* Think Impact Toolkit

Terms of Reference – Baseline: Development impact of guarantee instrument

Social Finance

Enterprises Department

May 2024

* General guidance

The following **Terms of Reference** are part of the [ILO’s Think Impact Toolkit](https://www.ilo.org/resource/other/ilos-think-impact-toolkit-guarantee-instruments) for guarantee instruments. The toolkit supports organizations (guarantors) which provide portfolio guarantees to financial institutions to embed impact considerations throughout their guarantee process. These Terms of Reference, alongside the Terms of Reference for Endline Assessment, shall be used during the Portfolio Management and Exit phases of the guarantee process as described below:



Through the application of the Theory of Change and Indicators Tool, a set of impact indicators was selected to support the Theory of Change of the guarantee. Some of the selected indicators will be reported by the guarantee partner, while others will likely require additional effort to be obtained.

These Terms of Reference are designed to be used once the guarantee partner has already started disbursing loans under the guarantee agreement. They guide the work of an expert (likely a consultant) with the goals of:

1. Gathering data related to the selected indicators i) from the guarantee partner, and ii) from its clients receiving guaranteed loans.
2. Analysing data collected, including by comparing with established targets and relevant benchmarks.
3. Identifying challenges faced by the partner in utilizing the guarantee, and potential technical assistance needs to address the challenges.
4. Compiling the baseline which shall serve, at a later point in time, as the basis against which endline data will be compared.

Although the Terms of Reference are a standalone document, the scope and activities can also be included in other monitoring and evaluation processes being undertaken by the guarantee provider.

Note: the following pages contain the actual Terms of Reference (ToR) – text marked in green therein must be adjusted or removed by the users of this tool to align with their specific requirements.

Examples of how these Terms of Reference were used can be found here: [Developing an impact monitoring system for Sida’s guarantee instrument | International Labour Organization (ilo.org)](https://www.ilo.org/publications/developing-impact-monitoring-system-sidas-guarantee-instrument)

* Terms of Reference: Baseline study - Development impact of guarantee instrument

1. Background

[Brief description of the guarantee partner and the guarantee, including how the guarantee is expected to contribute to specific development impact, 2-3 paragraphs

Example:

[The Swedish International Development Cooperation Agency (Sida) offers financial guarantees to share the risk in financing to public and private entities, in order to mobilize additional capital for development.

The goal of the guarantee instrument is to facilitate investments with the aim of creating more opportunities for developing new businesses, MSME growth and employment creation and thus fully aligned with the objective of inclusive economic development. Guarantees, being risk sharing mechanisms, allow financial intermediaries reduce the (real or perceived) risk of lending to underserved entrepreneurs and MSMEs]

[add theory of change of the guarantee]

1. Objective

The overall objective of this assignment is to conduct a baseline study of the development impact of the guarantee instrument to [guarantee partner]. The specific objectives include:

Collect data related to the indicators as defined by the guarantee provider, both with the guarantee partner and with a sample of clients who have benefited from the guarantee instrument.

Analyze the collected data with the aim of establishing the baseline situation for the indicators.

Identify and develop lessons learned from the process of data collection and analysis process related to the guarantee instrument.

Develop recommendations related to impact management during the guarantee period. These include recommendations on the indicators measured and the capacity of the guarantee partner to utilize the guarantee, as well as to provide timely and quality data.

1. Scope of activities to be performed

To achieve the objectives of the assignment, the consultant will carry out the following activities:

1. Review existing information related to the guarantee instrument, mainly: (i) the documents prepared by the guarantor at the appraisal of the guarantee, including the theory of change, and (ii) periodic monitoring reports submitted by the guarantee partner, if any. [information sources from co-guarantors to be added if applicable]
2. Based on indicators selected by the guarantee provider, prepare research instruments to collect information from the guarantee partner and its clients. The consultant can suggest additional relevant impact indicators.
3. [It is recommended that the sample design use the following parameters: to be added as applicable].
4. Collect data from the guarantee partner, including by conducting interviews and applying the research instruments with staff who are or will be involved in the implementation of the guarantee.
5. In coordination with the guarantee partner, collect data from clients (borrowers).
6. Ensure quality of data collected (both qualitative and quantitative) including cleaning and revision where needed/appropriate, and verification.
7. Submit final clean data set.
8. Analyze data and interpret results (including gender aspects).
9. Identify challenges faced by the guarantee partner in the utilization of the guarantee and in the collection of impact data.
10. Make recommendations to address the challenges identified, including through technical assistance to be provided by the guarantor or other entities.
11. Draft the baseline report integrating the results of the previous activities.
12. Develop and present a final baseline report that has incorporated the comments from the guarantor. The final report should contain a maximum of 20 pages, plus annexes, and include an executive summary (maximum 3 pages).
13. Deliverables

The deliverables to be submitted by the consultant are:

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| Deliverable | Deadline |
| 1. Inception report, including work plan | 10 days after start of contract |
| 1. Instruments for data collection and study sample | 10 days after deliverable 1 |
| 1. Data collected from [guarantor] / [guarantee partner] and clients. | 40 days after deliverable 2 |
| 1. Draft final report | 20 days after deliverable 3 |
| 1. Final report | 20 days after deliverable 4 |

1. Technical and Financial Proposal

The consultant must submit a technical and financial proposal for the study. The minimum content should contain, but not be limited to: [to be adapted as per organization’s procurement procedures]

1. A brief discussion of the nature of the study, objectives and the terms of reference in general, which will allow an appreciation of the degree of understanding of the work required.
2. A description of how the work will be approached, each of the activities set forth in the terms of reference and those which in the opinion of the consultant are necessary for the achievement of the objectives.
3. A work programme based on the activities to be carried out considering the timeline for the required deliverables.
4. A financial proposal that includes an itemized budget of the expenses to be incurred, including the consultant fees per day, work days, travel expenses, as well as any other cost (e.g. enumerators).

The proposal should be sent to the following e-mail addresses: [xxxxxx@xxxxx]

1. Qualifications of the consultant

* Proven track record and expertise in impact assessment of financial instruments (desired: specifically for guarantees);
* Expertise in inclusive economic development, as well as financial inclusion, gender;
* Familiarity and knowledge of data collection techniques and methods (e.g. interviews, survey, focus groups);
* Experience in developing and managing data collection;
* Experience in analysing quantitative and qualitative data sets;
* Advanced degree(s) or equivalent in economics, development studies, finance, or related field; PhD is an advantage;
* Full proficiency in local language(s) and English, with solid writing and presentation/facilitation skills.

1. Implementation

The consultant will receive guidelines and his/her work will be reviewed and approved by the person designated by [guarantor]. [The guarantor] will introduce the consultant to the guarantee partner and the consultant will report to [task-owner].

1. Confidentiality

All data and information contained in documents and received from the guarantor, guarantee partners or clients for the purpose of this assignment are to be treated confidentially and are only to be used in connection with the execution of these Terms of Reference. All intellectual property rights arising from the execution of these Terms of Reference are assigned to [the guarantor]. The contents of written materials obtained and used in this assignment may not be disclosed to any third parties without [the guarantor’s] expressed advance written authorization.

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