farms linked to AATIF partner institutions are benefiting from the improvements of social and environmental management systems of the later.

6. Purpose, scope and clients of evaluation

The aim of the evaluation is to extract lessons learned from phase II and formulate improvement opportunities for Phase III of the project. The objectives are:

- Accountability for results.
- Improved project planning and implementation for the final months of Phase II.
- Applying lessons learnt from Phase II in Phase III of the project.
- Applying lessons learnt from the collaboration at large in future collaborations with similar partners.

The evaluation will undertake a comprehensive review of the project components and activities implemented from July 2015 until April 2018, and assess their adequacy for building capacity for social risk and impact management in agricultural finance.

The evaluation's results are intended for the project management that lies with the ILO Social Finance unit, as well as for the AATIF Board of Directors, Investment Manager and other collaboration partners.

5. Criteria and questions

The project will be assessed following the criteria and evaluation questions presented in Table 1. The evaluator may develop a more detailed set of questions in agreement with the project manager:

Table 1. Evaluation Criteria and Questions

Criteria	Questions
Relevance	<ul style="list-style-type: none"> • Does the immediate objective (still) correspond to the needs of stakeholders in the financial sector, who are interested in investing in African agriculture? • How well does the project complement other initiatives in the industry and region?
Coherence & Validity of design	<ul style="list-style-type: none"> • Does the immediate objective, components or activities need to be adapted to new developments in the sector? • To what extent do the planned activities and outputs address the capacity gaps of the financial sector? • Are the indicators described in the project concept note appropriate and useful to assess the progress?
Progress and Effectiveness	<ul style="list-style-type: none"> • To what extent is the project on track for achieving its immediate objective? • Which components have had the greatest achievements and which the least achievements? Why? How can positive factors be leveraged? How can limitations be addressed? • How have stakeholders (including ILO constituents) been involved in the implementation?
Efficiency	<ul style="list-style-type: none"> • Have resources, including funds, human resources, time, expertise, been used efficiently? • Have the funds and activities been delivered in a timely manner? • Has the project made strategic use of other ILO projects, products and initiatives to increase its effectiveness and impact?
Effectiveness of management arrangements	<ul style="list-style-type: none"> • Are management, monitoring and governance arrangements for the project adequate?
Impact orientation and Sustainability	<ul style="list-style-type: none"> • How has the knowledge generated from the project been shared? • How are sustainability considerations taken into account in the design and implementation of the project's activities? • To what extent has the AATIF strengthened its capacity to assess social and environmental risks in investments? • What recommendations and lessons could be offered to improve the sustainability of ILO's work with impact investors?

6. Evaluation Methodology

The first task of the evaluator will be to undertake a review of existing documentation: Project Concept Note, Project Document for Phase II, previous evaluation report, budget and expenses report, AATIF Annual reports, AATIF social and environmental capacity building strategy, training evaluations, social and environmental assessment reports, investment proposals, excerpts from the investment contracts and from the AATIF Board Meeting minutes, minutes from other official meetings, documents from the follow-up to investments, among others.

In addition, the evaluator will interview collaboration partners as well as AATIF Partner Institutions, in order to complement and validate the findings of the desk review and to identify opportunities for improving the collaboration. Collaboration partners to be interviewed include members of the AATIF Board of Directors, Investment Committee, Investment Manager Team (both in Germany and Africa), Technical Assistance Facility Committee and Manager, and AATIF shareholders.

The gender dimension should be considered as a cross-cutting concern throughout the methodology and final report of the evaluation. In terms of this evaluation, this implies involving men and women in the consultation. Moreover the evaluator should review data and information that is disaggregated by sex and gender and assess the relevance and effectiveness of gender-related strategies and outcomes to improve lives of women and men. All this information should be accurately included in the final evaluation report.

The evaluation will be based upon the ILO's evaluation policy guidelines which adhere to international standards and best practices, articulated in the OECD/DAC Principles and the Norms and Standards for Evaluation in the United Nations System approved by the United Nations Evaluation Group (UNEG).

7. Expected outputs

The evaluation will have one deliverable, the mid-term evaluation report with the following sections:

1. Executive summary with key findings, conclusions and recommendations
2. Purpose, scope, clients, and methodology
3. Description of project and activities
4. Presentation of major findings from the evaluation
5. Lessons learned
6. Conclusions and Recommendations
7. Annexes

The maximum length of the final report should be no more than 30 pages (excluding annexes).

8. Resources and Management

The evaluation will be managed by the project manager and will be conducted by an evaluator who has no prior association with the project and has participated in the Internal Evaluation Training Programme. This may be an individual or a team of ILO staff members. The responsibilities and profile of the evaluator can be found in Table 2.

Table 2. Responsibilities and profile of evaluators

Evaluator	
Responsibility	Profile
<ul style="list-style-type: none">• Drafting and presenting a final report;• Providing any technical and methodological advice necessary for this evaluation;	<ul style="list-style-type: none">• Adequate contextual knowledge of the ILO, knowledge of the Africa region, the rural economy and/or the financial sector will be considered an advantage;

<ul style="list-style-type: none"> • Ensuring the quality of data (validity, reliability, consistency and accuracy) throughout the analytical and reporting phases. • Ensuring the evaluation is conducted as per TORs, including following ILO EVAL guidelines, methodology and formatting requirements. 	<ul style="list-style-type: none"> • Understanding and experience of M&E methods and approaches (including quantitative, qualitative and participatory), information analysis and report writing; • Fluency in spoken and written English and an understanding of ILO cross-cutting issues.
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9. Work plan and timeframe

The independent evaluation will be conducted over a 2-month period from May to June 2018. If the evaluator needs to travel to meet collaboration partners or partner institutions, the project manager will coordinate the travel arrangements.

Phases	Tasks	Responsible	Dates	Outputs
Preparatory	<ul style="list-style-type: none"> • ToRs drafted and circulated • Evaluator recruited • Desk review 	Project Manager Project Manager Evaluator	April 2018 April 2018 May 2018	ToRs
Data collection	<ul style="list-style-type: none"> • Interviews and analysis 	Evaluator with support from project management	May/June 2018	Data
Report writing	<ul style="list-style-type: none"> • Desk review and interviews consolidated into draft report • Draft shared • First draft circulated for comments • Final draft shared with other stakeholders • Final report 	Evaluator Evaluator Project Manager Project Manager Evaluator and Project Manager	June 2018	Final evaluation report

Annex II: Inception Report

Inception report Final internal evaluation

Project title: Building capacity for social risk and impact management in agricultural finance in Africa

XB Symbol: GLO/12/08/AAT

P&B Outcomes: Outcome 3, 4, 5, 7, 8, 10

Country: Multi-country (Africa)

Technical field: Social Finance

Administrative Unit: Enterprises– Social Finance Unit

Timeframe: 3 years

Budget: USD 1,248,655

Donor: Africa Agriculture and Trade Investment Fund

Evaluation manager: Patricia Richter

Evaluators: Parth Ajit Kanitkar, Roberto Pes

Introduction

This inception report describes the conceptual framework planned for undertaking the evaluation of the above-mentioned ILO development cooperation project. The report is aligned with the TOR for internal evaluation provided by the Evaluation manager and it outlines the approach, methods of data collection, data analysis reporting, timeframe and deliverables of the internal evaluation. It also ensures a common understanding of the TOR and an agreement on the different phases of the evaluation.

The internal evaluation will be managed by Ms. Patricia Richter, project manager, and it will be undertaken by Mr. Parth Ajit Kanitkar (Programme Officer - PARDEV) and Mr. Roberto Pes (Enterprise Development Specialist – DWT Yaoundé).

Background

Rural areas are home to 75 per cent of the worlds' poor. Despite considerable potential for economic growth and productive livelihoods, rural areas are often characterised by severe decent work challenges. They are frequently typified by high rates of unemployment and underemployment, temporary or casual employment, limited social protection, prevalence of child labour especially in

agriculture, low levels of unionisation, and generally inadequate working conditions.

Rural areas are also chronically underserved by financial service providers, which is a limiting factor for economic development. Even where financial services are accessible, and despite existing benchmarks in the financial industry (e.g. Equator Principles, the UN Principles for Responsible Investment, the Principles for Responsible Agricultural Investment, or the IFC Performance Standards), evidence shows that social concerns are often not fully incorporated in funding decisions and delivery of services. Furthermore, many stakeholders of the financial industry who wish to invest in a socially responsible manner lack the capacity to assess the social impact of investments.

In recent years, many investors have recognized the need for integrating social and environmental aspects in their investment decisions. Some have moved a step further and are making investments with an explicitly intentional and measurable positive social and/or environmental impact. These 'impact investors' intend to generate financial returns alongside positive social and environmental impacts through their investments.

Established in 2011, the Africa Agriculture and Trade Investment Fund (AATIF) is an example of an impact investing fund initiated by KfW on behalf of the German Federal Ministry for Economic Cooperation and Development. The Fund is an innovative public-private partnership dedicated to uplift Africa's agricultural potential for the benefit of the poor. The Fund invests in companies along the agricultural value chain, targeting small, medium and large scale agricultural farms as well as agricultural businesses. Furthermore, AATIF activities are embedded in a social and environmental management framework and a strong governance structure both of which safeguard a positive development impact. As of April 2018, AATIF's portfolio is composed of eleven investments including commercial farms, financial institutions and agro-input suppliers and traders located in different African countries (Botswana, Burundi, Ghana, Kenya, Mozambique, Nigeria, Tanzania, Uganda, Zambia and Zimbabwe).

In June 2012, ILO and AATIF signed a first collaboration agreement with the ILO as the Fund's Compliance Advisor. In June 2013, UN Environment joined the collaboration through a contribution agreement with ILO and since contributed through complementing the existing ILO expertise on the social side with the wide UN Environment expertise on environmental elements. An internal self-evaluation of the first phase was conducted in August 2014. Subsequently, the agreement was extended for another three-year period in 2015 running through July 2018.

Project strategy

This second phase of the project has a particular focus on agricultural finance and thus is heavily linked to the 2018-2019 P&B Outcome 5 on Decent Work in the Rural Economy. In addition, the project is relevant for Outcome 4 on Promoting Sustainable Enterprises, Outcome 7 on Promoting safe work and workplace compliance including in global supply chains, Outcome 8 on Protecting workers

from unacceptable Forms of Work and also links to Outcome 10 on Strong and Representative Employers' and Workers' Organisations.

The project strategy of this second phase of the AATIF-ILO collaboration was built on the identification of **two main gaps** related to capacity of the financial industry:

Gap 1) Stakeholders who want to engage in agricultural finance in Africa in a socially responsible way considering decent work concerns lack the capacity to assess, monitor and manage social risk and impact relevant for their funding decisions.

Gap 2) The financial industry lacks comprehensive training on social risk and impact management to close the capacity gap on an institutional level. Training needs to be "transformative" and encompass strategy, management and operational levels to enable a change of the DNA of an institution for successful implementation of a social and environmental management system.

The project adopted a wide definition of capacity gap to i) include monitoring and managing, ii) covering risk and impact, iii) cover stakeholders along agricultural value chain finance and not "only" financial institutions, as well as the training strategy to i) reflect the full capacity gap, and ii) address institutions and not individuals.

The **project strategy** of the project encompassed the following elements:

- 1) Refining the social and environmental assessment methodology developed in the first project phase with a focus on improving monitoring and improvement tracking and test on partner institutions.
- 2) Establishing social, environmental and developmental impact of partner institution activities.
- 3) Providing specialised technical assistance to AATIF partner institutions to build their capacity for implementing social and environmental loan covenants.
- 4) Training and mentoring at least one AATIF stakeholder in the use of the methodology with the goal to take over the role of compliance advisor.
- 5) Developing social and environmental risk and impact management training materials for a broader audience interested in responsible agricultural finance.
- 6) Communicating and disseminate project outcomes jointly with AATIF.

The project's **immediate objective** was to build capacity for social risk and impact management of agricultural finance in Africa. The progress made towards achieving this objective was measured by i) the percentage of AATIF partner institutions that improved their social and environmental impact and comply with the AATIF S&E safeguard guidelines, and ii) the number of AATIF participants that completed S&E training and mentoring.

In order to achieve this objective, the project proposed to deliver the following outputs:

- Component 1.** Refined social and environmental assessment methodology
- Component 2.** Social, environmental and developmental impact of partner institution activities established
- Component 3.** Specialised technical assistance provided to AATIF partner institutions to build their capacity for implementing social and environmental loan covenants.
- Component 4.** At least one AATIF stakeholder/team member trained and mentored in the use of the methodology and capacitated to take over the role of compliance advisor.
- Component 5.** Social and environmental risk and impact management training materials for a broader audience interested in responsible agricultural finance developed *[requires additional funding]*
- Component 6.** Project outcomes communicated and disseminated jointly with AATIF

Project structure

The Social Finance Programme (SFP) of the Enterprise Department coordinates the overall project and functions as the administrative and backstopping unit. Thus, through the SFP, ILO acts as AATIF's compliance advisor supporting the Fund in the implementation of its social and developmental mission while building up the tools for capacity building of AATIF and the broader financial industry.

The project is managed by a project manager who receives implementation support from a junior technical officer; both are staff of the Social Finance Programme.

A detailed list of project's stakeholders is presented in Annex 3.

Purposes of the evaluation

This internal evaluation will serve five **purposes**:

- To assess the level of achievement of the project's immediate objective and performance as per the project's target and indicators.
- To inform and improve project implementation for the final months of Phase II.
- To apply lessons learnt from Phase II in the foreseen Phase III of the project and, potentially, in future collaborations with similar partners

- To determine to what extent the project's strategic approach reflects the ILO comparative advantage and how the project is integrated in the ILO programmatic framework.
- To determine to what extent the project has built in a sustainability strategy
- To provide recommendations to improve performance, strategy, institutional and partnership arrangements and to scale up the project approach.

Scope of the evaluation

The evaluation will undertake a comprehensive review of the project components and activities implemented from July 2015 until April 2018, and assess their adequacy for building capacity for social risk and impact management in agricultural finance.

Clients of the evaluation

The evaluation's results are intended for the project management that lies with the ILO Social Finance unit, as well as for the AATIF Board of Directors, Investment Manager and other collaboration partners.

The findings of the evaluation and its recommendations will contribute to the reflection, within the Enterprises Department and its Social Finance Unit, on the further development of a new global product (GLO209) on innovative finance for SDG 8 as well as possibilities to scale up interventions by attracting other development partners and expanding to more countries in Africa

Evaluation criteria

In line with the results-based approach of the ILO, the evaluation will seek to analyse achievement of outputs and outcomes against the indicators contained in the project's logical framework.

The evaluation will be conducted in adherence to UN evaluation standards and address OECD/DAC evaluation criteria, including:

- Relevance: The extent to which the project is suited to the priorities and policies of the target group, recipient and development partner;
- Effectiveness: The extent to which the project is attaining its objectives;
- Efficiency: The extent to which the project is being implemented in the most efficient way compared to alternatives;
- Impact: The changes produced by the project to-date (positive and negative);
- Sustainability: The extent to which the benefits of the project are likely to continue after the funding from the development partner has stopped

In addition, the evaluation will integrate gender equality as a cross-cutting concern throughout its methodology and in all deliverables, including the final report.

Methodology

The evaluation will adhere to the methodology outlined in the evaluation TORs.

The evaluation will use a mix of data sources collected through multiple methods. The first source of data will be through a desk review of documentary evidence that has direct relevance for the evaluation. This will include the Project Concept Note, Project Document for Phase II, previous evaluation report, budget and expenses report, AATIF Annual reports, AATIF social and environmental capacity building strategy, training evaluations, social and environmental assessment reports, investment proposals, excerpts from the investment contracts and from the AATIF Board Meeting minutes, minutes from other official meetings, documents from the follow-up to investments, among others.

The second source of data will be collected through telephone/Skype interviews with collaboration partners as well as AATIF Partner Institutions, in order to complement and validate the findings of the desk review and to identify opportunities for improving the collaboration. Collaboration partners to be interviewed include members of the AATIF Board of Directors, Investment Committee, Investment Manager Team (both in Germany and Africa), Technical Assistance Facility Committee and Manager, and AATIF shareholders. Interviews will be semi-structured, largely administered through open-ended questions. Through these interviews, stakeholders will be invited to voice their understanding and opinions of the project, its progress (or lack thereof) and reasons for the project's perceived successes or challenges to-date. The interview questions will reflect the evaluation questions outlined in the evaluation TORs. The interview questions will be used in a flexible manner and will be adjusted and refined if and when necessary during the evaluation.

Individual telephone interviews may also be organised for ILO staff involved directly and or indirectly in the project.

The gender dimension will be considered as a cross-cutting concern throughout the methodology and final report of the evaluation. In terms of this evaluation, this implies involving men and women in the consultation.

The evaluation will be based upon the ILO's evaluation policy guidelines which adhere to international standards and best practices, articulated in the OECD/DAC Principles and the Norms and Standards for Evaluation in the United Nations System approved by the United Nations Evaluation Group (UNEG).

Evaluation questions

The following are key evaluation questions, as drawn from the Terms of Reference and in consultation with the Evaluation Manager.

Criteria	Questions
Relevance	<ul style="list-style-type: none"> Does the immediate objective still correspond to the needs of stakeholders in the financial sector, who are interested in investing in African agriculture? How well does the project complement other initiatives in the industry and region?
Coherence & Validity of design	<ul style="list-style-type: none"> Does the immediate objective, components or activities need to be adapted to new developments in the sector? To what extent do the planned activities and outputs address the capacity gaps of the financial sector? Are the indicators described in the project concept note appropriate and useful to assess the progress? How have stakeholders (including ILO constituents) been involved in the design? Does the project have a performance plan and an M&E plan? If not, what are the reasons for this?
Progress and Effectiveness	<ul style="list-style-type: none"> To what extent is the project on track for achieving its immediate objective? Which components have had the greatest achievements and which the least achievements? Why? How can positive factors be leveraged? How can limitations be addressed? How have stakeholders (including ILO constituents) been involved in the implementation?
Efficiency	<ul style="list-style-type: none"> Have resources, including funds, human resources, time, expertise, been used efficiently? Have the funds and activities been delivered in a timely manner? Has the project made strategic use of other ILO projects, products and initiatives to increase its effectiveness and impact? How efficient was the project in utilizing ILO expertise both at HQ and field level?
Effectiveness of management arrangements	<ul style="list-style-type: none"> Are management, monitoring and governance arrangements for the project adequate? How effectively is the project management monitoring project performance and results? Is a monitoring & evaluation system in place and how effective is it? Is relevant information systematically collected and collated? Is the data disaggregated by sex?
Impact orientation and Sustainability	<ul style="list-style-type: none"> How has the knowledge generated from the project been shared? How are sustainability considerations taken into account in the design and implementation of the project's activities? To what extent has the AATIF strengthened its capacity to assess social and environmental risks in investments? What recommendations and lessons could be offered to improve the sustainability of ILO's work with impact investors?

The following are evaluation questions per component for interviews/focus group discussion:

Components	Questions
Refining the social and environmental assessment methodology developed in the first project phase with a focus on improving monitoring and improvement tracking and test on partner institutions.	<ul style="list-style-type: none"> • Has the project developed or revised... • -S&E Screening Tool (ILO, IM) • -S&E Screening template (ILO, IM) • -S&E Due Diligence template = S&E Assessment Report (ILO, UN Environment, IM, BOD/IC) • -S&E Capacity Building Strategy (ILO, IM, BOD/IC) • -S&E Safeguard Guidelines (ILO, IM, BOD/IC) • -S&E Policy (ILO, IM, BOD/IC) • -AATIF Risk Management Policy (ILO, IM) • -AATIF Communication Policy (ILO, IM) • ...which facilitate the process of integrating S&E information in the investment process? • Have you provided feedback to xxx (see list above) (positive/negative)? • Has the xxx (see list above) contributed to simplify compilation and management of S&E matters?
Establishing social, environmental and developmental impact of partner institution activities	<p>All Q for <u>TAFM</u>:</p> <ul style="list-style-type: none"> • Have impact studies, including rapid appraisals, been conducted during the period covered by the evaluation and if yes, how many have been conducted? • If no impact studies have been conducted, what are the reasons for it? • If no impact studies have been conducted, are there plans to conduct them during phase III of the project? • Has feedback been received from AATIF stakeholders and project beneficiaries on the impact studies? If yes, what has it been like (positive/negative/neutral)? • What challenges were encountered in the research process? • How do you evaluate the role of ILO in ensuring successful preparation and implementation of AATIF-related research?
Specialised technical assistance provided to AATIF partner institutions to build their capacity for implementing social and environmental loan covenants.	<ul style="list-style-type: none"> • Has small-scale technical assistance been provided to AATIF partner institutions during the evaluation period? How many institutions have benefited from this technical assistance? (ILO) • What was the spectrum of small-scale TA provided? What pockets of accumulation occurred in phase II? (ILO) • Has there been an increase in the ILO's engagement in the provision of small-scale technical assistance for AATIF partner institutions? (ILO) • Has the project made efforts to gradually use local institutions in implementing small-scale technical assistance as part of the sustainability strategy? (ILO) • Has the project made efforts to increase local capacity by supporting local actors to undertake

	<p>implementation and monitoring activities? (ILO, Chase Bank / RMG / BancABC / Agrivision)</p> <ul style="list-style-type: none"> • Tailor-made questions to Chase Bank / RMG / BancABC / Agrivision about concrete small-scale technical assistance provided and backstopping “proper” AATIF TA projects (see annex 3 tables 1 and 3)
At least one AATIF stakeholder/ team member trained and mentored in the use of the methodology and capacitated to take over the role of compliance advisor	<ul style="list-style-type: none"> • Have training materials been developed, finalized and tested? (ILO, IM) • How many AATIF stakeholders have been trained using the training materials? Has there been an increase in the number of beneficiaries of this training? (ILO) • How many AATIF stakeholders have been mentored in the use of the methodology? (ILO) • Has the project collected feedback from the users of the training materials or does it plan to do so? (ILO) • What challenges were encountered in the capacity building process? (ILO, IM)
Project outcomes communicated and disseminated jointly with AATIF	<ul style="list-style-type: none"> • What communication / dissemination tools were developed in phase II? (ILO) • Has project management prepared brief information sheets on the project (and on the website) and sent them to internal ILO partners to increase awareness of the project objectives and activities? (ILO) • How has the project communicated and disseminated project outcomes, results and impact with AATIF? Is there a joint strategy which systematizes the dissemination process? (ILO, IM, BOD/IC) • Has the project promoted AATIF's approach and resources by combining ILO and UNEP resources? Is there evidence of AATIF participation in regional and topical conferences/meetings during the evaluation period (AFDB annual meeting, African Ministerial Conference on the Environment or Sustainable Finance Conference)? (ILO, UN Environment) • Has the project management integrated the lessons learnt from phase I into phase II? What lessons have been learned during the project evaluation period and have they been identified? (ILO)

The following are additional evaluation questions which will serve to cover elements not covered under the components above:

- Has the project management made additional efforts to increase UNEP's involvement in the project? Has UNEP been included in teleconferences with implementing partners? Have UNEP and ILO conducted joint due diligence missions during the evaluation period? What challenges has UNEP faced in the collaboration with ILO?
- Has the project undertaken efforts to improve communication between the Board and ILO so as to ensure that the former is aware of the role of the ILO? Has the

Chairman of the Board visited ILO to better understand what is being done and learning about other ILO projects/initiatives? Have there been joint appearances at events and conferences during the evaluation period? (ILO, IM, BOD/IC)

- Has the project management undertaken efforts to ensure that all project partners fully understand what the partnership is about in order to avoid discussions during the implementation phase that affect project progress?
- Has project management engaged ILO staff in the field to increase the projects' outreach and what examples of this can be provided?

Evaluation report

The evaluation report will include the following elements:

- Title page
- Table of contents
- Executive summary
- Project background
- Evaluation background
- Methodology
- Findings
- Conclusions
- Lessons learnt and emerging good practices
- Recommendation
- Annexes

Evaluation deliverables

The evaluation team will provide the following main deliverables:

- Inception report
- Draft evaluation report
- Final evaluation report
- Evaluation summary

Annex I - Stakeholder brief and contact list

Annex 1 – STAKEHOLDER BRIEF AND CONTACT LIST

Name of AATIF partner institution	Description of AATIF partner institution	AATIF PI since:	Project activities (small-scale TA, research)
Agrivision	Integrated maize, wheat and soybean agribusiness in Zambia, operating two farming operations in Mkushi (Central Province) and Somawhe (North-Western Province), as well as operating Mpongwe Milling.	2011	Phase II: <ul style="list-style-type: none"> • Backstop Rapid Appraisal of Mkushi farm • Backstop TA project on alcohol abuse among community living on farm compound
BancABC	Headquartered in Botswana, it's the holding company of five banks operating in Botswana, Mozambique, Tanzania, Zambia and Zimbabwe.	2013	Phase II: <ul style="list-style-type: none"> • Conduct a research study on the effectiveness of the bank's Social and Environmental Management System • Backstop consultant supporting the development of a social and environmental management system
Chase Bank	SME Bank in Kenya, financing mainly agriculture, health care, education and transport.	2012	Phase I: <ul style="list-style-type: none"> • Support to develop the bank's Social and Environmental Management System and research • Study to evaluate effectiveness and impact.
CKL	Kenyan animal health and agricultural inputs company. CKL distributes its products via a distribution network of wholesalers, owned depots and subsidiaries with primary end users being small and medium sized livestock and crop farmers.	2017	
Export Trading Group	Pan-African agribusiness conglomerate that includes procurement, warehousing, transport, agricultural processing and consumer products. Significant presence across 26 African countries, buying crops directly from thousands of smallholder farmers, ex-farm gate without intermediaries.	2015	Phase II: <ul style="list-style-type: none"> • Supported drafting social and environmental capacity building strategy (ongoing)

Gadco	Agri-food company focused on crop production, processing and marketing of fragrant rice. Business model built around a commercially run nucleus farm integrating smallholder farmers	2012	Phase I: • Developed capacity building strategy for HR manager (not implemented) • Supported development of HR policy • Supported WB in design of baseline study (impact evaluation)
Guaranty Trust Bank	Fourth largest bank in Nigeria by total assets, wanting to expand and diversify its portfolio in the SME sector as well as along the agricultural value chain.	2016	
MyBucks	A financial technology (“fintech”) company that delivers seamless financial services through technology, predominantly in 11 sub-Saharan African markets.	2018	
Trade Development Bank	Development Bank of the Common Market for Eastern and Southern Africa (COMESA), wanting to expand its agricultural lending portfolio.	2012	Phase II: • Backstop rapid appraisal of sub-loan (Tanganda tea company - Zimbabwe)
Wienco	Importer and distributor of agrochemicals into Ghana, mainly for use in cocoa, cotton and maize production. Company supplies inputs on credit to over 20.000 smallholder farmers and commercial farms across Ghana	2013	Phase I: • Supported drafting of S&E Action Plan Phase II: • Revision of OSH guidelines, child labour list of activities, emergency response plan and similar documents. • Backstop Impact Evaluation of cocoa and maize outgrower schemes
Balmed	<i>Cocoa trader in Sierra Leone managing block farming schemes with farms mainly cultivated by youth.</i>	<i>2013 (expired 2017)</i>	<i>Phase I: • Supported design and implementation of Social and Environmental Assessment study of company’s operations</i>

Name of AATIF stakeholder	Responsibilities
Board of Directors	<ol style="list-style-type: none"> 1. Administers and manages the Fund 2. Approves collaboration agreement 3. Decides on high-level social and environmental matters (e.g. Adoption of relevant standards)
Investment Manager - Deutsche Bank	<ol style="list-style-type: none"> 1. Manages the Fund's investments 2. Conducts screening and due diligence of potential investees, considering advice and support from Compliance Advisor 3. Prepares concept notes and investment proposals of potential investees, considering advice and support from Compliance Advisor 4. Monitors AATIF Partner Institutions, considering advice and support from Compliance Advisor
Investment Committee	<ol style="list-style-type: none"> 1. Approves investments proposed by Investment Manager taking into account opinion provided by Compliance Advisor 2. Supervises activities of the Investment Manager
Technical Assistance Facility Manager - Common Fund for Commodities	<ol style="list-style-type: none"> 1. Provides grant resources to support AATIF investments in realizing their developmental potential. 2. Pursues research and development activities to promote agrifinance in Africa.
Investors - KfW	<ol style="list-style-type: none"> 1. Invested German taxpayers' money in AATIF on behalf of the German government 2. Invested own funds in AATIF 3. Coordinates requests of information for German Ministry for Cooperation
Compliance Advisor - ILO (Social Finance) and UN Environment (Regional Office for Africa)	<ol style="list-style-type: none"> 1. Provides independent opinion of a potential investment's social and environmental risks and impacts (screening and due diligence). 3. Monitors social and environmental performance of investments. 4. Provides advice and small-scale technical assistance to investments 5. Conducts own and backstops AATIF TAF-funded research activities. 6. Reports to and advises AATIF Board of Directors on S&E and development topics 7. Advises the AATIF Investment Committee on S&E and development topics 8. Answers S&E-related questions of AATIF shareholders 9. Disseminates results from research activities and lessons learnt within AATIF and to the public

Name	Institution	Role	Phone	Cellphone	E-mail
Anne-Katrin Grünewald	Deutsche Bank	Investment Manager	0049 69 9108 4775	0049 172 3714316	anne-katrin.gruenewald@db.com
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Sonja Riedke	Deutsche Bank	Investment Manager	0049 69 9104 3304	0049 152 579 28401	sonja.riedke@db.com
Michael Holter	Deutsche Bank	Investment Manager	0049 69 9103 0843	0049 172 379 6528	michael.hoelter@db.com
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Samuel Ndonga	Deutsche Bank / Chase Bank	1) Investment Manager 2) AATIF Partner Institution -support SEMS development plus capacity building -S&E study	0049 69 910 61079	00254 732 905967; 00254 730 112038	samuel.ndonga@dws.com
Lilian Oyando	Deutsche Bank	Investment Manager			lilian.oyando@dws.com
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Thomas Albert	Hauck-Aufhaeuser	Board of Directors			Thomas.Albert@hauck-aufhaeuser.com
Doris Köhn	Independent	Board of Directors / Investment Committee	0049 40 3073 6854	0049 162 682 7991	dkoehnkoehn@web.de
Jyrki Koskelo	Independent	Board of Directors / Investment Committee			jyrki.koskelo@gmail.com
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Karl Weinfurtner	DEG	Investment Committee			Karl.Weinfurtner@deginvest.de
Bernd Balkenhol	Independent	Technical Assistance Facility Committee			bernd.balkenhol@gmail.com
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Morgana Bourgraff	Innpact	AATIF Fund Secretary	00352 27 029339	00352 621 511800	morgana.bourgraff@innpact.com
Laura Enciso	RMG (Wienco / GADCO)	AATIF Partner Institution (Ghana) -support developing SEMS elements including S&E reporting framework			
Ralph Dikynia / Bayo	BancABC	AATIF Partner Institution (Zimbabwe)			

		-support upgrading SEMs plus capacity building -conduct S&E study			
Derek Nicols	Agrivision Zambia	AATIF Partner Institution (Zambia) -alcohol abuse intervention (report shared) -sharing of school renovation (report shared)/ alcohol abuse intervention results with local chapter of Farmers' Organisation (EO)			

ILO stakeholders directly/indirectly involved in the project					
Name	Institution	Role	Phone	Cellphone	E-mail
Alexio Musindo	ILO	Director – ILO Lusaka <ul style="list-style-type: none"> Facilitate technical support: Monitoring visit of AATIF partner by Lusaka office staff, Inquire background information on potential AATIF partner institution in Malawi, S&E study support by Lusaka office staff (Milensu) 			
Milensu Kapaipi	ILO	Programme Officer – ILO Lusaka <u>Provide technical support:</u> -S&E study: review TOR / suggest consultants / input to research tools			
Kassiyet Tulegenova	ILO	Donor relations officer			
Luz Espinoza	ILO	Finance Officer			

Craig Churchill	ILO	Head Social Finance Unit -embedding project in strategic direction of unit (work on innovative finance)			
Viv van Vuuren	ILO	Director Enterprises Department -embedding project in strategic direction of department / ILO (work on innovative finance)			
Judith van Doorn	ILO	Specialist Enterprise Formalisation <u>Provide technical support:</u> -promote ILO work on impact investing in ILO academies			
Alex Soho and Ben Smith	ILO	FUNDAMENTALS / Child Labour Specialist and CL specialist in agriculture / Africa <u>Provide technical support:</u> -provide technical input on child labour list in cocoa in Ghana for AATIF partner institution			

Annex II: List of interviewees

NAME	ORGANISATION	DATE OF INTERVIEW
Vic Van Vuuren	ILO	29/06/2018
Craig Russon	ILO	25/06/2018
Judith Van Doorn	ILO	26/06/2018
Milensu Kapaipi	ILO	05/07/2018
Kassiyet Tulegenova	ILO	25/06/2018
Laura Knierim	KfW-BMZ	26/06/2018
Laura Enciso	RMG Concept Limited (Wienco / GADCO)	27/06/2018
Nicolaus Cromme	Common Fund for Commodities	27/06/2018
Bayo Osolake	Atlasmara Ltd	27/06/2018
Ralph Dikinya	African Banking Corporation (part of Atlasmara Ltd)	27/06/2018
Michael Holter	Deutsche Bank	29/06/2018
Anne-Katrin Gruenwald	Deutsche Bank	29/06/2018
Luz Espinosa	ILO	02/07/2018
Thomas Duve	KfW-BMZ	03/07/2018
Patrick Mwesigye	UNEP	04/07/2018
Sheila Karue	UNEP	04/07/2018
Patricia Richter	ILO	10-11/07/2018
Camila Castaneda	ILO	10-11/07/2018